
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 21, 2006**

MAXIMUS, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-12997
(Commission
File Number)

54-1000588
(I.R.S. Employer
Identification No.)

11419 Sunset Hills Road
Reston, Virginia
(Address of principal executive offices)

20190-5207
(Zip Code)

(703) 251-8500
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On June 21, 2006 MAXIMUS, Inc. ("MAXIMUS" or the "Company") entered into a First Amendment (the "Amendment") to its Subcontract Agreement dated as of June 25, 2005 (the "Original Subcontract") with Accenture LLP ("Accenture"). As used herein, the term "Subcontract" means the Original Subcontract as amended by the First Amendment.

Under the Subcontract, MAXIMUS serves as a subcontractor to Accenture as part of the Texas Access Alliance ("Alliance") in support of Accenture's Integrated Eligibility and Enrollment Services Agreement ("Prime Contract") with the Texas Health and Human Services Commission ("HSSC"). The Prime Contract has an initial term of five years. The Subcontract runs concurrently with the Prime Contract and generally incorporates the terms and conditions of the Prime Contract.

The Alliance delivers services for the implementation and operation of integrated eligibility and enrollment for state health and human services programs. The project is designed to provide a single, integrated system to be used in delivering food and cash assistance, medical care, community care, and enrollment services to more than 2.6 million Texans. MAXIMUS' primary areas of responsibility include enrollment broker, children's health insurance program and children's Medicaid operations; processing of integrated eligibility transactions, including management, staffing and operation of all call centers and processing centers; and development, tailoring, maintenance, and support of MAXe software, including building MAXe data entry and workflow functions into the existing HHSC system.

The total expected revenue to the Company under the Original Subcontract was approximately \$370 million. The total expected revenue to the Company under the Subcontract as amended is now approximately \$320 million. Total revenue consists of payment for certain fixed transition, development and operational costs as well as variable fees based on estimated transaction volumes.

The Prime Contract imposes liquidated damages in the event the program does not meet certain specified key performance requirements (“KPRs”). Those liquidated damages range from \$1000 per day or occurrence for minor or unique failures to in excess of \$100,000 per day or occurrence for more serious or repeated failures. The Subcontract incorporates the KPRs and liquidated damages from the Prime Contract.

The Subcontract also contains remedies in the event MAXIMUS breaches its obligations. The remedies range from a temporary “step-in,” by which Accenture can take responsibility for certain operations for a specific time period, to partial or complete termination of MAXIMUS. In each such case, Accenture could seek to hold MAXIMUS responsible for the excess costs of performing the affected operations.

Under the Subcontract MAXIMUS has agreed to indemnify Accenture for claims and losses for which MAXIMUS is responsible. The Prime Contract and the Subcontract contain limitations of liability of \$250 million (subject to certain adjustments and limitations).

The Amendment resulted from negotiations that began in May 2006 to restructure the Original Subcontract. Under the Amendment, the Companies reassigned responsibilities to help improve operational readiness and address technical challenges. Under the amended Subcontract, Accenture assumed responsibility for certain activities previously performed by MAXIMUS and will provide supplementary management and oversight in other areas of continuing MAXIMUS responsibility. Accenture assumed responsibility for processing complaints and appeals and for developing the MAXe interim technology solution. MAXIMUS remains responsible for the MAXie end-state technology solution.

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Accenture will provide additional management and assistance to MAXIMUS in other areas where MAXIMUS is retaining responsibility. Accenture will install a “command center” over MAXIMUS’ operations to provide an enhanced operational vendor management structure. Accenture and MAXIMUS will provide enhanced training for project employees.

As a result of the reassignment of responsibilities, the Company will incur certain additional costs and will compensate Accenture for its additional costs incurred (collectively, the “Cover Costs”) in providing the services described above. MAXIMUS estimates that the Cover Costs will total approximately \$40 million to \$45 million over the term of the Subcontract.

The Cover Costs include approximately \$22 million to \$25 million to compensate Accenture for additional costs incurred in providing the services that MAXIMUS was previously responsible for delivering, as well as an additional \$18 million to \$20 million that MAXIMUS management expects to incur over the remaining term of the Subcontract to meet its performance obligations and necessary to avoid the incurrence of additional Cover Costs by Accenture over the term of the Subcontract.

The Cover Costs owed to Accenture will be set off each month against the amounts otherwise due to MAXIMUS for its retained services. The Cover Costs could be more or less than the projected amount due to the parties’ success or failure in managing the affected operations and activities and mitigating the costs. The Amendment provides that the parties will cooperate to reduce Cover Costs where possible.

Under an incentive plan feature of the Amendment, Accenture and MAXIMUS will jointly create an incentive fund. If MAXIMUS meets agreed-upon performance objectives during a month, MAXIMUS can earn additional amounts from that fund, up to a maximum monthly amount of \$62,500. If MAXIMUS fails to meet the objectives, it would incur liquidated damages up to a maximum monthly amount of \$100,000.

The foregoing descriptions of the Original Subcontract and the Amendment are qualified in their entirety by reference to the actual terms of such agreements, which are attached hereto as Exhibits 10.1 and 10.2, respectively, and incorporated herein by reference.

Item 2.02. Results of Operations and Financial Condition.

On June 26, 2006, in making the announcements of the Amendment set forth above, the Company also updated its earnings guidance for its third fiscal quarter ending June 30, 2006. A copy of the press release announcing earnings guidance, among other things, is attached hereto as Exhibit 99.1 and incorporated herein by reference.

On June 27, 2006, the Company held a conference call with respect to the announcement of the Amendment and the Company’s updated earnings guidance for its third fiscal quarter and the full fiscal year. The conference call was open to the public. A transcript of the conference call is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated by reference into this Item 2.02.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Subcontract Agreement dated as of June 25, 2005 between Accenture LLP and MAXIMUS, Inc.

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10.2	First Amendment to Subcontract Agreement dated as of June 21, 2006 between Accenture LLP and MAXIMUS, Inc.
99.1	Press Release dated June 26, 2006.
99.2	Transcript of Conference Call — June 27, 2006

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto

duly authorized.

MAXIMUS, INC.

Dated: June 27, 2006

By: /s/ David R. Francis
Name: David R. Francis
Title: General Counsel and Secretary

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Exhibit Index

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INTEGRATED ELIGIBILITY AND ENROLLMENT SERVICESSUBCONTRACT AGREEMENT

THIS SUBCONTRACT AGREEMENT (this "Agreement" or "Subcontract") is entered into as of June 25, 2005 (the "Effective Date"), by and between Accenture LLP, an Illinois partnership with an office at 1501 South MoPac Expressway, Suite 300, Austin, Texas 78746 ("Accenture") and MAXIMUS, Inc, a Virginia corporation with its principal office at 11419 Sunset Hills Road, Reston, VA 20190 ("MAXIMUS").

WHEREAS, the Texas Health and Human Services Commission (the "State") issued a Request for Proposal (the "RFP") on July 22, 2004, entitled Request for Proposals for Integrated Eligibility and Enrollment Services, soliciting a qualified vendor to provide services for the implementation and operation of integrated eligibility ("IE") and enrollment broker ("EB") services for State health and human services programs (the "Project"); and

WHEREAS, in anticipation of creating a response to the RFP, Accenture and MAXIMUS have previously agreed via a "Teaming Agreement" executed between the parties on August 9, 2004, to work together on a response to the RFP; and

WHEREAS, as contemplated by the Teaming Agreement, Accenture and MAXIMUS prepared a response to the RFP which provides that, in the event the Project is awarded to Accenture, various Project products and services will be provided to the State by MAXIMUS as a subcontractor to Accenture (such response, together with all clarifications and modifications thereto, as submitted to the State, to be collectively referred to herein as the "Proposal" or "RFP Proposal"); and

WHEREAS, the State has selected the RFP Proposal as the proposal that represents the best value for the State, and Accenture and the State have negotiated the terms of an agreement to govern the performance of the Project by Accenture and MAXIMUS in accordance with such agreement, including but not limited to the Proposal and the RFP (collectively, the "Prime Contract"); and

WHEREAS, the parties desire to define the terms and conditions on which MAXIMUS shall act as a subcontractor to Accenture in connection with the Project.

NOW, THEREFORE, in consideration of the premises and of the promises exchanged herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Accenture and MAXIMUS agree as follows:

ARTICLE 1 — GENERAL

- 1.1 By its terms, the Teaming Agreement will terminate upon execution of this Agreement. The parties agree that the Teaming Agreement may be utilized by the parties as a guide in interpreting this Agreement; provided that, to the extent there is any inconsistency between the terms of the Teaming Agreement and the terms of this Agreement, the terms of this Agreement shall govern.
- 1.2 It is the parties' intent that MAXIMUS shall take all reasonable steps within the scope of this Agreement to enable Accenture to comply with the terms of the Prime Contract. MAXIMUS shall comply with the provisions of the Prime Contract and all work done and/or deliverable items shall be produced and performed by MAXIMUS and all of its subcontractors strictly in accordance with the provisions of the Prime Contract. Unless otherwise noted in the body of this

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Agreement, the provisions of the Prime Contract, attached hereto as Exhibit 1.2, are incorporated into this Agreement by reference in their entirety and are applicable to this Agreement as written to the extent necessary to enable Accenture to fulfill its obligations under the Prime Contract. These incorporated Prime Contract clauses are in addition to the other clauses, terms, and conditions specifically set forth in this Agreement. For the avoidance of doubt, if a provision of this Agreement is in conflict with a provision of the Prime Contract, the Prime Contract provision shall prevail.

- 1.3 Capitalized terms used in this Agreement and not otherwise defined in this Agreement or any Exhibit to this Agreement shall have the meanings ascribed to them in the Prime Contract. Whenever necessary to make the context of the incorporated clauses applicable to this Agreement, unless stated otherwise, the term "Contractor" shall mean MAXIMUS, the term "Contract" or "Exhibit" shall mean the Subcontract, and the term "State" or "HHSC" or equivalent phrases shall mean Accenture.

ARTICLE 2 — ROLES AND RESPONSIBILITIES OF THE PARTIES: SCOPE OF WORK

- 2.1 During the term of this Agreement, MAXIMUS shall coordinate and work with Accenture, at the direction of Accenture, in accordance with the scope of work set forth in Exhibit 2.1 to ensure an appropriate interaction between the work of Accenture and MAXIMUS and to enable Accenture to meet its obligations under the Prime Contract.
- 2.2 The parties agree that the parties' responsibilities for operations work efforts in connection with the Project are identified in Exhibit 2.2 which documents primary responsibility for each RFP requirement area. In areas where there is joint responsibility, the specific roles of the parties are described. MAXIMUS shall provide the specific products and services set out as its primary and joint responsibilities in accordance with the terms of this Agreement.
- 2.3 Additional MAXIMUS Roles and Responsibilities. Consistent with the terms and conditions of this Agreement, MAXIMUS shall provide the following additional Deliverables and Services:
 - 2.3.1 Support, at Accenture's reasonable direction in accordance with the Transition Plan, the transition of IEE Services to Accenture without disrupting on-going EB or CHIP service. During the Transition Period, MAXIMUS shall also assist Accenture in the development of a framework for on-going service delivery. The results of the transition will be well-defined and documented processes for service delivery that yield an environment supportive of quality management techniques. A high-level overview of the activities that MAXIMUS shall support, at Accenture's reasonable direction, during the Transition phase of the Project is set forth in Exhibit 2.3.1.
 - 2.3.2 Participate in the integration of MAXe and TIERS software as described in Exhibit 2.3.2. Accenture shall have the right to review and approve MAXIMUS work plans, designs, work product, and status upon request and the right to co-locate Accenture personnel with the MAXIMUS team delivering this work.
 - 2.3.3 Build MAXe data entry and workflow functions into TIERS as per MAXIMUS's commitment to the State set forth in Schedule 6 and Attachment B in the Prime Contract. Accenture shall have the right to review and approve MAXIMUS work plans, designs, work product, and status upon request and the right to co-locate Accenture personnel with the MAXIMUS team delivering this work.

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- 2.3.4 Support Accenture in changing the IEE processes of the State through the infusion of practices, methodologies, and techniques to foster increases in productivity.
 - 2.3.5 Support Accenture in prioritizing, scheduling, and delivering IEE Services.
 - 2.3.6 Recruit, train, and retain personnel with the necessary skills sets required to effectively provide services to the State.
 - 2.3.7 Support and enhance MAXIMUS-provided software to enable IEE Services.
 - 2.3.8 Coordinate all releases of MAXIMUS-provided software under Accenture’s software testing and release schedule.
 - 2.3.9 Work with Accenture to create management and reporting processes that facilitate performance evaluation, auditing and reporting.
 - 2.3.10 Operate the IE and EB services for which it is responsible in accordance with the provisions of the Prime Contract.
 - 2.3.11 As required by the Prime Contract, provide Accenture with progress reports in a form acceptable to Accenture and the State that details MAXIMUS’s performance of the Services and provision of Deliverables.
 - 2.3.12 Include terms and conditions in its subcontracts with all subcontractors, consultants, and agents, which substantially reflect contractual rights and obligations consistent with Accenture’s rights and obligations under the Prime Contract.
 - 2.3.13 Provide further services as clarified in [Exhibit 2.3.13](#).

2.4 Additional Accenture Roles and Responsibilities.

Consistent with the terms and conditions of this Agreement, Accenture shall be responsible for the management of Services to be performed under the Subcontract. Specifically, Accenture shall be responsible for the following tasks:

2.4.1 Leadership and Management

- 2.4.1.1 Work with the State to establish and refine Key Performance Requirements (“KPRs”), Service Level Agreements (“SLAs”), Performance Standards and Liquidated Damages (“LDs”) with respect to the Services;
- 2.4.1.2 Provide direction and guidance, as necessary, to MAXIMUS regarding the provision of specific Services required to meet the requirements of the Prime Contract;
- 2.4.1.3 Review and approve MAXIMUS-provided services, deliverables and service level reports;
- 2.4.1.4 Work with MAXIMUS to identify, quantify, and implement opportunities for cost reductions; and

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- 2.4.1.5 Identify opportunities to revise existing processes with the objective of achieving productivity increases.

2.4.2 Application Management

- 2.4.2.1 Provide direction, guidance and coordination, as necessary, to MAXIMUS regarding services required to support, modify or enhance software applications provided by MAXIMUS;
- 2.4.2.2 Coordinate and schedule releases of new application capability; and
- 2.4.2.3 Manage application migration to various environments including deployment to production releases of code at scheduled time frames.

2.4.3 TIERS Support and Modifications

- 2.4.3.1 Modify the Texas Integrated Eligibility Redesign System (“TIERS”) code to support SOA capabilities sufficient for the initial IE deployment;
- 2.4.3.2 Develop and maintain interfaces between TIERS and external systems; and
- 2.4.3.3 Develop and deploy a web portal and related applications to support self-serve web applications.

2.4.4 TIERS Operations

- 2.4.4.1 Operate TIERS within the range of performance standards set forth in KPRs 79 and 86, as such may be amended from time to time; provided, however, that both parties shall be jointly responsible for TIERS performance during the period beginning with the implementation of the functions described in [Section 2.5.3](#) below and ending with Accenture’s Acceptance of those functions (i.e., either 60 days after implementation of the functions or 30 days after the functions have been proven to conform to the KPRs, whichever is later).
- 2.4.4.2 Subject to the foregoing, if Accenture fails to meet performance standards set forth in [Section 2.4.4.1](#), and that failure causes or materially contributes to significant MAXIMUS productivity deficiencies that result in MAXIMUS’s failure to achieve the work standards (to be provided at Accenture’s request) that form the basis of its variable transaction rates, the following steps shall be taken:
 - 2.4.4.2.1 Accenture shall use commercially reasonable efforts to cure the failure.
 - 2.4.4.2.2 If the failure cannot be cured, the parties shall jointly seek and implement other measures (e.g., process changes or workflow

2.4.4.2.3 If efforts under Sections 2.4.4.2.1 and 2.4.4.2.2 are exhausted and significant MAXIMUS productivity deficiencies remain, then Accenture, at Accenture's exclusive option, shall either relieve MAXIMUS of responsibility for KPRs impacted by the deficiencies or take financial responsibility for increased MAXIMUS capacity to meet the KPRs, either of which shall be in proportion to the contribution of Accenture's failure among all causes of the productivity deficiencies.

2.4.4.3 MAXIMUS agrees that with respect to those components of TIERS implemented by MAXIMUS during the period for which both parties are responsible for TIERS performance as described in Section 2.4.4.1 above (a) it is responsible for performance of those components that may impact Key Performance Requirements, (b) it will work with Accenture through the Change Management process to remedy any defect in TIERS performance and (c) the remedies set forth in Section 2.4.4.2 shall not be available to it.

2.5 Financial Responsibility

- 2.5.1 MAXIMUS shall be financially responsible for all personnel and personnel-related costs required to execute the roles and responsibilities for which it is responsible under this Agreement, whether provided by MAXIMUS employees or subcontractors, and regardless of transaction volumes.
- 2.5.2 Accenture or the State shall be financially responsible for facilities, telecommunications, LAN/WAN, and desktop computing costs (including hardware and software costs) required to support headcount as set forth in Exhibit 2.5.3. If actual transaction volumes processed by MAXIMUS exceed the volumes quantified in Schedule 8 of the Prime Contract, Accenture shall also be financially responsible for facilities, telecommunications, LAN/WAN and desktop computing costs related to increases in headcount of MAXIMUS and its Subcontractors above those set forth in Exhibit 2.5.3 that are directly proportional to increases in actual transaction volumes above the transaction volumes processed by MAXIMUS quantified in Schedule 8 of the Prime Contract. On a monthly basis, MAXIMUS shall provide Accenture a 12 month forecast of anticipated processing volumes and headcount requirements.
- 2.5.3 Subject to Section 2.4.4, MAXIMUS shall be financially responsible for all facilities, telecommunications, LAN/WAN, and desktop computing costs beyond those described in Section 2.5.2 required for MAXIMUS and its Subcontractors to satisfy Key Performance Requirements.
- 2.5.4 If Accenture fails to satisfy the obligations set forth in Section 2.5.2 and that failure causes or materially contributes to MAXIMUS's failure to achieve its work standards as agreed to by Accenture, the provisions of Section 2.4.4.2.1, Section 2.4.4.2.2 and Section 2.4.4.2.3 shall apply.
- 2.5.5 MAXIMUS shall be financially responsible for any increases in hardware/software, and or hosting services required to operate the MAXe software.
- 2.5.6 MAXIMUS shall be financially responsible for building MAXe data entry and workflow functions into TIERS as set forth in Section 2.3.3.

2.5.7 The parties acknowledge that opportunities for operational cost reduction may require one party to invest to provide operational cost reduction for the other party. The parties agree to determine suitable approaches to share investments or share operational cost reductions in order to promote a more efficient operation.

2.6 Work Statements

- 2.6.1 To the extent required under a Work Plan or otherwise as mutually agreed upon by the parties, MAXIMUS and Accenture shall draft mutually agreed upon work statements, which shall be attached hereto and incorporated herein. Each work statement shall detail the technical services to be performed by MAXIMUS, the service levels to which those services are to be performed, and the price of the services. MAXIMUS will make good faith efforts to identify and assign MAXIMUS employees who (i) have the technical and professional skills required by Accenture, (ii) are able to provide the kinds of services desired by Accenture, and (iii) if specifically set forth on the relevant work statement, who can provide such services for the term desired by Accenture.
- 2.6.2 Accenture may terminate any work statement upon 30 days' written notice to MAXIMUS if the State terminates the Prime Contract in whole or in part with respect to the services contained in the Work Statement(s); provided, however, should termination be based on good cause, Accenture may terminate the corresponding work statement(s) upon written notice to MAXIMUS in accordance with the terms of this Agreement. Such notice shall include a reason for the termination of the work statement by Accenture. Accenture shall have the same rights of termination in the event that MAXIMUS provides resources without a work statement (e.g., during the initial transition period).

2.7 Additional Scope

- 2.7.1 From time to time, the parties may agree to expand the scope of this Agreement by adding additional tasks and responsibilities to this Subcontract. Such expansion of scope may arise through recommendations of the State, MAXIMUS or Accenture, and all such expansions shall be reflected in a written agreement of the parties. Accenture and MAXIMUS will negotiate a mutually acceptable allocation of responsibility for providing additional services consistent with their then-current roles and responsibilities. In the event such additional services go beyond the parties' then-current roles and responsibilities, Accenture and MAXIMUS will negotiate a mutually acceptable allocation of responsibility for providing such services, taking into consideration the parties' respective capabilities and resources and consistent with the existing division of work and revenues. Should the additional services require new personnel to be assigned to this Subcontract, Accenture reserves the right to (a) determine if such personnel should be considered "key personnel" and (b) if so, approve or reject the addition of such personnel to the Subcontract.

2.8 Change Orders

- 2.8.1 The Prime Contract shall control the parties' respective rights and obligations regarding change orders, with the additional requirements that MAXIMUS will take all reasonable steps necessary for Accenture to comply with any time limitations imposed on Accenture by the State regarding submissions of change order requests or similar notifications. MAXIMUS further agrees that Accenture reserves the right to delay or reduce the scope

of MAXIMUS's Services or Deliverables if the State makes a corresponding delay or reduction in scope of such Services or Deliverables in the Prime Contract; provided that Accenture agrees that to the extent MAXIMUS's Services or Deliverables are affected by any delay or reduction in scope proposed by the State, Accenture will solicit MAXIMUS's participation in discussions with the State regarding same.

2.9 Subcontract Performance Review

- 2.9.1 During the first year of Subcontract performance, the parties shall meet on a monthly basis to review MAXIMUS's performance under the Subcontract. Should adjustments to the Subcontract's terms be required as a result of these performance reviews, MAXIMUS and Accenture agree to work together in good faith to amend the Subcontract as appropriate. After the first year of Subcontract performance, the parties shall meet not less than quarterly to perform the same type of review and adjustment, as appropriate, of Subcontract performance. At Accenture's discretion, the State may be invited and permitted to participate in such reviews.

ARTICLE 3 — GOVERNANCE

- 3.1 The parties acknowledge that open, honest, transparent, complete, and prompt communication is expected from both parties in connection with the Project and is critical to the success of the team.
- 3.2 In order to draw on the strengths of each party in an effort to achieve quality services done right the first time, within budget and on schedule and to help prevent disagreements and differences from developing into formidable conflicts and disputes, MAXIMUS and Accenture agree that the following governance principles will apply to each party's performance under this Agreement:
- Verifying that services and deliverables comply with all applicable laws and regulations;
 - Making timely review and business decisions;
 - Effectively communicating and providing information promptly;
 - Maintaining quality control and confirming quality services;
 - Cooperating and being courteous, respectful, and honest with each other; and
 - Each forming a management team that will be responsible for overseeing the effective implementation of this Subcontract.
- 3.3 In order for efficient and effective communication to occur, the parties acknowledge that clear lines of authority and areas of responsibility are required to be identified for Accenture and MAXIMUS. Accordingly, each party will designate an Account Executive during the term of the Subcontract whose responsibility shall be to oversee the party's performance of its duties and obligations pursuant to the terms of the Subcontract.
- 3.4 Within 14 days of the Effective Date, the parties shall establish a Project Management Committee that will be responsible for overseeing the performance of this Agreement. MAXIMUS will be represented at all times by at least one member on the Project Management Committee, which

will include the senior executives for each segment of the organization and will be the first point of escalation for project decisions and issues.

- 3.5 Within 14 days of the Effective Date, MAXIMUS and Accenture will organize an Executive Committee to oversee the Project and to resolve any issues with corporate impact on the organizations. The MAXIMUS CEO and the Accenture Government CEO will lead the Executive Committee.
- 3.6 MAXIMUS will use the Project's standard issue/risk methodology and tools as described in the Proposal as the exclusive means for documenting and escalating risks and issues.
- 3.7 To the extent permitted by the State, MAXIMUS will be represented on any joint Accenture/State steering committees that govern MAXIMUS scope of work, and Accenture will permit MAXIMUS to participate in other meetings and discussions with the State that affect MAXIMUS' performance or areas of responsibility. MAXIMUS will not have independent discussions with the State concerning policy issues or the Project without the advance approval of Accenture. Notwithstanding the foregoing, the parties recognize that MAXIMUS may need to interact directly with the State on technical and day-to-day operational matters. In such cases, MAXIMUS will report promptly to Accenture any State discussions or issues that may have a significant impact on the Services.

ARTICLE 4 — STANDARD MANAGEMENT PROCEDURES

- 4.1 MAXIMUS shall adhere to Accenture's work planning and status reporting procedures, including recording all work-plan information, accurate estimates to complete, and issues into ITG tools.
- 4.2 MAXIMUS shall provide human resource and finance data in a form suitable for input into the project human resource and finance software.
- 4.3 MAXIMUS and Accenture shall coordinate their Project QA processes to foster transparency and to minimize demands on operations personnel.
- 4.4 MAXIMUS and Accenture shall both provide representatives for and regularly attend standing meetings such as Change Control Board meetings.
- 4.5 Decisions in areas related to or impacting MAXIMUS will be made in consultation with the appropriate MAXIMUS management personnel. MAXIMUS will participate in project meetings and discussions as required by the Accenture Account Executive or when the meeting or discussion addresses areas involving MAXIMUS's work under this Agreement.
- 4.6 MAXIMUS will discuss all issues, recommendations and decisions related to service performance, status, or any major issue affecting the Services with the Accenture Account Executive or other authorized designee prior to joint Accenture and MAXIMUS discussion with the State.

ARTICLE 5 — PERSONNEL

- 5.1 MAXIMUS and Accenture agree not to offer employment, nor accept for employment, each other's employees who are directly associated with the work covered by this Subcontract for a period beginning on the Effective Date and extending for one (1) year after the termination or expiration of this Agreement or any extension, without the written consent of the other party.

5.2 Employment of State Workers.

- 5.2.1 MAXIMUS will not knowingly recruit, employ, subcontract with, or sub-grant to any person who is employed by the State and who has (a) participated in the procurement of the Prime Contract, (b) worked on projects relating to the subject matter of the Prime Contract, or (c) have had any influence on decisions affecting the subject matter of the Prime Contract, during the term of this Agreement and for two (2) years following the expiration or termination of the Prime Contract.
- 5.2.2 MAXIMUS understands and acknowledges that State employees may be covered by collective bargaining agreements with one or more labor unions and that any such agreements may establish employment requirements and conditions, including wage and work-rule requirements, for the employees. Accenture shall have no responsibility to bargain with any such labor unions and shall have no responsibility under any such collective bargaining agreements for the employees covered thereby. Rather, MAXIMUS will be responsible for bargaining with any applicable labor union and will be solely responsible for evaluating and complying, if applicable to MAXIMUS, with all relevant terms of collective bargaining agreements that cover State employees, consistent with state and federal laws, such that performance of this Agreement and the Prime Contract will not be endangered or impaired.
- 5.2.3 MAXIMUS will defend, indemnify, and hold Accenture harmless against any grievances arising under a labor contract filed by a former State employee or such employee's collective bargaining agent and arising out of the employment relationship between MAXIMUS and such employees or any collective bargaining agreement then in effect between MAXIMUS and such collective bargaining agent.

- 5.3 MAXIMUS shall coordinate all recruiting messages and activities related to this Agreement with Accenture, including participation at career fairs, use of third party recruiters, marketing, and media messages.

5.4 Key Personnel.

- 5.4.1 MAXIMUS agrees that certain MAXIMUS personnel are essential to the effective performance of the Subcontract. Accordingly, MAXIMUS agrees that the MAXIMUS employees identified in Exhibit 5.4.1 shall be deemed "Key Personnel" for purposes of this Agreement. Key Personnel shall work exclusively on the services contemplated by this Subcontract and shall not be replaced, re-assigned, or diverted to other MAXIMUS projects without the prior written consent of Accenture. Such consent shall not be unreasonably withheld or delayed; however, MAXIMUS shall provide Accenture with 30 days notice, in writing, prior to any proposed change in key personnel, along with a justification (or the proposed substituted personnel with equal or greater qualifications) that is sufficiently detailed to allow Accenture to evaluate the impact of the proposed change on Subcontract performance. Accenture's consent to a change in Key Personnel is not required if such Key Personnel (i) resigns from MAXIMUS or takes at least a six-month leave of absence (including any absence permitted by the Family and Medical Leave Act or other law or regulation); (ii) is dismissed by MAXIMUS for cause; or (iii) dies or is unable to work due to his or her disability.

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- 5.4.2 Accenture will have the right to reject any proposed replacement Key Personnel, which rejection shall not be unreasonably made. In addition, at any time after the first six months of MAXIMUS performance, upon notice, Accenture will have the right to request replacement of Key Personnel on the Subcontract if such replacement would not, in Accenture's judgment hinder performance of the subcontract. Such requests shall not be unreasonably denied. Accenture will provide written approval of any replacement Key Personnel.

- 5.4.3 The list of Key Personnel may be modified, by written agreement of the parties, from time to time during Subcontract performance to add or delete personnel from the list as appropriate.

- 5.5 MAXIMUS shall provide the training and certification set forth in Exhibit 5.5 attached hereto, as such may be amended from time to time, to all of its employees engaged in the Project.

- 5.6 MAXIMUS shall adhere to the Code of Ethics attached hereto as Exhibit 5.6 in the control and management of its employees. MAXIMUS shall provide Accenture 30 days notice of any changes to Exhibit 5.6 and shall permit Accenture to comment on any such changes, if in Accenture's reasonable judgment, such changes will have a negative impact on the provision of the services by MAXIMUS under this Agreement.

- 5.7 Neither MAXIMUS nor Accenture will be deemed a joint employer of the other's employees, and each party will be responsible for governing the essential terms and conditions of employment of its own employees, including such matters as hiring, firing, disciplining, day-to-day supervision, and direction of employees. Each party shall be responsible for any and all claims by its employees. Neither party's employees shall be deemed "leased" employees of the other for any purpose.

- 5.8 Either party may provide performance input to the other regarding employees' performance which will be duly considered in the employee's performance reviews, evaluation, and compensation. Accenture may request re-assignment of MAXIMUS employees with chronic or gross underperformance.

- 5.9 Except as otherwise provided in this Agreement or as mutually agreed in writing by the parties, MAXIMUS shall have the exclusive right to manage all MAXIMUS resources used in providing the Services as MAXIMUS deems appropriate. Notwithstanding the provisions of the foregoing sentence, if MAXIMUS contemplates any relocation, substitution, or change in resources that would materially affect Accenture or the Key Personnel (a "Material Alteration of Resources"), then MAXIMUS shall provide Accenture with prior written notice thereof. Upon receipt of such notice, if Accenture determines in its reasonable judgment that such alteration would result in a material change in the pricing terms of this Subcontract or would endanger or impair performance of the Subcontract, Accenture shall approve or disapprove of the proposed alteration in writing. Any proposed relocation of Key Personnel outside the State of Texas by MAXIMUS shall be deemed a Material Alteration of Resources and shall require the prior written consent of both Accenture and the State. Any relocation, substitution, or change that will result in a change in the pricing terms of this Agreement in excess of \$25,000.00 shall be deemed a Material Alteration of Resources. Any assets owned by Accenture or the State (including any assets substituted by MAXIMUS) under the control of or in the possession of the MAXIMUS upon termination of this Subcontract shall be promptly returned by MAXIMUS to Accenture or the State. MAXIMUS shall maintain all such assets, including perpetual licenses, under its management or control until such time as those assets are returned to Accenture or the State.

ARTICLE 6 — KEY PERFORMANCE REQUIREMENTS

- 6.1 MAXIMUS and Accenture will be responsible for the KPRs and associated LDs as identified in Exhibit 6.1 which documents primary responsibility for each KPR. In areas where one party has primary responsibility, the other may also have responsibility to the extent that it is required to participate in or contribute to the activities that satisfy the KPR. The parties will conduct a formal root cause analysis to identify the cause of any failures and, in cases where there is joint responsibility, the result of that root cause analysis will form the basis for apportioning responsibility for LDs. Earnback credits will be applied under a scheme to be mutually developed and agreed by the parties subject to the following principles:
- 6.1.1 Within a given assessment period: If there are sufficient earnback credits available under the Prime Contract to offset all failures, those earnback credits shall be used to offset all Liquidated Damages. If there are insufficient earnback credits available under the Prime Contract to cover all failures, earnback credits shall first be applied to offset failures against KPRs under which the parties have had no failures and consistently accrued earnback credits over the 12 months prior to the assessment period, and shall second be prorated across remaining KPR failures proportional to the Liquidated Damages assessed.
- 6.1.2 In the event either party's failure on KPRs defined as A+ keeps Accenture from earning credits under the Prime Contract, there shall be a "true-up" of resulting liquidated damages incurred for lack of those credits.
- 6.2 MAXIMUS will provide Accenture with mutually agreed upon data and reports, in a manner Accenture may reasonably require or as required by the State, at prescribed intervals that represent the service levels provided by MAXIMUS operations. The reports will serve as the basis for measuring MAXIMUS's compliance with service levels and KPRs and the terms of this Agreement.
- 6.3 The following general considerations shall apply to Service Levels and KPRs:
- 6.3.1 Tools and Methods. In accordance with the requirements of the applicable workplan, MAXIMUS shall implement the measurement and monitoring tools and procedures described in the Proposal to measure and report on MAXIMUS's performance of its obligations under this Agreement to Accenture on a mutually agreed upon cycle and in accordance with the terms of the Prime Contract.
- 6.3.2 Performance Evaluation Period. The service delivery and pricing framework for the Services is predicated on a model that supports the delivery of the same or higher level of services than those currently being achieved by the State. In accordance with the requirements of the applicable workplan, MAXIMUS and Accenture will cooperate with each other in collecting historical data on the actual performance achieved by the State, and will focus on identifying and documenting the necessary trending data, implementing a data gathering process, consolidating and correlating the captured historical data, and identifying trends to substantiate Performance Standards (i.e., Service Levels) prior to transition to Accenture to establish a baseline for service level performance. MAXIMUS will support Accenture by using all commercially reasonable efforts to maintain service

levels that meet or exceed this baseline, and that meet or exceed the Key Performance Requirements of the Prime Contract.

- 6.4 MAXIMUS's duty to use all commercially reasonable efforts to assist Accenture to meet the service levels, performance standards and KPRs, as set forth in the Prime Contract and pertaining to MAXIMUS' responsibilities, will be a material obligation of this Agreement.

ARTICLE 7 — PAYMENT / INVOICING AND TAXES

- 7.1 MAXIMUS will maintain records and receipts relating to expenses incurred in connection with the Services and shall provide Accenture access to such records upon request during normal business hours.
- 7.2 Except for the service charges set forth in Exhibit 7.2, as such may be amended from time to time by Change Orders or other amendments, MAXIMUS will not be entitled to any other compensation for its services. Moreover, it is expressly understood that MAXIMUS will have no interest in or claim to any billings by Accenture to its clients for professional services that may be generated in connection with the Services. The parties acknowledge that the service charges under the Prime Contract may be amended within 14 days of the Effective Date. If such service charges are amended, the parties agree to use the Change Control process set forth herein to amend the service charges set forth in Exhibit 7.2 to take into account the amendments made to the Prime Contract service charges.
- 7.3 MAXIMUS will invoice Accenture monthly for the services provided under the Subcontract no later than 90 days after service provision in a format and with level of detail acceptable to Accenture and the State. The invoice will be provided by MAXIMUS to Accenture no later than the third business day following the end of the month. A properly completed invoice shall not be deemed provided to Accenture unless, at a minimum, invoice detail, by Service provided to each service recipient, has been submitted to Accenture in an electronic format specified in writing by Accenture.
- 7.4 Accenture will pay MAXIMUS via electronic funds transfer within 10 business days after receipt of the MAXIMUS invoice, or 5 business days upon receipt of payments for the Services from the State, whichever is later.
- 7.5 Subject to Sections 2.4.4 and 2.5.2, Accenture may deduct from MAXIMUS payments any costs attributable to Sections 2.5.3 and 2.5.5. Accenture shall inform MAXIMUS prior to incurring such costs, and MAXIMUS shall have a right to audit such costs.
- 7.6 If Accenture reasonably and in good faith disputes that any portion of any amount claimed by MAXIMUS is payable or has been erroneously paid, as the case may be, then Accenture will provide MAXIMUS with written notice specifying the disputed amount and the basis for the dispute in reasonable detail within 30 calendar days of the date the invoice is received, and will pay any undisputed portion of the amount provided those amounts have not been set off or withheld by the State. Upon resolution of the disputed portion, any amounts owed to MAXIMUS shall be paid within 30 calendar days after the date of resolution provided those amounts have not been set off or withheld by the State, in which case they will be paid with 30 calendar days after Accenture's receipt from the State. For the avoidance of doubt, Accenture shall have no obligation to pay MAXIMUS any amount, disputed or undisputed, that has been set off or withheld by the State under the Prime Contract until such time as the State has paid such amounts to Accenture.

- 7.7 Accenture shall pay any taxes applicable to this Agreement (except taxes based on or measured by MAXIMUS's or any legal person's net income or property, FICA, FUTA and other taxes imposed by law upon MAXIMUS and MAXIMUS employee/s due to the employment relationship between MAXIMUS and MAXIMUS employee/s including any sales, use, excise, value-added, services, consumption, and other similar taxes and duties assessed on the provision of independent contractor services by MAXIMUS to Accenture or on MAXIMUS's charges to Accenture under this Agreement, including the reimbursement of expenses). If Accenture is required to withhold or deduct any taxes from any payment to MAXIMUS, Accenture will not be required to "gross up" the amount of such payment and shall pay to MAXIMUS the total amount reflected on the invoice less the applicable withholding taxes. Accenture and MAXIMUS shall cooperate in good faith to minimize taxes to the extent legally permissible. Each party shall provide and make available to the other party any resale certificates, treaty certification and other exemption information reasonably requested by the other party. Upon request, MAXIMUS agrees to provide Accenture any documents which may be required for regulatory purposes.

ARTICLE 8 — DEFAULT AND REMEDIES

8.1 MAXIMUS Events of Default.

Any one or more of the following events shall, after the required notice(s) and opportunity to cure, constitute an "Event of Default" on the part of MAXIMUS:

8.1.1 The failure of MAXIMUS to timely pay to Accenture any sum of money required under the Subcontract after receipt of written notice from Accenture that the same is due; or

8.1.2 Any one of the following events by MAXIMUS, which is not cured within 20 calendar days (except as specified in Section 8.1.4 below) after receipt of written notice of breach from Accenture; provided, however, that if the parties mutually agree to extend the period or if such cure is of a nature that it could not reasonably be performed within 20 calendar days, such 20-day period may be extended so long as MAXIMUS begins performance within such 20-day period and thereafter diligently and continuously pursues performance:

- 8.1.2.1 MAXIMUS breaches a material obligation under this Agreement where such breach and a respective remedy is not covered under a description of Performance Standards set forth in this Subcontract; or
- 8.1.2.2 MAXIMUS knowingly employs an illegal alien in the performance of Services; or
- 8.1.2.3 MAXIMUS becomes insolvent or is declared bankrupt; or
- 8.1.2.4 MAXIMUS files for reorganization under the bankruptcy code; or
- 8.1.2.5 MAXIMUS commits any act of bankruptcy or insolvency, either voluntarily or involuntarily; or
- 8.1.2.6 MAXIMUS makes or has made an intentional and material misrepresentation or omission in any materials provided to Accenture or the State; or

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- 8.1.2.7 MAXIMUS fails to promptly pay any and all undisputed taxes or assessments imposed by and legally due the State or federal government; or
 - 8.1.2.8 MAXIMUS admits in writing its inability to pay its debts or makes an assignment for the benefit of creditors without the approval of Accenture; or
 - 8.1.2.9 If there is a material deterioration in MAXIMUS's financial stability such that Accenture has reasonable cause to doubt MAXIMUS's ability to fulfill its obligations under the Subcontract; or
 - 8.1.2.10 MAXIMUS knowingly utilizes a vendor in the performance of Services which would result in a conflict of interest as described in the Prime Contract; or
 - 8.1.2.11 MAXIMUS improperly refuses to allow Accenture and/or the State, each of their designees and/or the other entities permitted to conduct audits pursuant to the Prime Contract access to all documents, papers, letters, or other material subject to the audit provisions of the Prime Contract; or
 - 8.1.2.12 MAXIMUS refuses to allow auditor access to MAXIMUS facilities or otherwise fails to cooperate with an audit as required by the Prime Contract in a manner that materially impedes such audit; or
 - 8.1.2.13 MAXIMUS fails to bargain with any applicable labor union or to comply with relevant terms of collective bargaining agreements that cover employees, if any, consistent with state and federal laws, such that performance of the Subcontract and Prime Contract is endangered or impaired.

8.1.3 With regard to the events involving bankruptcy or insolvency (events set forth in Section 8.1.2.3 — Section 8.1.2.5 above), MAXIMUS shall, at the discretion of Accenture or pursuant to court order, be considered as having cured the event by submitting a post-bankruptcy or post-insolvency guarantee to Accenture that MAXIMUS intends to complete Contract performance despite its bankrupt or insolvent status.

8.1.4 With respect to the events described in Sections 8.1.2.2, 8.1.2.9, 8.1.2.10, and 8.1.2.12 above, the cure period for MAXIMUS shall be no more than five business days.

8.2 If a MAXIMUS Event of Default has occurred as set forth in Section 8.1 above, Accenture shall have the right to terminate the Subcontract. If Accenture elects to terminate, then Accenture shall provide MAXIMUS with a second written notice ("Termination Notice") evidencing its intent to terminate this Subcontract and reciting that Accenture intends to pursue termination of the Subcontract if the Event of Default is not cured. If MAXIMUS fails to cure the default, then Accenture may terminate this Subcontract and exercise all of its remedies, including all those at law or equity consistent with the terms of the Subcontract. In the event of termination, Accenture and MAXIMUS shall work together in good faith to phase out the Services of the Subcontract and in accordance with any applicable terms of the Subcontract. As part of such phase out, and to ensure that Accenture can continue to meet its obligations under the Prime Contract, MAXIMUS shall allow Accenture (or its designated subcontractor or agent) to interview, make offers of employment, and hire any employees or subcontractors that MAXIMUS had hired to work on the Project.

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8.3 Accenture Events of Default.

Any one or more of the following events shall, after the required notice(s) and opportunity to cure, constitute an “Accenture Event of Default”:

- 8.3.1 Accenture fails to timely pay any amounts owed to MAXIMUS under this Agreement, other than amounts disputed in good faith or amounts set off or withheld by the State; or
- 8.3.2 Accenture breaches any other material obligation under this Agreement. The cure period for a material breach by Accenture shall be 30 calendar days from receipt of notice of material breach; or
- 8.3.3 Upon the occurrence of an “Accenture Insolvency Event of Default.” The occurrence of any one or more of the following events shall constitute an Accenture Insolvency Event of Default:
 - 8.3.3.1 Accenture admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors; or
 - 8.3.3.2 any affirmative act of insolvency by Accenture or the filing by or against Accenture (which is not dismissed within 90 days) of any petition or action under any bankruptcy, reorganization, insolvency arrangement, liquidation, dissolution or moratorium law, or any other law or laws for the relief of, or relating to, debtors; or
 - 8.3.3.3 the subjecting of a material part of Accenture’s property to any levy, seizure, assignment or sale for or by any creditor, third party or governmental agency.

8.4 MAXIMUS Remedies in the event of an Accenture Event of Default.

Upon the occurrence of an “Event of Default” on the part of Accenture, MAXIMUS is entitled to any one or all of the following remedies:

- 8.4.1 Seek equitable relief and/or institute legal proceedings against Accenture consistent with the terms of this Agreement to collect payment of any damages or sums owed by Accenture, or to compel the performance of any obligation required to be performed by Accenture under this Agreement including, where appropriate, actions for specific performance and/or injunctive relief; and
- 8.4.2 Terminate this Agreement. If MAXIMUS elects to terminate, then MAXIMUS shall provide Accenture with a second written notice (“Termination Notice”) evidencing its intent to terminate this Subcontract and reciting that MAXIMUS intends to pursue termination of the Subcontract if the Accenture Event of Default is not cured. The Termination Notice will not be effective unless it states that MAXIMUS intends to pursue termination of this Subcontract if the Accenture Event of Default is not cured. If Accenture fails to cure the default, then MAXIMUS may terminate this Agreement and exercise all of the remedies available to it.

In the event of termination under this Section 8.4.2, MAXIMUS shall work with Accenture in good faith to phase out the services of this Subcontract. As part of such phase out, and to ensure that Accenture can continue to meet its obligations under the

Prime Contract, MAXIMUS shall allow Accenture (or its designated subcontractor or agent) to interview, make offers of employment, and hire any employees that MAXIMUS had hired pursuant to the Subcontract.

- 8.5 If MAXIMUS commits an Event of Default in the performance of any term, provision, covenant or condition, Accenture may, upon notice to MAXIMUS, perform or have performed for it the same services at the reasonable expense of MAXIMUS. If, at any time and by reason of such Event of Default, Accenture elects to pay any sum of money or do any act which will require the payment of any sum of money, or incur any expense in the enforcement of its rights under this Section, such sum or sums in excess of the amounts that would have been payable to MAXIMUS for such performance under this Subcontract, together with a rate of interest shall be repaid to Accenture by MAXIMUS promptly when billed therefor. Interest will be calculated using the Department of Treasury’s Median Rate (resulting from the Treasury’s auction of 13-week bills) for the week in which interest is assessed, but in no event to exceed the highest lawful rate of interest. Accenture shall use commercially-reasonable efforts to mitigate any such costs.

ARTICLE 9 — TERM, RENEWAL, AND TERMINATION PROVISIONS

- 9.1 Term/Renewal. The parties agree that the term of this Agreement shall commence upon the Effective Date and shall be co-terminus with the Prime Contract. If the State exercises its right to renew the Prime Contract, Accenture will renew the Subcontract so that it is co-terminus with the Prime Contract. If renewal of the Prime Contract is subject to negotiation between Accenture and the State, Accenture and MAXIMUS shall negotiate a renewal of the Subcontract, taking into account MAXIMUS performance evaluations and any material changes in the Prime Contract during the Term. Any renewal or extension of this Agreement shall be in writing and signed by both parties.
- 9.2 Termination for Convenience. If the State terminates, in whole or in part, the Prime Contract for its convenience, then Accenture may terminate for its convenience the Subcontract, in whole or in part, but only to the same extent as the Prime Contract is terminated, whereupon MAXIMUS shall cease the provision of the terminated services to Accenture in accordance with the reasonable terms of such notice.
- 9.3 Partial Termination for Cause. Accenture may terminate the Subcontract in part upon the occurrence of an Event of Default by MAXIMUS. In the event of a partial termination by Accenture, MAXIMUS shall continue to provide any services or deliverables required to be provided and not terminated. If the Event of Default is caused by the default of MAXIMUS, and to the extent the cause of the default is beyond the control of MAXIMUS, and without its fault or negligence, MAXIMUS shall not be liable for any damages arising from the Event of Default, unless the subcontracted services or supplies were obtainable from other sources without significant increase in costs and in sufficient time for MAXIMUS to meet the required delivery schedule. If, after termination of the Subcontract by Accenture due to an Event of Default by MAXIMUS, a court of competent jurisdiction or arbitration panel issues a final ruling that there was not an Event of Default by MAXIMUS or that the Event of Default was excusable, the rights and obligations of the parties shall be the same as if the termination had been for the convenience of Accenture.
- 9.4 Consequences of Termination by Accenture.
 - 9.4.1 Termination for Cause.

If this Agreement is terminated by Accenture for an Event of Default of MAXIMUS, MAXIMUS shall only be entitled to payment for Services performed in accordance with the Subcontract, which shall be offset by any actual damages finally determined to be caused by the Event of Default and due Accenture consistent with the terms of this Agreement. This remedy is supplemental to any other Accenture remedy upon the occurrence of a MAXIMUS Event of Default. In the event of a termination for cause, to ensure that Accenture can continue to meet its obligations under the Prime Contract, MAXIMUS shall allow Accenture (or its designated subcontractor or agent) to interview, make offers of employment, and hire any employees or subcontractors that MAXIMUS had hired pursuant to the Subcontract.

9.4.2 Termination for Convenience.

The Prime Contract will control the parties' rights and obligations following a termination for convenience with the additional requirements that any payments due to MAXIMUS following a termination for convenience shall only be paid after Accenture has received a termination for convenience payment from the State and MAXIMUS shall make commercially-reasonable efforts to mitigate any costs arising after notice of termination. In addition, if Accenture terminates part of this Agreement for convenience, Accenture and MAXIMUS shall meet promptly to address in good faith the pricing terms of the MAXIMUS services and/or deliverables remaining in effect; should Accenture and MAXIMUS determine that the partial termination has effected a material change in the allocation of risk between the parties, then the pricing terms of the MAXIMUS services and/or deliverables remaining in effect shall be adjusted as agreed upon by the parties to compensate for such change. MAXIMUS shall take commercially reasonable efforts to mitigate increases in costs that might arise with respect to remaining services and/or deliverables as a result of termination for convenience.

9.4.2.1 Upon termination of its obligations under this Subcontract in accordance with Section 9.4.2 above, MAXIMUS shall submit a request for payment. In no event shall any such request include any termination costs or charges for termination for convenience that includes loss of profits, anticipated profits or damages.

9.4.2.2 In the event of termination in whole or in part of the Subcontract in accordance with Section 9.4.2 above, to ensure that Accenture can continue to meet its obligations under the Prime Contract, MAXIMUS shall allow Accenture (or its designated subcontractor or agent) to interview, make offers of employment, and hire any employees that MAXIMUS had hired pursuant to the terms of the Subcontract and that are affected by the termination.

9.5 Payment for Services requested by Accenture and provided by MAXIMUS after termination, including turnover assistance, shall be paid as mutually agreed upon.

ARTICLE 10 — STEP-IN

10.1 If Accenture reasonably believes that it needs to take action in connection with the MAXIMUS services and/or deliverables because a serious risk exists with respect to MAXIMUS's ability to remedy a material failure in any of the services or to provide any of the deliverables, that in Accenture's reasonable opinion is likely to result in an Event of Default by MAXIMUS, then Accenture shall notify MAXIMUS in writing of the following:

10.1.1 the action it wishes to take, either itself or using a third party acting on its behalf;

10.1.2 the reason for such action;

10.1.3 the date it wishes to commence such action;

10.1.4 the time period which it believes will be necessary for such action; and

10.1.5 to the extent practicable, the effect on MAXIMUS and its obligation to provide the Services during the period such action is being taken and proposals for dealing with the resumption of the Service(s) concerned at the end of that period.

10.2 Following service of such notice, Accenture shall take such action as notified to MAXIMUS and any consequential additional action as it reasonably believes is necessary (together, the "Required Action") and MAXIMUS shall give all reasonable assistance to Accenture while it is taking the Required Action.

10.3 If MAXIMUS is not in breach of its obligations under the Subcontract, then for so long as and to the extent that the Required Action is taken, and this prevents MAXIMUS from providing any part of the Services:

10.3.1 MAXIMUS shall be relieved from its obligations to provide such part of the Services and to meet Service Levels and Performance Standards (and responsibility for any associated liquidated or other damages) directly related to such part of the Services; and

10.3.2 in respect of the period in which Accenture is taking the Required Action and provided that MAXIMUS provides Accenture with reasonable assistance (such assistance to be at the expense of Accenture to the extent additional costs are incurred), the service charges due from Accenture to MAXIMUS shall equal the amount MAXIMUS would receive for such part of the Services if it were satisfying all its obligations and providing the Services affected by the Required Action in full over that period.

10.4 If the Required Action is taken as a result of an Event of Default by MAXIMUS, then for so long as and to the extent that the Required Action is taken, and this prevents MAXIMUS from providing any part of the Services:

10.4.1 MAXIMUS shall be relieved of its obligations to provide such part of the Services and to meet Service Levels directly related to such part of the services; and

10.4.2 in respect of the period in which Accenture is taking Required Action and provided that MAXIMUS provides Accenture with reasonable assistance, the service charges due from Accenture to MAXIMUS shall equal the amount MAXIMUS would receive if it were satisfying all its obligations and providing the Services affected by the Required Action in full over that period, less an amount equal to all Accenture's reasonable costs of operation in taking the Required Action. Notwithstanding the foregoing, if Accenture's reasonable costs exceed the amount that MAXIMUS would receive under this subsection, MAXIMUS shall instead reimburse Accenture by an amount equal to the excess less any costs or expenses.

10.5 If any physical damage is caused to MAXIMUS's property and/or the technical infrastructure used by or on behalf of MAXIMUS to enable it to perform its

due to the exercise by Accenture of its step-in rights under this provision, then Accenture shall compensate MAXIMUS for any actual losses MAXIMUS incurs, except to the extent that MAXIMUS is able to collect under any policy of insurance in respect of those losses.

- 10.6 In the event that Accenture exercises its rights under this Article 10, to ensure that Accenture can continue to meet its obligations under the Prime Contract, MAXIMUS shall allow Accenture (or its designated subcontractor or agent) to interview, make offers of employment, and hire any employees of MAXIMUS that worked on the Project.

ARTICLE 11 — SOFTWARE AND INTELLECTUAL PROPERTY

11.1 Accenture Materials and State Materials

- 11.1.1 To the extent required by this Agreement, Accenture will use reasonable efforts to provide the Accenture Materials, and will use reasonable efforts to request that the State provide the State Materials described in Schedule 6 of the Prime Contract to MAXIMUS to enable MAXIMUS to provide the Services during the term of this Agreement. Accenture will use reasonable efforts to obtain, and will use reasonable efforts to have the State obtain, all consents necessary to permit Accenture and the State to provide the Accenture Materials and State Materials to MAXIMUS and its subcontractors and to permit MAXIMUS and its subcontractors to use the Accenture Materials and State Materials as required to provide the Services, and will provide evidence of such consents to MAXIMUS at its request. Accenture will make all payments necessary to obtain such consents for the Accenture Materials, and will use reasonable efforts to ensure that the State makes all payments necessary, to obtain such consents for the State Materials, and MAXIMUS will cooperate with Accenture and the State in obtaining such consents. MAXIMUS shall use commercially reasonable efforts to minimize the cost of any such cooperation.
- 11.1.2 In the event that Accenture Materials infringe or violate the rights of any third parties or any applicable legal requirements, MAXIMUS will notify Accenture and submit a Change Order request. In such event, MAXIMUS's failure to perform its obligations under the Subcontract shall be excused to the extent that such failure results from infringement or violation. Accenture, at its own expense, will defend any third party action brought against MAXIMUS to the extent that such action is based upon a claim that the Accenture Materials infringe that third party's currently existing United States patent, copyright or trademark or violate a trade secret of such third party. Accenture will pay those costs and damages (including attorney's fees) finally awarded in any such action.
- 11.1.3 All Accenture Materials provided or used pursuant to this Agreement shall remain the exclusive property of Accenture or its licensors, unless expressly provided otherwise in the terms of this Agreement. All State Materials provided or used pursuant to this Agreement shall remain the exclusive property of the State or its licensors, unless expressly provided otherwise.
- 11.1.4 MAXIMUS shall not have or obtain any rights in Accenture Materials or State Materials provided to MAXIMUS under this Subcontract other than to use those Materials solely for the purpose of performing any required responsibilities of MAXIMUS or as otherwise permitted under this Agreement, or as otherwise may be authorized by Accenture in writing from time to time.

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- 11.1.5 Unless MAXIMUS is paying maintenance or license fees related thereto pursuant to this Agreement, MAXIMUS shall use Accenture Materials and State Materials only for purposes of this Subcontract. The use of Accenture Materials and State Materials by MAXIMUS shall be subject to any restrictions and other license terms for such items (including any restrictions and license terms contained in applicable third party software license agreements).

11.2 MAXIMUS Software.

- 11.2.1 To the extent required by this Subcontract, MAXIMUS will provide MAXIMUS Software to Accenture relevant to its provision of Services, a description of which is set forth in Schedule 1 and Schedule 6 of the Prime Contract. MAXIMUS Software will include, but not be limited to, (i) the MAXe software together with any modifications made to re-platform the MAXe software during the transition phase of the Prime Contract to permit it to work with the State's system and (ii) any software developed by MAXIMUS at its own expense. Unless expressly provided otherwise in this Agreement, MAXIMUS will be responsible for maintaining the MAXIMUS Software and for any license or maintenance fees related to providing MAXIMUS Software for use in connection with the Subcontract. All MAXIMUS Software shall remain the exclusive property of MAXIMUS, its subcontractors, or their licensors, unless expressly provided otherwise in this Subcontract. MAXIMUS shall use commercially-reasonable efforts to obtain all necessary consents or licenses for Accenture and the State to use the MAXIMUS Software. By way of clarification and not limitation, MAXIMUS Software shall include the components developed by MAXIMUS and described in Schedule 6 to the Prime Contract as owned by "Vendor A" and as further described in the February 11, 2005 letter.
- 11.2.2 With respect to MAXIMUS Software owned by MAXIMUS, MAXIMUS will grant to Accenture a non-exclusive, fully paid-up license to use, copy, display and create derivative works of such MAXIMUS Software only for the duration of and to extent necessary for Accenture's use in the provision of the Services and the satisfaction of its obligations under the Prime Contract. MAXIMUS also grants to Accenture the right to transfer such license to the State for its internal use to the extent necessary for the satisfaction of Accenture's obligations under the Prime Contract. The parties will mutually agree on applicable terms for MAXIMUS's support of such Software after termination or expiration of the Subcontract.

11.3 Rights to Custom Software.

- 11.3.1 MAXIMUS shall assign to Accenture all right, title, and interest in the copyright to any Custom Software delivered to Accenture for the satisfaction of Accenture's obligations under the Prime Contract. MAXIMUS will take any reasonable actions necessary to effectuate such transfer. Accenture hereby grants to MAXIMUS a perpetual, non-exclusive, transferable worldwide license to use, modify, enhance and create derivative works of the Custom Software for use in MAXIMUS's ordinary course of business (including MAXIMUS's business as a service provider). In the event MAXIMUS modifies or creates a derivative work of the Custom Software, MAXIMUS grants Accenture a perpetual, non-exclusive, irrevocable, fully paid-up license to use, copy, modify, maintain, display, and create derivative works of such modifications or derivative works, and to authorize any party to do the foregoing in satisfaction of

Accenture's obligations under the Prime Contract. Subject to the requirements set forth in the Prime Contract, MAXIMUS retains all right, title, and interest in any designs, methods, processes, knowledge and ideas underlying or used to develop the Custom Software, and nothing in the Subcontract shall restrict MAXIMUS from the use of any ideas, concepts, know-how, methodologies, processes, technologies, algorithms or techniques relating to the Services that MAXIMUS, individually or jointly, develops or discloses under the Subcontract.

11.4 Trade Secrets.

- 11.4.1 In the course of performance of the Services, each party may use or provide to the other party proprietary products, materials, information, tools, and methodologies that are the trade secrets of the providing party or third parties (collectively "Proprietary Items"). The receiving party shall have or obtain no rights in such Proprietary Items (or in any modifications or enhancements to them) other than (a) to use them as authorized by the providing party in writing from time to time solely for purposes of performing any required responsibilities under this Agreement or the Prime Contract, (b) to the extent the Proprietary Items are incorporated into a deliverable, to use them as part of the deliverable for purposes of performing any required responsibilities under this Subcontract or the Prime Contract, (c) pursuant to the standard license for such Proprietary Items or, in the case of Proprietary Items owned by third parties, pursuant to terms acceptable to the applicable third party, or (d) as otherwise provided in the Subcontract.
- 11.4.2 MAXIMUS and Accenture each acknowledge that the Software, Materials and Documentation provided by the other party (excluding Custom Software) includes proprietary information of the other party (or the State, if Accenture is providing State Software to MAXIMUS), and each party agrees to keep and treat such Software as a trade secret or otherwise confidential, at all times, consistent with State law.

11.5 Source Code.

- 11.5.1 With respect to MAXIMUS Software owned by MAXIMUS and provided to Accenture under this Agreement, at Accenture's request MAXIMUS shall, at MAXIMUS's option, (a) provide Accenture with source code for such MAXIMUS Software, or (b) place such source code in a third-party escrow arrangement with a designated escrow agent, which shall be identified to Accenture, and which shall be directed to release the deposited source code if MAXIMUS materially fails to provide support and maintenance for the MAXIMUS Software as required under this Agreement or if MAXIMUS ceases business activities, in accordance with a mutually acceptable escrow agreement (which acceptance may not be unreasonably delayed or withheld). If MAXIMUS is required under this Agreement to provide support and maintenance for such MAXIMUS Software, such source code shall be updated for each new release and modification of the relevant software issued during the term that MAXIMUS is required to provide support and maintenance. Accenture's use of such source code shall be limited to support and maintenance of the MAXIMUS Software for internal use during the term of the license until such time as MAXIMUS resumes support and maintenance for such Software as required under the Subcontract. MAXIMUS shall identify the escrow agent upon delivery of the MAXIMUS Software and shall certify annually that the escrow remains in effect in compliance with the terms of this paragraph and the applicable escrow agreement.

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- 11.5.2 With respect to MAXIMUS Software licensed by MAXIMUS or its subcontractors from a third party and provided to Accenture under the Subcontract, MAXIMUS shall use commercially reasonable efforts to obtain for Accenture a source code escrow consistent with [Section 11.5.1](#).

- 11.5.3 All source code related to Custom Software shall be delivered with the Custom Software.

ARTICLE 12 — WARRANTIES AND COVENANTS

12.1 Warranties and Covenants.

- 12.1.1 Each party warrants that the Services and Deliverables for which it is responsible either solely or jointly with the other party shall be delivered in accordance with the Performance Standards and specifications set forth in this Agreement or, if no applicable Performance Standards or specifications are set forth in this Agreement, in a good and workmanlike manner and in accordance with generally accepted industry practices.
- 12.1.2 With respect to Deliverables for which warranties and the duration thereof are not addressed in this Agreement, this warranty will remain in effect for a period of six months following Acceptance of each Deliverable required by this Subcontract.
- 12.1.3 With respect to Services for which service levels and remedies are not addressed in this Subcontract and that do not meet this warranty throughout the six months after such Services are initially performed, the responsible party will promptly correct, cure, replace or otherwise remedy such performance at no cost to the other party or the State.

12.2 Additional MAXIMUS Warranties.

- 12.2.1 In addition to the warranties contained in [Section 12.1](#), MAXIMUS warrants its Services and the Deliverables in the same manner, to the same extent, and for the same period of time (measured from acceptance of the ultimate Prime Contract deliverable items by the State) as Accenture warrants the same to the State under the Prime Contract.
- 12.2.2 MAXIMUS warrants that no Service or Deliverable for which it is responsible under this Agreement will infringe any patent, trademark, copyright or any other proprietary right issued or honored in the United States.
- 12.2.3 MAXIMUS affirms that to the best of its knowledge neither it nor its officers, partners, employees, permitted subcontractors and/or agents have knowledge of any existing or potential interest in conflict with the Project or this Agreement that could reasonably be considered to: (a) negatively impact its participation during the Project; (b) cause it or Accenture to violate any applicable law or regulation; or (c) create any appearance of impropriety (all of which are hereinafter collectively referred to as "Conflict"). If either party becomes aware of a Conflict during the term of this Agreement, it will promptly bring the matter to the attention of the other party and the parties will work together to reach a mutually satisfactory resolution; if such mutually satisfactory agreement cannot be reached within a reasonable period of time (not to exceed ten business days after first notice, unless mutually agreed), then Accenture may terminate this Agreement for cause.

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12.3 Additional MAXIMUS Covenants

MAXIMUS covenants to Accenture as follows:

- 12.3.1 MAXIMUS will comply at all times with all applicable laws and regulations of any jurisdiction in which MAXIMUS acts;
- 12.3.2 MAXIMUS, its employees and agents will comply at all times with all security provisions in effect from time to time at Accenture's premises or any Accenture clients' premises, with respect to access to premises, and all materials belonging to Accenture or its clients;
- 12.3.3 MAXIMUS shall not use Accenture's name in any promotional materials or other communications with third parties without Accenture's prior written consent; and
- 12.3.4 MAXIMUS is legally authorized to engage in business in the United States and in the State of Texas and will provide Accenture satisfactory evidence of such authority upon request.
- 12.3.5 The parties recognize and agree that this Agreement is predicated upon features of MAXIMUS's business organization. By execution of this Agreement, MAXIMUS represents that it has no knowledge of any party's intent, either individually or as a group, to transfer more than 49.9% of the corporate interests in MAXIMUS, either through one transaction or a series of transactions. In addition, if MAXIMUS anticipates at any time during the term of the Subcontract a transaction that would result in the sale of substantially all of its corporate assets, a change of corporate control, a material adverse change in financial results or a restructuring in ownership of the company, MAXIMUS agrees to: (a) provide Accenture commercially reasonable notice prior to the contemplated transaction, such period not to be less than 60 days unless the terms of the transaction do not permit 60 days' notice or unless the Board of Directors of MAXIMUS determines in good faith that it cannot provide 60 days' notice in the exercise of its duties; (b) expressly make a sale of the assets, change in corporate control, and/or assignment of this Agreement subject to the State's consent as may be required under the Prime Contract, and (c) provide an assurance to Accenture's reasonable satisfaction that the acquiring party or parties will maintain the commitment of MAXIMUS to provide all services as required under this Agreement. A failure by MAXIMUS to provide such assurance shall constitute a material breach of this Agreement.

12.4 Additional Accenture Covenants

Accenture covenants to MAXIMUS as follows:

- 12.4.1 Accenture will comply at all times with all applicable laws and regulations of any jurisdiction in which Accenture acts;
- 12.4.2 Accenture, its employees and agents will comply at all times with all security provisions in effect from time to time at MAXIMUS's premises or any MAXIMUS client's premises, with respect to access to premises, and all materials belonging to MAXIMUS or its clients;
- 12.4.3 Accenture shall not use MAXIMUS's name in any promotional materials or other communications with third parties without MAXIMUS's prior written consent; and

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- 12.4.4 Accenture is legally authorized to engage in business in the United States and in the State of Texas and will provide MAXIMUS satisfactory evidence of such authority upon request.

12.5 WARRANTY DISCLAIMER.

EXCEPT AS EXPRESSLY STATED IN THE WARRANTY CLAUSES INCORPORATED IN THIS SUBCONTRACT, THE PARTIES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES REGARDING MERCHANTABILITY. EACH PARTY'S WARRANTIES EXTEND SOLELY TO THE OTHER PARTY, THE STATE, AND TO THE APPLICABLE STATE AGENCY USER OF THE SERVICES.

For the avoidance of doubt, this Article 12 shall survive termination of the Subcontract.

ARTICLE 13 — INDEMNITIES

13.1 MAXIMUS Indemnities.

- 13.1.1 MAXIMUS shall indemnify and hold harmless Accenture, its agents, representatives, contractors and subcontractors (but not including MAXIMUS or any of its subcontractors), in respect of any claims or losses for which MAXIMUS is responsible which may arise out of, or in the course of or in connection with the provision of the Services by MAXIMUS or the performance of or failure of MAXIMUS to perform any obligation under this Subcontract to the same extent Accenture is required to indemnify the State under the Prime Contract for claims or losses for which Accenture is responsible.
- 13.1.2 For purposes of clarity, if, as a result of any default or breach of this Agreement by MAXIMUS or other action or failure to act (material or otherwise) by MAXIMUS, the State terminates the Prime Contract for default or Accenture becomes obligated to pay damages (including but not limited to Liquidated Damages under the Prime Contract) to the State or becomes subject to a price reduction, set off or withholding of service charges by the State, then in any such event MAXIMUS shall indemnify and save Accenture harmless from all assessments, costs, damages, price reductions, set off or withholding of service charges, plus reasonable attorney fees and costs of investigation and defense to the extent of MAXIMUS' proportionate responsibility therefor.

13.2 Accenture Indemnities.

Accenture shall indemnify and hold harmless MAXIMUS, its agents, representatives, contractors and subcontractors, in respect of any third party claims or losses which may arise out of, or in the course of or in connection with the provision of the Services or Deliverables by Accenture or the performance of or failure of Accenture to perform any obligation under the Subcontract to the extent any such claim is based upon Accenture's negligence or willful misconduct in the performance of the Services or the provision of the Deliverables.

ARTICLE 14 — DISPUTE RESOLUTION

14.1 Disputes Not Involving the State.

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In the event a dispute arises under or relates to this Subcontract, and the State is not a party to such dispute.

- 14.1.1 Accenture and MAXIMUS shall make good faith efforts to first resolve through the Accenture Program Manager and the MAXIMUS Program Manager any dispute, controversy, or claim arising out of, relating to, involving, or having any connection with the Subcontract or otherwise related to the Services, including any question regarding the validity, interpretation, scope, performance, or enforceability of this dispute resolution provision. If the parties cannot resolve the dispute through the program managers, the parties will escalate the dispute to higher levels of management, including to the Accenture Government OG CEO and the MAXIMUS CEO. If the dispute is not resolved internally within 30 days of initiation, either party may request that the dispute be resolved through arbitration, in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”) and the AAA Optional Procedures for Large, Complex Commercial Disputes, and both parties agree to submit the dispute to arbitration for resolution. Any arbitration will be conducted on an individual, rather than a class-wide, basis.
- 14.1.2 The arbitration shall be conducted in Chicago, Illinois, unless the parties mutually agree on an alternative location. The arbitration shall be conducted by three arbitrators. Each party shall appoint an arbitrator, obtain its appointee’s acceptance of such appointment, and deliver written notification of such appointment and acceptance to the other party by 15 days after the due date of the respondent’s answering statement. The two party-appointed arbitrators shall jointly agree upon and appoint a third arbitrator who shall serve as the chairperson of the arbitral panel. The party arbitrators shall obtain the chairperson’s acceptance of such appointment and notify the parties in writing of said appointment and acceptance within 30 days after their appointment and acceptance as party arbitrators. If the two party-appointed arbitrators are unable to agree upon the selection and appointment of the chairperson within that time frame, they shall so notify the parties in writing. Upon such notice, one or both of the parties may request in writing that the chairperson be appointed by AAA in accordance with the AAA Rules. The AAA shall notify the parties in writing of the appointment and acceptance of the chairperson within 21 days of receiving such request.
- 14.1.3 The parties shall be entitled to engage in reasonable discovery, including requests for production of relevant non-privileged documents. Depositions and interrogatories may be ordered by the arbitral panel upon a showing of need. It is the parties’ intent that the discovery proceedings be conducted in a cost-effective manner.
- 14.1.4 All decisions, rulings, and awards of the arbitral panel shall be made pursuant to majority vote of the three arbitrators. The award shall be in accordance with the applicable law, shall be in writing, and shall state the reasons upon which it is based. The arbitrators shall have no power to modify or abridge the terms of the Subcontract. The award of the arbitrators shall be final, and judgment on the award may be entered by any court having jurisdiction to do so.
- 14.1.5 Costs incurred in the arbitration proceeding, including attorneys’ fees and expenses, shall be borne in the manner determined by the arbitral panel.
- 14.1.6 Nothing in the foregoing shall prevent the parties, prior to the formation of the arbitral

panel, from applying to a court of competent jurisdiction for provisional or interim measures or injunctive relief as may be necessary to safeguard the property or rights that are the subject matter of the arbitration. Once the arbitral panel is in place, it shall have exclusive jurisdiction to hear applications for such relief, except that any interim measures or injunctive relief ordered by the arbitral panel may be immediately and specifically enforced by a court of competent jurisdiction.

- 14.1.7 This dispute resolution procedure shall not apply to any claim arising from any patent or registered trademark. Such claims shall not be subject to arbitration and instead shall be subject to judicial resolution. In addition, any issue regarding the enforceability of the prohibition against class-wide arbitration will be decided by a court of competent jurisdiction and not by an arbitrator.
 - 14.1.8 Unless otherwise agreed by the parties or required by law, the parties, the arbitrators, and AAA shall maintain the confidentiality of all documents, communications, proceedings, and awards provided, produced, or exchanged pursuant to an arbitration conducted under this provision.
 - 14.1.9 MAXIMUS agrees to seek recourse solely against Accenture, and not against the State in any of its capacities, for any claim arising under the Subcontract.
- 14.2 Disputes Involving the State.

Any dispute involving this Subcontract and the State shall be settled as follows:

- 14.2.1 MAXIMUS shall submit the claim to Accenture or, if so requested, to the State.
- 14.2.2 Accenture shall submit such claim to the State or shall timely notify MAXIMUS, in writing, that it chooses not to do so, in which event, MAXIMUS shall have the right to present such claim in the name of Accenture to the State. However, if Accenture submits such claim and suffers any loss or damages whatsoever pursuant to the claim, MAXIMUS shall, without further proceedings or adjudication by a court of competent jurisdiction, pay to Accenture any and all losses, damages, costs and fees occasioned by said loss, notwithstanding any payment provision to the contrary.
- 14.2.3 If a final decision is issued by the State under the dispute resolution provisions of the Prime Contract and the decision relates to or affects the Subcontract, then Accenture shall transmit a copy of that decision to MAXIMUS within ten days after its receipt by Accenture from the State. Within 30 days after receipt of such decision from the State, Accenture shall notify MAXIMUS whether Accenture intends to appeal the State’s decision. If Accenture chooses not to file an appeal or institute suit and maintains that position after timely request by MAXIMUS to appeal or institute suit, then MAXIMUS has the right to appeal from such decision, in Accenture’s name, or at MAXIMUS’s sole election to institute suit, in Accenture’s name, at MAXIMUS’s cost and expense.
- 14.2.4 If any administrative or judicial appeal or suit is taken at MAXIMUS’s request, which relates to or affects this Subcontract, MAXIMUS shall have the right to participate in the prosecution of the appeal or suit, including the preparation of pleadings, introduction of evidence, and presentation of argument. In any administrative or judicial appeal or suit taken or brought by MAXIMUS, upon Accenture’s election not to do so, Accenture shall, in good faith and in every reasonable manner, assist MAXIMUS. MAXIMUS shall bear

all costs and expenses incurred in prosecuting any appeal or suit taken or brought solely at MAXIMUS’s request.

14.2.5 If a decision by the State, an administrative agency, or a court relating to the Prime Contract becomes binding on Accenture by reason of the exhaustion of all administrative or judicial remedies, and such decision relates to or affects the Subcontract, then such decision shall also be binding, final, and conclusive on MAXIMUS.

14.3 No Settlements Without Consent.

14.3.1 Neither party shall enter into a written settlement with the State regarding any State agency decision, or related to any appeal therefrom, which affects the interests of the other party, without the prior written consent of the other party.

14.4 Performance to Continue.

14.4.1 Each party shall continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Subcontract.

ARTICLE 15 — COMPLIANCE WITH LAWS

15.1 MAXIMUS shall comply, and shall require each of its subcontractors to comply, with all laws, rules, codes, ordinances, and licensing requirements that are applicable to the conduct of its business, including those of federal, State, and local agencies having jurisdiction and authority. By way of non-exhaustive example, MAXIMUS shall comply with the following laws to the extent applicable to the conduct of its business: any labor laws applicable to Collective Bargaining Agreements that cover MAXIMUS's employees; any applicable provisions of section 247A(e) of the Immigration and Nationalization Act; Titles I-IV of the Americans with Disabilities Act; Sections 504 and 508 of the Federal Rehabilitation Act amendments; and all prohibitions against discrimination on the basis of race, religion, sex, creed, national origin, handicap, marital status, or veteran's status. Material violation of such laws shall be deemed a breach of a material obligation of this Subcontract, except that any material violation of such laws shall not be deemed a breach of a material obligation to the extent such material violation results from an act or omission of the State or Accenture or their agents or contractors or the failure of any facilities, equipment, software, data or other resources provided by the State, Accenture, or their agents or contractors to comply with such laws.

15.2 Any changes to this Agreement or the Services and Deliverables provided pursuant to this Agreement necessitated by changes in existing statute or regulation, or the promulgation of new regulations or the issuance of new statutes, shall be governed by the clauses relating to Change Control set forth in Section 2.8 of this Agreement.

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Article 16 — MISCELLANEOUS

16.1 Appropriations. MAXIMUS understands that the State's performance and obligation to pay under the Prime Contract is contingent upon appropriation by the Legislature. The Prime Contract provides that, if funds are necessary and not available through appropriations for payments under the Prime Contract, the State shall have the right to terminate the Prime Contract. In the event of such termination, Accenture may terminate the Subcontract, and MAXIMUS agrees that, if Accenture's recovery against the State is limited in some way, then MAXIMUS's recovery against Accenture shall be similarly limited. Accenture may seek payment from the State as permitted in the Prime Contract and shall work cooperatively with MAXIMUS with regard to such process to share in any recovery from the State in proportion to their unpaid costs.

16.2 Security and Confidentiality

16.2.1 Each party shall comply fully with all appropriate security procedures in its performance of the Subcontract.

16.2.2 During the course of the Project, each party may be given access to information that relates to the past, present, and future research, development, business activities, products, services, and technical knowledge of the other party or of the State ("Confidential Information"). In connection therewith, subject to the provisions of Schedule 1 of the Prime Contract, the following provisions shall apply:

16.2.2.1 The Confidential Information of the discloser (and/or of State) may be used by the receiver only in connection with performance of the Services.

16.2.2.2 Each party agrees to protect the confidentiality of the Confidential Information of the other and the Confidential Information of the State in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind and in a manner that satisfies the requirements of the Prime Contract. Access to the Confidential Information shall be restricted to those of the parties' personnel with a need to know and engaged in a use permitted hereby.

16.2.2.3 The Confidential Information may not be copied or reproduced without the discloser's prior written consent; provided, however, the receiver may make a reasonable number of copies of the Confidential Information only to the extent necessary to accomplish the purpose of this Agreement. Any copies made shall remain the property of the discloser and shall include the discloser's confidentiality and copyright notices as originally included in the disclosed Confidential Information.

16.2.2.4 All Confidential Information made available hereunder, including copies thereof, shall be returned or destroyed upon the first to occur of (a) completion of the Services or (b) request by the discloser. However, Accenture may retain, subject to the terms of this Section 16.2.2, copies of the Confidential Information required for compliance with its quality assurance requirements.

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16.2.2.5 Nothing in this Agreement shall prohibit or limit either party's use of information (including, but not limited to, ideas, concepts, know-how, techniques, and methodologies) (i) previously known to it without obligation of confidence, (ii) independently developed by it, (iii) acquired by it from a third party which is not, to its knowledge, under an obligation of confidence with respect to such information, or (iv) which is or becomes publicly available through no breach of this Agreement.

16.2.2.6 In the event either party receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information of the other party or Confidential Information of the State which that party has received from the other, it shall provide prompt notice to the other of such subpoena or other process. The party in receipt of process shall thereafter be entitled to comply with such process to the extent required by law.

16.2.2.7 Each party's obligations under this Section 16.2.2 shall be binding upon such party and all of its related entities and shall survive the expiration or termination of this Agreement.

16.3 Ownership and Acceptance.

- 16.3.1 Subject to Section 11.2.1, Accenture shall have full ownership of deliverables and work product (of whatever nature) developed or contributed to by MAXIMUS, in connection with the Project ("Project Work"), excluding, however, any source or reference materials, computer programs, documentation and similar information proprietary to MAXIMUS that are used to produce Project Work ("Source Materials"). No Source Material shall be incorporated into any Project Work except as Accenture expressly agrees in advance in a work statement or otherwise in writing, and in such event MAXIMUS hereby grants to Accenture a paid-up, non-exclusive, worldwide, irrevocable, unlimited license to use, copy, and redistribute such Source Material in connection with the Project Work in satisfaction of its obligations under the Prime Contract. All Project Work is work made for hire on behalf of Accenture, and MAXIMUS hereby assigns to Accenture all of its right, title and interest in and to the Project Work, including but not limited to all copyrights and patent rights. To the extent required for Accenture's performance of the Prime Contract, MAXIMUS shall deliver any Source Material to Accenture upon request and hereby grants to Accenture a perpetual, worldwide, and royalty-free license to use the Source Materials and to sublicense and deliver the Source Materials to the State in satisfaction of its obligations under the Prime Contract.
- 16.3.2 Acceptance of MAXIMUS's services and work product shall be contingent upon the State's acceptance of Accenture's work product to which MAXIMUS's services have contributed or into which MAXIMUS's work product has been incorporated.

16.4 Books and Records/Audit Rights.

- 16.4.1 At all times during the term of this Agreement, MAXIMUS shall maintain a complete and accurate set of files, records, books, papers and accounts ("Records") of all business activities and operations conducted by MAXIMUS in connection with its performance under this Agreement. MAXIMUS shall make such Records available to Accenture upon request. All accounts required under this Agreement shall be maintained and prepared in

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accordance with generally accepted accounting principles and in the formats which Accenture may reasonably direct.

- 16.4.2 Unless otherwise directed by Accenture, MAXIMUS shall maintain all Records pertaining to its performance under this Agreement after the date of termination or expiration of this Agreement in accordance with the Record Retention requirements of the Prime Contract ("Required Period").
- 16.4.3 During the term of this Agreement and during the Required Period, upon reasonable notice, MAXIMUS shall provide Accenture and the State with reasonable access to inspect and copy all records and information, including records and information stored electronically, relating to this Agreement. In connection with such access, MAXIMUS shall not limit the access of Accenture, the State or their duly authorized agents, representatives or employees when they seek to perform such inspection or audit of MAXIMUS's Records. When requested by Accenture, but in any event not later than the end of the Required Period, MAXIMUS shall deliver such Records to the State or the State's designee at MAXIMUS's sole expense. MAXIMUS may at its own expense make and maintain copies of Records for its files, subject to MAXIMUS's obligation to maintain the confidentiality of all Confidential Information of Accenture and the State in accordance with Section 16.2 herein. Further, a duly authorized representative of the State shall have access to and the right to examine and copy any directly related Records or other recorded information, and to examine any property within MAXIMUS's possession or control, involving transactions related to this Agreement. Such access for Records relating to (1) litigation or settlement of claims arising from the performance of this Agreement, or (2) costs and expenses of this Agreement to which the State's duly authorized representative has taken exception shall continue until such appeals, litigation, claims, or exceptions are disposed of. MAXIMUS shall notify Accenture in writing of its receipt of a request from the State to examine or obtain copies of MAXIMUS's Records within five days of receiving such request.
- 16.4.4 Without limiting the class of those authorized to perform an audit, MAXIMUS acknowledges that entities set forth in Article 9 of the Prime Contract may conduct audits pursuant to this Section 16.4.
- 16.4.5 Notwithstanding any fixed fee basis for Deliverables and Services under the Prime Contract or this Agreement, to the extent the State effects a prospective price redetermination for Services or Deliverables in the Prime Contract, Accenture may audit the Services and Deliverables provided by MAXIMUS using the same methodology used by the State to redetermine the service charges of the Prime Contract and reduce the service charges paid to MAXIMUS using the same methodology used by the State to reduce the service charges of the Prime Contract.
- 16.5 Insurance. Without prejudice to Accenture's rights under this Agreement, MAXIMUS shall maintain in force appropriate insurance customary for companies in this business including: (i) all insurance required by law; and (ii) the insurance listed on Exhibit 16.5 attached hereto with cover at or above the levels set out in that Exhibit. All such insurance must be effective in each case not later than the date on which the relevant risk commences under this Agreement.
- 16.6 Lobbying and Integrity. The parties agree that funds provided by MAXIMUS for purposes of marketing under this Subcontract, if any, shall not be deemed to be State funds for the purpose of lobbying. In addition, MAXIMUS shall not, in connection with this Agreement, directly or

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indirectly (a) offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for any State officer or employee's decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty, or (b) offer, give, or agree to give anyone any gratuity for the benefit of, or at the direction or request of, any State officer or employee. For purposes of the foregoing subclause (b), gratuity means a payment in whatever form of more than nominal monetary value.

16.7 Independent Contractor Status of MAXIMUS.

- 16.7.1 MAXIMUS, together with its agents, officers and employees, shall have and always retain under this Agreement the legal status of an independent contractor, and in no manner shall they be deemed employees of Accenture or deemed to be entitled to any benefits associated with such employment. During the term of this Agreement, MAXIMUS shall maintain at its sole expense those benefits to which its employees would otherwise be entitled to by law, including health benefits, and all necessary insurance for its employees, including workers' compensation, disability, and unemployment insurance, and provide Accenture with certification of such insurance upon request. MAXIMUS remains responsible for all applicable federal, state, and local taxes payable by MAXIMUS, and all FICA contributions for its employees. MAXIMUS assumes full responsibility for the actions of its personnel while they are performing services pursuant to this Subcontract and shall be solely responsible for their supervision, daily direction and control, payment of salary (including

withholding of income taxes and social security), workers compensation, disability benefits and the like. Neither party shall commit, nor be authorized to commit or bind, the other party in any manner.

16.7.2 Each MAXIMUS employee shall voluntarily waive (give up) any interest, claim or entitlement to, or right to participate in, and will not to enroll or participate in, any retirement, pension, 401(k), health care, or other benefit plan maintained by Accenture for its employees, partners, members, or shareholders of member firms. This waiver and election not to enroll or participate applies to the entire term of the Subcontract and this waiver will remain in full force and effect even if a governmental agency or court subsequently determines that any such company employee was a "leased employee" (as defined in section 414 of the internal revenue code) or a "common-law employee" of Accenture during any portion of the term of this Subcontract.

16.8 Excusable Delay. To the extent permitted in the Prime Contract, neither party shall be liable for any delay or failure in performance hereunder arising out of causes beyond its control and without its negligence or fault. MAXIMUS, in the event of such a cause, shall notify Accenture immediately in writing of its delay or failure in performance, describing the cause and its effect upon MAXIMUS's performance and the anticipated duration of the inability to perform.

16.9 Notices. Any notices required to be delivered by one party or another under or in connection with this Agreement shall be deemed sufficiently given if actually received or if sent by certified mail, return receipt requested, to the attention of the individual signing this Agreement for the party to which the notice is directed, at the address indicated below:

If to Accenture: Accenture LLP
1501 South MoPac Expressway, Suite 300
Austin, Texas 78746
Attn: David M. McCurley
Title: Partner

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With copies to: Accenture LLP
Legal & Commercial Group
1661 Page Mill Road
Palo Alto, California 94304
Attn: Douglas G. Scrivner
Title: General Counsel

And: Accenture LLP
Legal & Commercial Group
11951 Freedom Drive
Reston, VA 20190
Attn: C. Ben Foster

If to MAXIMUS: MAXIMUS, Inc.
11419 Sunset Hills Road
Reston, Virginia 20190
Attn: General Counsel

16.10 Assignment. Neither party may sell, assign or transfer any of its rights, duties or obligations under this Agreement without the prior written consent of the other party. However, Accenture may assign the Subcontract to any of its wholly-owned subsidiaries capable of performing its obligations under this Agreement. Either party may assign any monies due under the Subcontract to a third party with the non-assigning party's written consent, which consent shall not be unreasonably withheld. No change in either party's ownership or organization, if any, shall operate to release that party from its liability for the prompt and effective performance of its obligations under this Agreement. All terms and conditions of this Subcontract shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

16.11 Publicity. MAXIMUS shall not issue or sponsor any advertising or publicity that states or implies, either directly or indirectly, that Accenture or the State endorses, recommends or prefers MAXIMUS's services. MAXIMUS shall not use Accenture's or the State's logo in any fashion without prior written approval. Notwithstanding the foregoing, the parties may discuss and, subject to prior written approval from the State, enter into a co-branding arrangement with respect to the Services if such an agreement is determined to be mutually beneficial to the parties.

16.12 Negotiated Terms. The parties acknowledge that MAXIMUS participated extensively in the development of the Proposal and all revised offers, including comprehensive reviews of all materials prior to submission of those materials to the State. The parties agree that the terms and conditions of this Agreement are the result of negotiations between the parties and that the Subcontract shall not be construed in favor of or against any party by reason of the extent to which any party or its professional advisors participated in the preparation of the Subcontract.

16.13 Governing Law. All questions arising under or in connection with this Agreement shall be governed and determined by the law applicable to the Prime Contract; provided, however, that

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where the law applicable to the Prime Contract does not provide the rules for determining the particular question, the law of the State of Illinois shall apply.

16.14 No Third Party Beneficiaries. Except as otherwise provided in this Agreement, and any other provision of this Agreement that expressly confers third-party beneficiary status on a person or entity, nothing contained in this Agreement is intended or shall be construed to confer upon any person or entity (other than the parties hereto) any rights, benefits or remedies of any kind or character whatsoever, and no person or entity shall be deemed a third-party beneficiary under or by reason of this Agreement.

16.15 No Waiver. The waiver of a breach of any provision of this Agreement or the failure to exercise or delay in exercising any right, power, or privilege under this

FIRST AMENDMENT TO SUBCONTRACT AGREEMENT

THIS FIRST AMENDMENT TO THE SUBCONTRACT AGREEMENT (this "Amendment"), effective as of June 21, 2006 (the "Amendment Effective Date"), is by and between MAXIMUS, INC. ("MAXIMUS") and Accenture LLP ("Accenture").

WHEREAS, MAXIMUS and Accenture (the "Parties") entered into that certain Subcontract Agreement, dated June 25, 2005 (the "Agreement"), as amended herein, in support of the Texas Integrated Eligibility and Enrollment project (the "Project") for the Texas Health and Human Services Commission ("HHSC");

WHEREAS, on April 11, 2006 Accenture delivered to MAXIMUS a Notice of Material Breach and Demand for Cure ("Cure Notice") pursuant to Section 8.1 of the Agreement in respect of MAXIMUS' performance of its contractual obligations;

WHEREAS, on April 30, 2006 MAXIMUS delivered to Accenture a response to the Cure Notice in which MAXIMUS acknowledged certain Project challenges but disagreed with other elements of the Cure Notice;

WHEREAS, on May 3, 2006 the Parties executed a letter agreement ("Letter Agreement") to address Accenture's concerns raised in the Cure Notice;

WHEREAS, in connection with the Parties' discussions regarding the subject matter of the Cure Notice and the Letter Agreement, and without waiver of or prejudice to either Party's rights under the Agreement, while advancing progress on the Project, the Parties will pursue the following efforts:

- Accenture shall assume operational responsibility for the Complaints and Appeals Services (as defined herein) being provided by MAXIMUS immediately prior to the Amendment Effective Date;
- Accenture shall assume operational responsibility for the Technology Development Services (as defined herein) being provided by MAXIMUS immediately prior to the Amendment Effective Date;
- MAXIMUS shall retain full responsibility for Call and Image Processing Services and Integrated Eligibility Transaction Processing Services (as defined herein) subject to the institution by Accenture of a new management and oversight structure with respect to MAXIMUS' performance of such services;
- Accenture shall provide supplemental management and operational assistance to MAXIMUS with respect to certain defined areas of MAXIMUS responsibility; and
- General governance structures shall be revised and enhanced in an effort to improve future operations under the Agreement;

WHEREAS, the Parties have agreed to an allocation of financial responsibility as described herein;

WHEREAS, the Parties have reached agreement on additional matters arising out of the concerns raised in the Cure Notice and the Letter Agreement; and

WHEREAS, to effect the agreements of the Parties as described above, the Parties desire to amend the Agreement as set forth herein.

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NOW THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Agreement.

"Call and Image Processing Services" shall mean the MAXIMUS services identified on Exhibit 2.1 and elsewhere in the Agreement, as applicable, relating to processing of customer calls and customer documents in support of Integrated Eligibility and CHIP transactions.

"Complaints and Appeals Services" shall mean the MAXIMUS services identified on Exhibit 2.1A relating to research and resolution of customer and ombudsman complaints and appeals regarding Integrated Eligibility and CHIP transactions, and for which Accenture shall assume operational responsibility pursuant to this Amendment.

"Cover Costs" shall mean those costs identified in Exhibit 7.2A, for which MAXIMUS has a responsibility under this Agreement. Cover Costs shall consist of the salary and benefits of the personnel assigned and other direct non-payroll costs, including travel (at not more than \$30 per hour) for out-of-town personnel, software license costs, and standard load factors for recovery of professional development, recruiting, absence, technology support, equipment and depreciation costs. Cover Costs associated with Technology Development Services shall include margin as established in the Prime Contract for Accenture's employed resources, and 5% margin for subcontractors, up to the amounts set forth in Exhibit 7.2A. For any additional work required to perform the Technology Development Services, such margin components shall not apply. Accenture shall use commercially reasonable efforts to mitigate Cover Costs.

"Integrated Eligibility Transaction Processing Services" shall mean the MAXIMUS services identified on Exhibit 2.1 and elsewhere in the Agreement, as applicable, relating to processing of Integrated Eligibility transactions from Image Assembly through completion.

"Stable Performance" shall mean that a Service complies with all applicable Key Performance Requirements for a period of three (3) successive months after the Texas Access Alliance is processing transactions relating to seventy-five percent (75%) of the statewide caseload.

"Technology Development Services" shall mean the MAXIMUS services set forth on Exhibit 2.1A relating to development and maintenance of MAXe for Integrated Eligibility, and for which Accenture shall assume operational responsibility pursuant to this Amendment. For the avoidance of doubt, MAXe for Integrated Eligibility is the Oracle-based MAXe product currently in use for performance of the Integrated Eligibility Processing Services

"Transitioned Services" shall mean the Complaints and Appeals Services and the Technology Development Services, in each case as the operational responsibility

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for such Services is transitioned to Accenture pursuant to the terms of this Amendment.

2. Amendment. The Agreement is hereby amended as follows:

a. Incorporation of the Prime Contract. In order to clarify the relationship between the terms of the Prime Contract and the Subcontract, new Section 1.2 is hereby inserted as follows:

“1.2 It is the parties’ intent that MAXIMUS shall take all reasonable steps within the scope of this Agreement to enable Accenture to comply with the terms of the Prime Contract. MAXIMUS shall comply with the provisions of the Prime Contract and all work done and/or deliverable items shall be produced and performed by MAXIMUS and all of its subcontractors strictly in accordance with the provisions of the Prime Contract. Unless otherwise noted in the body of this Agreement, the provisions of the Prime Contract, attached hereto as Exhibit 1.2, are incorporated into this Agreement by reference in their entirety and are applicable to this Agreement as written. MAXIMUS shall perform the services described herein in the manner necessary to enable Accenture to fulfill its obligations under the Prime Contract. These incorporated Prime Contract clauses are in addition to the other clauses, terms, and conditions specifically set forth in this Agreement. For the avoidance of doubt, if a provision of this Agreement is in conflict with a provision of the Prime Contract, the Prime Contract provision shall prevail.”

b. Status Reports. In order to provide additional transparency into MAXIMUS’ efforts to remediate the concerns identified in the Cure Notice and Letter Agreement with respect to the Integrated Eligibility Transaction Processing Services, new Section 2.10 is hereby inserted as follows:

“2.10 Certain Status Reports

2.10.1 With respect to MAXIMUS’ performance of the Integrated Eligibility Transaction Processing Services and the Call and Image Processing Services, beginning on the Amendment Effective Date, MAXIMUS shall provide detailed weekly status reports delivered electronically to Accenture each Wednesday by 5:00 p.m. Central Time in the form attached hereto as Exhibit 2.10. Such reports shall, at a minimum, summarize MAXIMUS’ performance of the Integrated Eligibility Transaction Processing Services and the Call and Image Processing Services against objective, verifiable metrics of performance specified in writing by Accenture.

2.10.2 For each calendar day that MAXIMUS fails to timely deliver (i) any status report required under Section 2.10.1 for Services that have not achieved Stable Performance or (ii) any other status report required under a Corrective Action Plan that pertains to MAXIMUS’ responsibilities following the Amendment Effective Date and for which a report form or specific report content is

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specified in or with respect to such Corrective Action Plan, MAXIMUS shall pay to Accenture an amount equal to \$5,000.00 as liquidated damages and not as a penalty. Both Parties agree that the amount of actual damage would be difficult to calculate and that the amount stated above serves as a reasonable proxy for such damages.

2.10.3 Notwithstanding MAXIMUS’ obligation to provide the weekly status reports described above, if information comes to MAXIMUS’ attention that causes MAXIMUS to believe that MAXIMUS will be unable to meet any material obligations in the Agreement or under any Corrective Action Plan, MAXIMUS shall immediately notify Accenture.”

c. Management and Oversight of Call and Image Processing Services. In order to document additional management and oversight structures designed to address concerns highlighted in the Cure Notice and Letter Agreement relating to MAXIMUS’ performance of the Call and Image Processing Services, new Section 2.11 is hereby inserted as follows:

“2.11 Management and Oversight of Call and Image Processing Services.

2.11.1 Within 14 calendar days after the Amendment Effective Date, under Accenture’s direction, the Parties shall (i) establish a Call and Image Processing Services command center and (ii) implement the supplemental operational and vendor management structure applicable to MAXIMUS’ performance of the Call and Image Processing Services at the Midland service facility, in each case as further described on Exhibit 2.11. MAXIMUS hereby agrees to cooperate with Accenture and comply with the management structures and procedures outlined in Exhibit 2.11. MAXIMUS shall be financially responsible for Accenture’s Cover Costs in providing such additional management and oversight in accordance with Exhibit 7.2A.

2.11.2 On the Amendment Effective Date, MAXIMUS shall provide Accenture written notice of all subcontracts that pertain to the Call and Image Processing Services and provide complete and accurate copies of such subcontracts to Accenture. If Accenture reasonably believes that an issue exists with one of MAXIMUS’ subcontractors that has caused or is reasonably likely to cause a material non-performance of obligations under this Agreement or the Prime Contract, then the Parties shall meet immediately to discuss such issues. After discussion of such issues and giving reasonable consideration to MAXIMUS’ input on the impact of available alternatives and balancing the effects on the Project globally, then, MAXIMUS shall take all commercially reasonable steps to comply with Accenture’s reasonable request to terminate, assign or restructure any such subcontracts (including, without limitation, subcontracts with ImageAPI and ACP), including payment of any amounts due to the applicable third party. However, nothing in this Amendment is intended to create any

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third party beneficiary relationship. MAXIMUS must obtain Accenture’s review and approval of amended subcontracts with reasonable advance notice prior to execution by MAXIMUS. MAXIMUS’ failure to take all commercially reasonable steps to timely comply with Accenture’s request to terminate, assign or restructure any applicable subcontract shall be deemed an Event of Default pursuant to which Accenture may deliver a Termination Notice in accordance with Section 8.2. MAXIMUS represents and warrants that, to the best of its knowledge and belief, it is not in breach of any of its subcontracts that relate to the Project.

2.11.3 Notwithstanding the forgoing, MAXIMUS shall use commercially reasonable efforts to restructure the subcontract agreement with ACP

by July 15, 2006 and provide Accenture a weekly report regarding the status, which report shall be Confidential Information. “

d. Technology Development Services. In order to document the arrangements specified for the Technology Development Services for which Accenture is assuming operational responsibility pursuant to Section 3(a) of this Amendment, new Section 2.4.5 is hereby inserted as follows:

“2.4.5 MAXe Operations

2.4.5.1 From and after the Technology Development Transition Date, Accenture shall perform the Technology Development Services in such a manner as to maintain the level of business performance enabled by MAXe at a level at least equal to business performance as of the Technology Development Transition Date. If Accenture causes the performance of MAXe to fail to operate at a level at least equal to MAXe performance as of the Technology Development Transition Date, and that failure causes or materially contributes to significant MAXIMUS productivity deficiencies that result in MAXIMUS’ failure to achieve the work standards (to be provided at Accenture’s request) that form the basis of its variable transaction rates, then the following steps shall be taken:

2.4.5.1.1 Accenture shall use commercially reasonable efforts to cure the failure.

2.4.5.1.2 If the failure cannot be cured, the Parties shall jointly seek and implement other measures (e.g., process changes or workflow changes) to increase MAXIMUS productivity. MAXIMUS shall not unreasonably refuse to make such changes, and Accenture shall credit against the Cover Costs applicable to the Technology Development Services an amount equal to the incremental costs reasonably incurred by MAXIMUS in making such changes. MAXIMUS shall be obligated to mitigate any such incremental costs.

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2.4.5.1.3 If efforts under Sections 2.4.5.1.1 and 2.4.5.1.2 are exhausted and significant MAXIMUS productivity deficiencies remain, then Accenture, at Accenture’s exclusive option, shall either relieve MAXIMUS of liability for Liquidated Damages associated with the KPRs impacted by the deficiencies or take financial responsibility for increased MAXIMUS capacity to meet the KPRs, either of which shall be in proportion to the contribution of Accenture’s failure among all causes of the productivity deficiencies.

2.4.5.2 MAXIMUS agrees that with respect to those components of MAXe implemented by MAXIMUS prior to the Technology Development Transition Date, the remedies set forth in Section 2.4.5.1 shall not be available to it.”

e. General Governance and Oversight. In order to strengthen the governance structures applicable to the Services generally, new Section 3.8 is hereby inserted as follows:

“3.8 General Governance and Oversight.

3.8.1 Collaborative Intent. The Parties acknowledge their mutual desire for open, honest, transparent, complete and prompt communication between the Parties and hereby (i) reaffirm the governance principles set forth in Section 3.2 of the Agreement, and (ii) adopt the additional governance principles set forth in Exhibit 3.8. Each Party agrees to cooperate in good faith to review the current implementation of such principles and to discuss any reasonable changes that are necessary or appropriate to ensure joint decision-making efforts for subject matters that affect both Parties. The Parties hereby further confirm that efficient and effective communication requires full and open disclosure of data and information related to the services provided under this Agreement.

3.8.2 Improved Executive Committee. Within 14 calendar days after the Amendment Effective Date, the Parties shall re-organize and convene the Executive Committee in accordance with Section 3.5 with such structural and procedural changes as the Parties shall mutually agree in connection with the review set forth in Section 3.8.1. The initial membership of the Executive Committee shall include the Accenture U.S. Government Operating Group Managing Director and the MAXIMUS Chief Executive Officer. The Executive Committee shall meet at least semi-monthly until such time as the Parties mutually agree to reduce the frequency of such meetings as a result of improved MAXIMUS performance.

3.8.3 Workgroups.

(i) Within ten days after the Amendment Effective Date, the Parties shall jointly establish a workgroup to oversee and

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confirm seamless cooperation for the provision of end-to-end integrated eligibility services.

(ii) Within ten days after the Amendment Effective Date, the Parties shall jointly establish a workgroup to oversee and confirm seamless cooperation for the provision of end-to-end CHIP services.”

f. Interaction with the State. Section 4.6 is hereby deleted in its entirety and replaced with the following:

“4.6 Except to address day-to-day technical operational matters, MAXIMUS shall not communicate with the State on matters involving the Project without Accenture’s prior written consent, or for circumstances in which time is essential and immediate written consent is not practical, express oral consent, followed promptly by written confirmation. For the avoidance of doubt and absent the operation of an administrative or judicial process or applicable law compelling disclosure by MAXIMUS, MAXIMUS shall not communicate with the State (or representatives, employees or contractors of the State) regarding the service performance, scope adjustments, schedule adjustments, project status, or any other major issue affecting the Services without Accenture’s concurrent participation or Accenture’s prior written consent. MAXIMUS shall promptly report to Accenture any and all communications with the State regarding issues that may have a material impact on the Services or the Project. MAXIMUS shall design and implement a program to maintain a consistent level of employee and contractor awareness regarding MAXIMUS’ obligations under this Section 4.6. Upon notice by Accenture, MAXIMUS shall take such remedial steps directed by Accenture, up to and including prompt removal from the Project of any employees of MAXIMUS that fail to comply with this Section 4.6. Nothing in this Agreement, including this Section 4.6, is intended to limit the rights of HHSC under the Prime Contract.”

g. Supplemental Management and Operational Assistance. In order to allow Accenture to provide supplemental management and operational assistance if future concerns arise regarding MAXIMUS' performance, new Section 4.7 is hereby inserted as follows:

“4.7 Supplemental Management and Operational Assistance

4.7.1.1 At any time following the Amendment Effective Date, if MAXIMUS fails, or upon the basis of objective evidence considered by Accenture that MAXIMUS is likely to fail, to meet any of its material obligations under the Agreement, Accenture may, but shall not be obligated to, assign or acquire additional Accenture resources as reasonably necessary or appropriate to correct the deficiency and assist MAXIMUS in its performance of its obligations under the Agreement. MAXIMUS shall be financially responsible for the Cover Costs incurred by Accenture in connection with the deployment of additional resources pursuant to this Section 4.7.1.1 as such Cover Costs are calculated as

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provided in Exhibit 7.2A; provided, however, that if Accenture assigns additional resources in advance of an actual MAXIMUS failure, MAXIMUS shall be financially responsible only for the portion of such costs incurred by Accenture that a joint root cause analysis identifies as substantially preventing or mitigating a likely breach of contractual obligations.

4.7.1.2 As of the Amendment Effective Date, MAXIMUS shall assign and thereafter maintain sufficient additional executive and mid-level resources who possess relevant experience to design, implement, operate and troubleshoot MAXIMUS' performance of its contractual obligations. Additional supervisory resources shall be added as needed to permit MAXIMUS to maintain supervisor-to-team ratios applicable to the Integrated Eligibility Transaction Processing Center at one-to-10 (1-10). Upon MAXIMUS' demonstration of continued, reliable performance of its obligations in compliance with the Agreement, the Parties shall meet to discuss whether staffing levels may be reduced without detrimental impact to MAXIMUS' performance of the Services as substantiated by MAXIMUS in detail reasonably satisfactory to Accenture. Any such staffing level reductions shall occur pursuant to a mutually-agreed transition plan.

4.7.1.3 The list of Key Personnel for purposes of the Agreement set forth in Exhibit 5.4.1 to the Agreement shall be replaced and superseded by the designations of Key Personnel set forth in the new Exhibit 5.4.1 attached to this Amendment. In addition, MAXIMUS shall fill the following Key Personnel positions as described below:

- (i) MAXIMUS Local Site Executive — The MAXIMUS Local Site Executive shall: (1) devote substantially all of his business time and effort to managing MAXIMUS' performance under the Agreement, (2) serve as the single point of accountability in Austin, Texas for the Agreement, (3) conduct daily informal briefings with Accenture regarding the status of the Project, and (4) have full decision-making authority and responsibility for MAXIMUS' fulfillment of its contractual obligations. MAXIMUS shall obtain approval of the final candidate for the MAXIMUS Local Site Executive within thirty (30) days and have such candidate in place within forty-five (45) days from the Amendment Effective Date. Until such time as the MAXIMUS Local Site Executive is in place, Bruce Caswell shall act in such capacity.
- (ii) CHIP Operations Lead. MAXIMUS shall obtain approval of the final candidate for the MAXIMUS CHIP Operations Lead within thirty (30) days and have such candidate in place within forty-five (45)

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days from the Amendment Effective Date. Until such time as the MAXIMUS CHIP Operations Lead is in place, Melinda Metteauer shall act in such capacity.

Accenture personnel shall be entitled to fully rely on all decisions made by the MAXIMUS Key Personnel related to his or her respective area of responsibility.

4.7.1.4 MAXIMUS agrees to use all commercially reasonable efforts to improve attrition rates and fill open positions in a timely manner. MAXIMUS shall report accurate information in the form attached hereto as Exhibit 4.7.1.4, provide any supplemental detail required to support or explain changes or variations from prior reports, explain attrition rates above forecast, document progress regarding each open management, supervisory or transition position that has remained unfilled for more than thirty (30) days and communicate all planned rollofts of management, supervisory and transition staff at least forty-five (45) days prior to such occurrence. All reports in Exhibit 4.7.1.4 shall be provided by MAXIMUS on a weekly basis except the Diversity Report, which shall be provided on a monthly basis, and the San Antonio Turnover by Job report, Recruiting Status report, Recruiting Opportunities report, and IT 66-67 report, each of which shall be provided on a weekly basis for a period of three (3) months following the Amendment Effective Date and shall be provided on a monthly basis thereafter; provided, however, that such reports shall be resumed on a weekly basis in the event MAXIMUS is subject to a cure notice or corrective action pertaining to staffing or human resources issues. In addition, MAXIMUS agrees to provide internal human resources support at a 1:150 ratio +/- 10% to meet employee relations issues, retention and attrition, planning and forecasting.”

h. Training. In order to allow Accenture to address specific concerns regarding MAXIMUS training performance as set forth in the Cure Notice and Letter Agreement, Section 5.5 is hereby deleted in its entirety and replaced with the following:

“5.5 Accenture and MAXIMUS agree to provide the Project training staff to operate as an integrated team as identified in Exhibit 5.5A, subject to the following conditions:

5.5.1 The integrated training team shall operate under the direction and supervision of Accenture.

5.5.2 MAXIMUS may present candidates to fill positions designated for Accenture. Accenture will not unreasonably reject qualified candidates who are able to fill positions in a timely manner, and will provide reason(s) for rejection in writing. Costs for positions filled by MAXIMUS staff shall be credited against Cover Costs.

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- 5.5.3 Notwithstanding Section 5.9, MAXIMUS shall promptly replace those MAXIMUS employees or subcontractors performing Project training functions who Accenture identifies in writing as not qualified or not meeting reasonable performance standards for training, along with the reasons therefor.
 - 5.5.4 If MAXIMUS fails after notice to the MAXIMUS Local Site Executive to promptly fill positions designated for MAXIMUS, Accenture may fill those positions until MAXIMUS presents qualified candidates.
 - 5.5.5 The organization and staffing levels reflected in Exhibit 5.5A are based on the current scope and delivery schedule for the interim and end-state technology and process solutions and are subject to re-evaluation if the scope or schedule changes.
 - 5.5.6 All responsibility for training development and delivery for Texas Access Alliance operations personnel reverts to MAXIMUS on March 1, 2007 for development and May 1, 2007 for delivery pursuant to mutually agreed transition plans.
 - 5.5.7 MAXIMUS shall be financially responsible for all Cover Costs incurred by Accenture in connection with the development and provision of required training and certifications to MAXIMUS' employees and subcontractors engaged in the Project. An estimate of training Cover Costs is presented in Exhibit 7.2A."

i. Setoff of Cover Costs; Audit Rights. In order to confirm the method by which Cover Costs will be applied to amounts payable to MAXIMUS under the Agreement and MAXIMUS' rights to receive certain related information, new Sections 7.6.1 and 7.6.2 are hereby inserted as follows:

- "7.6.1 Setoff of Cover Costs. With respect to any amount to be paid or reimbursed by Accenture to MAXIMUS under the Agreement, Accenture may set off against such amounts any Cover Costs incurred by Accenture. If the amount of Cover Costs in a month exceeds the amounts payable by Accenture to MAXIMUS, the excess amount of Cover Costs shall be carried forward into succeeding months and applied against amounts otherwise payable to MAXIMUS in such succeeding months until such excess Cover Costs have been fully applied. Accenture will not be required to pay any disputed amounts to MAXIMUS under this Agreement unless and until the dispute is resolved and in accordance with the resolution of the dispute. Notwithstanding the foregoing, MAXIMUS shall have no obligation to make payment on any disputed Cover Costs that were not subject to setoff rights as described in this Section 7.6.1.
- 7.6.2 Certain Audit Rights. For any Cover Costs incurred by Accenture, on a monthly basis, Accenture shall provide MAXIMUS with (i) timesheets supporting the hours incurred by Accenture personnel and subcontractors providing services included in the Cover Costs, including an indication of the job category that the person is filling, as indicated in the schedules

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provided under Exhibit 7.2A, and (ii) descriptions of the deliverables produced in such month. Copies of the deliverables or other work product shall be provided upon reasonable request by MAXIMUS. Additionally, upon reasonable request, Accenture shall provide MAXIMUS with additional (i) supporting information with transparency reasonably sufficient to demonstrate the metrics of service volumes, productivity and resource levels directly represented by such Cover Costs (including information reasonably necessary to verify the quantity of hours expended by Accenture that provide the basis for Cover Costs setoff by Accenture in any month) and (ii) the opportunity to provide suggestions and other input to Accenture regarding optimization and management of such Cover Costs (including comparative benchmarks against MAXIMUS' internal processes). The escalation process provided in Section II of Exhibit 3.8 shall govern any issue with respect to issues or questions raised by MAXIMUS regarding Accenture's incurrence of such Cover Costs. Notwithstanding the foregoing or any other provision hereof, in no event shall MAXIMUS have the right to review Accenture's internal cost information. However, Accenture represents that Cover Costs are calculated as described in the definition provided herein."

k. Terms Applicable to Cure Periods Section 8.1.2 (other than subsections 8.1.2.1 - 8.1.2.13) is hereby deleted in its entirety and replaced with the following:

"8.1.2 Any one of the following events by MAXIMUS, which is not cured within 20 calendar days (except as specified in Section 8.1.4 below or as otherwise extended by mutual written agreement of the Parties or as extended by Accenture in its reasonable discretion if the State has extended a related cure period applicable to Accenture) after receipt of written notice of breach from Accenture:"

l. Certain Events of Default. New Section 8.1.5 is hereby inserted as follows:

"8.1.5 In addition to the Events of Default described above and notwithstanding Section 8.2, each of the following shall be deemed to be an "Event of Default" for which Accenture may exercise the rights set forth in this Agreement upon delivery of an appropriate Notice to MAXIMUS; provided, however, that, notwithstanding Section 8.2 of the Agreement, such Notice shall be effective upon delivery to MAXIMUS and shall not afford MAXIMUS with any opportunity to cure (except as described in Section 8.1.5.1):

- 8.1.5.1 While under any Corrective Action Plan developed in accordance with the Prime Contract, and subject to the governance provisions set forth in Exhibit 3.8, MAXIMUS fails, within the time period specified in the applicable Corrective Action Plan (or if no time is specified therein, within a time period reasonably specified by Accenture), to use good faith efforts to comply with a material portion of such Corrective Action Plan, provided however, that an Event of Default under this Section 8.1.5 shall not occur if, MAXIMUS initiates such good faith efforts within forty-eight (48) hours from the receipt of Notice by

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the MAXIMUS Local Site Executive. The opportunity to initiate such good faith efforts within 48 hours shall only apply to the first instance of failure under this Section 8.1.5.1 and for any subsequent failures hereunder, MAXIMUS shall not be entitled to such opportunity; or

- 8.1.5.2 MAXIMUS fails to correct and cure any of the MAXIMUS performance deficiencies identified in Exhibit 8.1.5.2 by the applicable deadline set forth on such Exhibit. Any such deficiency that the Parties mutually agree in writing has been cured shall not be subject to the terms of this Section 8.1.5 for any subsequent breach and shall be entitled to the appropriate cure period set forth in the Agreement.

3. Agreement. In addition to the amendments to the Agreement set forth above in Sections 1 and 2 of this Amendment, the Parties agree as follows, which agreements shall be incorporated by reference into, and made a part of, the Agreement:

a. Transition of Responsibility for Technology Development Services

(i) Beginning on the Amendment Effective Date, the Parties shall begin transitioning operational responsibility for the performance of the Technology Development Services to Accenture in accordance with the transition plan (the "Technology Development Transition Assistance Plan") attached hereto as Attachment A (the "Technology Development Transition"). Each of the Parties shall comply with its responsibilities as outlined in the Technology Development Transition Assistance Plan.

(ii) Following the completion of the Technology Development Transition in accordance with the Technology Development Transition Assistance Plan and provided that MAXIMUS provides Accenture with reasonable assistance (including, without limitation, all assistance reasonably requested by Accenture) in respect of Accenture's efforts, MAXIMUS shall be relieved of its obligations to provide the Technology Development Services to Accenture as of and after the completion of transition of the Technology Development Services to Accenture (the "Technology Development Transition Date"). MAXIMUS shall retain responsibility for (1) all operations that comprise the Technology Development Services prior to the Technology Development Transition Date, including, without limitation, the performance of the Technology Development Transition, (2) the development, support, and maintenance of the MAXe software for Enrollment Broker and CHIP, and (3) all break/fix maintenance obligations and related activities for the MAXe software for periods after March 31, 2007. In addition, MAXIMUS must continue to dedicate those MAXIMUS employees identified in the Technology Development Transition Assistance Plan (or their qualified replacements) to MAXIMUS' performance of its obligations with respect to the Technology Development Services; provided, however, that MAXIMUS may not reassign such employees without Accenture's prior written consent. From and after the Technology Development Transition Date, failure to provide reasonable assistance to Accenture in respect of Accenture's performance of the Technology Development Services shall be deemed to be a material breach pursuant to Section 8.1 of the Agreement.

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Notwithstanding the transfer of operational responsibility for the Technology Development Services to Accenture as specified above or any statement to the contrary, MAXIMUS shall continue to bear financial responsibility for the Cover Costs associated with Accenture's performance of the Technology Development Services as such costs are calculated pursuant to Exhibit 7.2A of the Agreement.

(iii) Accenture shall provide up to 2 full-time equivalents (FTE's) to MAXIMUS for operational reporting and analysis during the period from the Amendment Effective Date until January 31, 2007. From February 1, 2007 until March 31, 2007, Accenture shall make only 1 FTE available to MAXIMUS for such reporting and analysis functions. MAXIMUS shall pay for such resources as Cover Costs.

(iv) Without limiting any obligations hereunder, the Parties shall take commercially reasonable steps to conduct the Technology Development Transition in a manner that does not impede MAXIMUS' progress to correct its performance as described in this Amendment. During the Technology Development Transition, MAXIMUS shall take commercially reasonable steps to mitigate the impact of attrition, absenteeism or performance decline. Notwithstanding any such occurrence or steps taken to mitigate the same, each Party shall remain responsible for performing all of its respective responsibilities throughout the Technology Development Transition.

(v) Subject to reimbursement as a Cover Cost, Accenture shall provide facilities for the Technology Development Services.

(vi) Following the three-month anniversary of the Technology Development Transition Date, if MAXIMUS' provision of reasonable assistance to Accenture in connection with Accenture's performance of the Technology Development Services exceeds the MAXIMUS staffing plan for the applicable month (exclusive of reasonable phone or email inquiries or requests for similar de minimis cooperation), Accenture shall deduct the incremental personnel charges incurred by MAXIMUS beyond those in the plan from such month's Cover Costs.

(vii) Representatives from both Parties shall meet on a periodic basis to discuss the priorities applicable to each Party's performance under this Section 3(a), with the initial priorities to include (i) support of current operational productivity and (ii) improvement of operational productivity. During Accenture's performance of the Technology Development Services, Accenture shall provide periodic schedule and status reporting to MAXIMUS regarding scope and schedule of MAXe version releases.

(viii) The Parties acknowledge and agree that the Technology Development Services as defined in the staffing plan in Attachment A are provided based upon a jointly developed work plan to address the scope outlined in Exhibit 2.1A.

If the Parties agree to modify scope as pursuant to the provisions of Section 3.8 and such modification increases or decreases the level of effort necessary to complete Accenture's performance of the Technology Development Services, the

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Parties shall equitably adjust the associated Cover Costs set forth on Exhibit 7.2A to reflect the modified scope.

(ix) Where MAXIMUS personnel designated in Attachment A are scheduled to work full-time, such personnel shall not be staffed or proposed on any other MAXIMUS project, unless otherwise agreed in writing by Accenture.

b. Transition of Responsibility for Complaints and Appeals Services

(i) Beginning on the Amendment Effective Date, Accenture shall assume operational responsibility for, and begin performing, the Complaints and Appeals Services.

(ii) Provided that MAXIMUS provides Accenture with reasonable assistance (including, without limitation, all assistance reasonably requested by Accenture) in respect of Accenture's efforts, MAXIMUS shall be relieved of its obligations to provide the Complaints and Appeals Services to Accenture as of and after the Amendment Effective Date. MAXIMUS shall retain responsibility for all operations that comprise the Complaints and Appeals Services prior to the Amendment Effective Date. Failure to provide reasonable assistance to Accenture in respect of Accenture's performance of the Complaints and Appeals Services shall be deemed to be a material breach pursuant to Section 8.1 of the Agreement. Notwithstanding the transfer of operational responsibility for the Complaints and Appeals Services to Accenture as specified above or any statement to the contrary, MAXIMUS shall continue to bear financial responsibility for the Cover Costs associated with Accenture's performance of the Complaints and Appeals Services as such costs

are calculated pursuant to Exhibit 7.2A of the Agreement.

(iii) If MAXIMUS' provision of reasonable assistance to Accenture in connection with Accenture's performance of the Complaints and Appeals Services exceeds the MAXIMUS staffing plan for the applicable month (exclusive of reasonable phone or email inquiries and requests for similar de minimis cooperation), Accenture shall deduct the incremental personnel charges incurred by MAXIMUS beyond those in the plan from such month's Cover Costs. Additionally, MAXIMUS may present candidates to fill positions designated for Accenture. Accenture will not unreasonably reject such qualified candidates who are able to fill positions in a timely manner, and will provide reason(s) for rejection in writing.

(iv) Subject to MAXIMUS' provision of reasonable assistance in support of Accenture's performance of the Complaints and Appeals Services as provided in this Section 3(b), Accenture, rather than MAXIMUS, shall have primary responsibility for Key Performance Requirements numbered 12, 26, 27, 98, or 104 as documented in the Prime Contract and applicable to the Complaints and Appeals Services performed by Accenture after the Amendment Effective Date. The provisions of Section 6.1 of the Agreement regarding joint responsibility and apportionment of liability shall continue to apply with respect to failures of such Key Performance Requirements.

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(v) Following Stable Performance of the Complaints and Appeals Services, the Parties shall meet and discuss in good faith the possibility to transition the Complaints and Appeals Services back to MAXIMUS. Any such agreement shall be documented in an amendment to the Agreement and shall be designed to effect such transition in a manner that minimizes any negative impact on the Project.

c. Accenture Cover Costs Incurred To Date. At the Amendment Effective Date, Accenture shall setoff the amount specified for "Activities prior to May 3, 2006" on Exhibit 7.2A against the next succeeding amounts otherwise payable to MAXIMUS in respect of Cover Costs incurred by Accenture with respect to resources provided to assist MAXIMUS prior to May 3, 2006.

d. Special Terms Associated with Transitioned Services

(i) License to MAXIMUS Software. In addition to the license provided to Accenture pursuant to Section 11.2.2 of the Agreement and notwithstanding anything to the contrary contained in Article 11 of the Agreement, or elsewhere in the Agreement, MAXIMUS hereby grants to Accenture a non-exclusive, sublicenseable (as provided below), fully-paid up, license for the term of the Prime Contract (including any amendments, extensions, renewals or replacements thereof) to use, copy, display, modify, maintain, and create derivative works of the MAXIMUS Software (in both source and object code form) and any modifications, enhancements, derivative works, development tools and documentation related thereto solely for Accenture's performance of the Project. Upon written notice to MAXIMUS, Accenture may (i) sublicense the MAXIMUS Software to a third-party to which Accenture has subcontracted some or all of its obligations under the Prime Contract and (ii) assign or otherwise transfer the license to the MAXIMUS Software to any successor entity that acquires or succeeds to Accenture's rights or obligations under the Prime Contract by operation of law or otherwise, provided, that such third party (i) adheres to all use restrictions relating to such MAXIMUS Software set forth in the Agreement, (ii) agrees to be bound in writing to confidentiality obligations substantially as set forth in the Agreement. On the Amendment Effective Date or as soon as practicable thereafter, MAXIMUS shall deliver to Accenture copies of such versions of the MAXIMUS Software, development tools and documentation that Accenture requires to meet its obligations under the Prime Contract or as otherwise requested by Accenture.

(ii) Third-Party Software Licenses. As part of MAXIMUS' obligations with respect to the Transitioned Services, MAXIMUS shall identify third-party software licenses that pertain to the Transitioned Services and provide copies of the applicable license agreements. Upon request by Accenture, MAXIMUS shall take all reasonable steps, consistent with the terms of the applicable license agreement, to assign such licenses to Accenture, including payment of any fees due the applicable third party. Except for such licenses that are so assigned to Accenture, the forgoing shall not limit MAXIMUS' obligations to transfer the license of third party software to the State at the conclusion of the Term of the Prime Contract. MAXIMUS represents and warrants that it is not in breach of any of the license agreements.

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(iii) Use of MAXIMUS Materials. As part of MAXIMUS' obligations with respect to the Transitioned Services, MAXIMUS shall provide Accenture with access to and rights to use and modify any materials used by MAXIMUS to provide the Transitioned Services prior to the Amendment Effective Date, including, without limitation, CCR scripts, training manuals, policies and procedures, QA materials and assessments, Job Aids, and related tools and documentation.

(iv) Employees and Subcontractors. As part of MAXIMUS' obligations with respect to the Transitioned Services, and notwithstanding Sections 5.1 or 5.4 of the Agreement, Accenture (or its designated subcontractor) shall have the right to (1) interview, make permanent or temporary offers of employment and hire any employees of MAXIMUS that provided Transitioned Services other than the MAXIMUS employees identified on Attachment B (collectively, the "Excluded Employees"), so long as the Excluded Employees remain MAXIMUS employees, or (2) offer to hire and hire any contractor or subcontractor of MAXIMUS that provided Transitioned Services, and MAXIMUS shall provide Accenture with all assistance necessary for Accenture to interview, make offers, and hire any of the MAXIMUS employees, contractors and subcontractors described in the preceding sentence. MAXIMUS agrees to make the Excluded Employees, as well as Jason Hughes and Dan Baxter, available to Accenture on a full-time, dedicated basis for the 90-day period following the Amendment Effective Date to assist in the Transitioned Services. After the conclusion of such 90-day period, MAXIMUS shall cause such MAXIMUS personnel to provide Project-related assistance to Accenture as reasonably requested by Accenture. Within thirty (30) days of the Amendment Effective Date, MAXIMUS shall provide an assessment of all employees of MAXIMUS and its subcontractors that are presently providing the Transitioned Services.

e. Status of Transitioned Services. Accenture's agreement to perform its obligations under this Amendment, including, without limitation, the performance of the Transitioned Services and management and governance activities with respect to the Call and Image Processing Services and the Integrated Eligibility Transaction Processing Services, is made solely to address certain issues identified in the Cure Notice, and, without limiting the provisions of this Agreement, including Section 6.1 of the Agreement and Section 2.4.5 as revised in this Amendment, MAXIMUS shall have no independent right of action for breach of contract against Accenture arising out of Accenture's performance or non-performance of the services for which Cover Costs apply. However, nothing in this provision shall preclude or limit any defenses otherwise available to MAXIMUS in response to any actions, allegations or claims based upon Accenture's performance or non-performance of the services. By assuming certain tasks previously performed by MAXIMUS or undertaking added supervisory responsibilities as described herein, on either a temporary or ongoing basis, Accenture does not undertake to assume any MAXIMUS liability for the status of such services as of the Amendment Effective Date (for supervisory resources) or the applicable Transition Date (for Transitioned Services).

f. Effect of Transitioned Services on Key Performance Requirements.

(i) The Parties acknowledge that the measurement of certain MAXIMUS Key Performance Requirements may depend upon Accenture's performance of the Transitioned Services. In the event of a failure of a Key Performance Requirement, the Parties shall conduct a formal root cause analysis to determine the allocation of responsibility for such failure, and MAXIMUS' applicable Liquidated Damages shall be proportionately reduced to reflect each party's determined responsibility; provided, however, that MAXIMUS shall retain financial responsibility for any Key Performance Requirement failures primarily resulting from the components of MAXE identified in Section 2.4.5.3 of the Agreement (as determined pursuant to a root cause analysis).

(ii) If MAXIMUS fails to achieve Key Performance Requirements 21, 22, 23, 24 and 25, Accenture shall have the right to assess the applicable Liquidated Damages for such KPRs without regard to whether Liquidated Damages have been assessed by HHSC, up to an aggregated monthly amount of \$30,000. If Accenture assess such Liquidated Damages, MAXIMUS shall have the option to either pay the Liquidated Damage to Accenture or apply such amounts to remedial efforts necessary to correct deficiencies in performance of the applicable KPR. If HHSC subsequently assesses Liquidated Damages for such KPRs, MAXIMUS shall have the right to set off any Liquidated Damages paid to Accenture against the amounts assessed by HHSC for which MAXIMUS is determined to be responsible.

g. Opportunities to Mitigate Cover Costs. For all Services under this Agreement for which MAXIMUS has an obligation to pay Cover Costs, MAXIMUS shall have the opportunity to communicate with Accenture about possibilities to mitigate such Cover Costs, subject to the right of Accenture to reject any proposals that it reasonably and in good faith believes would have a negative impact on the ability of the Parties to comply with the terms of the Prime Contract. Accenture shall use commercially reasonable efforts to mitigate the Cover Costs. Every three months or more frequently in response to any material change to the Project, the Parties shall meet to examine staffing levels and ratios associated and other potential opportunities to reduce Cover Costs. In such meetings MAXIMUS shall propose reductions in staffing and related costs that would not diminish the performance of the applicable Services and Accenture shall take reasonable steps to comply with such proposals. When any Service for which MAXIMUS has a Cover Cost obligation achieves Stable Performance, the Parties will meet to determine appropriate steps to reduce Cover Costs while maintaining Stable Performance.

h. Incentive Plan. In order to appropriately incent MAXIMUS to improve performance on a continuing basis, the Parties agree to employ the following incentive structure (the "Incentive Plan"), which shall begin on July 1, 2006:

(i) The parties will jointly establish an incentive fund, as further described below, to be funded in the amount of \$125,000 each month ("Incentive Fund").

(ii) Each Party shall contribute to the Incentive Fund. Initially Accenture's contribution shall be 20% and MAXIMUS' contribution shall be 80%. For each month that MAXIMUS achieves all of the Performance Objectives,

Accenture shall contribute an additional 5% of the Incentive Fund for subsequent months, up to a maximum of 50%. For purposes of illustration, if MAXIMUS achieved the Performance Objectives in each of the first three months, the contribution to the Incentive Plan for month four shall be 35% by Accenture and 65% by MAXIMUS.

(iii) On a monthly basis, no later than the 15th of the prior month, the Accenture Project Director will specify four (4) performance objectives ("Performance Objectives") for services within MAXIMUS' scope of work and within MAXIMUS' control to be achieved during the subsequent month, and establish a measurable and reasonable level of performance and/or discrete outcome for each Performance Objective (the "Performance Criteria").

(iv) The Accenture Project Director will identify one (1) of the Performance Objectives as "Primary", which is assigned a value of \$50,000 and three (3) of the Performance Objectives as "Priority", which are each assigned a value of \$25,000.

(v) At the conclusion of each month, MAXIMUS' performance of each of the Performance Objectives will be evaluated against the applicable Performance Criteria. The value of each Performance Objective successfully achieved will be summed to determine the total value for the month. MAXIMUS' total contribution for the month will be subtracted from the total value to determine the incentive amount earned for the month. For purposes of illustration, if MAXIMUS contributed \$100,000 in a given month and achieves the Primary Objective, and 2 Priority Objectives, the amount earned for the month would be \$0 $(\$50,000 + 2 * \$25,000) - \$100,000$.

(vi) On a quarterly basis, the total incentive amount earned by MAXIMUS during the prior 3 months will be computed by adding the monthly incentive amounts earned. The final amount, will be included in the invoice for the following month and will be added (if the final amount is positive) or set-off (if the final amount is negative), as applicable, to any amounts payable to MAXIMUS.

(vii) If during any month the Parties mutually agree that a Performance Objective is no longer applicable for that month or performance of the Performance Objectives is prevented by factors beyond MAXIMUS' reasonable control and for which MAXIMUS does not have an obligation, then the Incentive Plan shall not apply to such Performance Objective for that month. The applicable amount for such Performance Objective shall be remitted to the Parties in amounts based on their respective contribution percentages. For purposes of illustration, if HHSC takes acts that prevent MAXIMUS from performing a Priority Objective and Accenture's contribution percentage for the applicable month is 40%, then the Incentive Fund for that month shall be reduced by \$25,000, with \$15,000 credited to MAXIMUS and \$10,000 credited to Accenture.

(viii) Failure to achieve any of the Performance Objectives shall not be determinative in any root cause analysis with respect to any of the KPRs. All amounts set-off by Accenture will be credited to MAXIMUS in the event the client

assesses Liquidated Damages for failures of KPRs related to the failed Performance Objectives.

(ix) If MAXIMUS reasonably believes that a designation of Performance Objectives and/or Performance Criteria does not comply with the

requirements of Section (iii) above, such dispute shall be escalated to the Executive Committee for resolution pursuant to Section II(b) of Exhibit 3.8.

(x) Between October 1, 2006 and October 6, 2006, the Executive Committee shall meet to evaluate the effectiveness of the Incentive Plan as a tool to incent performance that promotes the success of the Project and recommend any changes that may further promote such objective. Any such changes must be mutually agreed by the Parties.

(xi) The initial Performance Objectives to apply in the month of July, 2006 will be established by June 26, 2006 and, upon completion, shall be incorporated herein.

4. Exhibits. The following exhibits are attached hereto as each is added to the Agreement or amended and restated in accordance with its terms:

Exhibit 2.1A	Scope of Transitioned Services
Exhibit 2.10	Status Report Template
Exhibit 2.11	Call and Image Processing Governance
Exhibit 3.8	Additional Governance Principles
Exhibit 4.7.1.4	MAXIMUS HR Status Report Template
Exhibit 5.4.1	Project Organization Chart
Exhibit 5.5A	Training Organization Chart
Exhibit 7.2A	Cover Costs
Exhibit 8.1.5.2	Cure Schedule
Attachment A	Technology Development Transition Plan
Attachment B	Excluded Employees

In the event of a conflict between the terms of any new or restated Exhibit under this Agreement and any Exhibit that is not restated, the new or restated Agreement shall take precedence.

5. Reaffirmation. The Agreement, as amended and as provided herein, and all other documents executed in connection therewith shall remain in full force and effect, and Accenture and MAXIMUS hereby restate and reaffirm all of the terms and conditions of

the Agreement, as amended, and such other documents. Nothing in this Amendment shall act as a waiver of any right or remedy of either Party, including, without limitation, Accenture's rights under Article 10 [Step-In] of the Agreement, and neither Party is excused from performance of any contractual obligation, except in each case as expressly provided in this Amendment. Nothing in this Amendment shall be construed as a Party making an admission of fault or liability. Neither the execution of this Amendment, nor payment of Cover Costs as they are defined herein, shall constitute a waiver of or limitation on the rights of either party to assert any claims of damages or pursue any other remedy at law or in equity in connection with the subject matter if this Amendment or any other matters arising from or relating to the Agreement.

6. Integration. This Amendment represents the entire amendment to the Agreement between the Parties, and supersedes any prior documents or discussions with respect to amending the Agreement, including prior drafts hereof and the Letter Agreement.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be considered an original for all purposes, and all of which when taken together shall constitute a single counterpart. Executed signature pages to any counterpart may be detached and affixed to a single counterpart, with such single counterpart with multiple executed signature pages affixed thereto constituting the original counterpart. All of those counterpart pages shall be read as though one, and they shall have the same force and effect as if all the signers had executed a single signature page.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

ACCENTURE LLP

MAXIMUS, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

[NOTE: CERTAIN EXHIBITS HAVE BEEN OMITTED FROM THIS DOCUMENT AS FILED. THE REGISTRANT AGREES TO FURNISH SUPPLEMENTALLY TO THE COMMISSION UPON REQUEST A COPY OF SUCH EXHIBITS.]

Exhibit 7.2A

Cover Charges

<u>Area</u>	<u>Charges</u>	<u>Per</u>	<u>Period</u>	<u>Conditions</u>
Complaints & Appeals	\$40.00	hour	June 1, 2006 to completion of IE rollout + 3 months	MAXIMUS shall be responsible for paying the actual cost up to the 'Monthly Benchmark Headcount', at the average hourly rate. The 'Monthly Benchmark Headcount' will be computed as the sum of the following headcount calculations: - The actual number of CHIP complaints/appeals processed during the month divided by the CHIP Productivity Rate; and, - The actual number of Integrated Eligibility complaints/appeals processed during the month divided by the IE Productivity Rate Initially, the productivity rates shall be: - IE Productivity Rate: 111 processed per FTE-month (assumes 60 minute average handle time), - CHIP Productivity Rate: 256 processed per FTE-month (assumes 26 minute average handle time). Productivity rates shall be reviewed quarterly and revised if supported by actual productivity data. Credits against Cover Costs shall be applied for any Complaints & Appeals positions filled by MAXIMUS.
	fixed monthly charge	month	Completion of IE rollout + 4 months to end of contract or transition of services back to MAXIMUS	Benchmarked upon completion of IE rollout against statewide volumes, productivity rate at that time, and \$40/hour rate, with productivity increase of 5% annually thereafter, and credit applied for positions staffed by MAXIMUS
Technology Development	\$4,961,551	paid monthly according to attached payment schedule	May 3, 2006 to March 31, 2007	
Call & Image Processing Command Center	\$137,223	monthly	June 1, 2006 to end of contract or transition of services to MAXIMUS subject to criteria documented in Exhibit 2.11	To be prorated to reflect any roles no longer required or transitioned to MAXIMUS subject to terms of Exhibit 2.11. Projected timetable attached.
	\$64,223	monthly	Monthly costs once all expected roles are transitioned to MAXIMUS subject to terms of Exhibit 2.11	
Midland Stabilization	\$136,934	monthly	June 1, 2006 to achievement of criteria documented in Exhibit 2.11	Prorated to reflect any roles no longer required as documented in Exhibit 2.11. Projected timetable attached.
Call Center Launch	\$80,387	monthly	Launch of new center to achievement of criteria documented in Exhibit 2.11	Prorated to reflect any roles no longer required as documented in Exhibit 2.11. Projected timetable attached.
Quality Assurance/Vendor Management	\$50,201	monthly	June 1, 2006 to end of contract or until criteria are met as documented in Exhibit 2.11	
Supplemental Management and Operations Assistance	\$650,000	one time		
Activities prior to May 3, 2006	\$1,633,111	paid monthly according to attached payment schedule	May 2, 2006 through August 31, 2006	
Operational troubleshooting and HHSC Benefits Office support	\$3,688,882	paid monthly according to attached payment schedule	June 1, 2006 to April 30, 2007	As incurred cost for roles agreed in integrated organization, to be increased by services required if Maximus fails to deliver timely and skilled resources to develop and conduct curriculum, to be credited for any planned Accenture roles staffed by MAXIMUS or if specific roles are mutually agreed to be no longer necessary due to changes in circumstances
Training Services				

Exhibit 8.1.5.2 Cure Schedule

<u>Nbr</u>	<u>Cure Item</u>	<u>Completion Date</u>	<u>Key Accomplishments</u>	<u>Next Steps / Milestones</u>
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1	· Comply with KPRs 21 and 22	7/31/2006	· Demonstrated improvement on IE abandonment rate · Demonstrated improvement on IE call monitoring scores	Next Steps · Conducting renegotiations with subcontractor for improved performance, including improved retention of staff · Complete training, including on-going gap training for deficiencies identified through QA process (ACN lead activity).
2	· Define productivity measures for staff and tracking to those measures	6/30/2006	· Meeting interim productivity targets for backlog · Developed productivity measures for major functions in current operational model · Deployed productivity analyst resources to validate existing measures	Next Steps · Refine productivity targets · Draft operating procedure for conducting and validating monitoring process · Validate existing monitoring processes and data sources · Continue to monitor productivity by staff member · Action low performance · Post productivity results
3	· Secure access for Application Processing staff to specific system functions and business processes required to meet processing requirements	6/30/2006	· Process for gaining system access for new hire process is documented and communicated to those responsible for processing the requests · New hires receiving appropriate access at time of orientation · Responsible persons identified for access requests · Survey of staff completed to determine if existing staff have the required access, by job function	Next Steps · Provide information to the State by 6/16/06 on staff needing system access · Projected completion by 6/28/06 for State to complete processing · Task complete (and dependent) upon notification by State that the State has provided the requested access

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Exhibit 8.1.5.2 Cure Schedule

<u>Nbr</u>	<u>Cure Item</u>	<u>Completion Date</u>	<u>Key Accomplishments</u>	<u>Next Steps / Milestones</u>
4	Demonstrate compliance with relevant operational KPRs relating to accuracy of eligibility outcomes for applications and recertifications, including KPRs 2 and 3.	For the first monthly measurement period ending 60 days after resumption of transaction processing. Note: Resumption of transaction processing means continuous processing of a subset (not sample) of pilot region IE transactions.	· Significant progress was made regarding the assessment of the current QA system with an initial set of programming changes outlined to fix existing reporting. · Some progress was made regarding development of a Work Plan to finalize QA system. (There are some dependencies on ACN regarding finalization of plan including their acceptance of reports as defined.) · Consultant was obtained to validate system design and provide recommendations for improvement in operations and reporting. · Two new QA Specialists started June 12, 2006. · Three additional hires will begin work between June 19 and July 1, 2006.	Next Steps · Continue implementation of new "VS Model" in San Antonio concurrent with policy training initiative · Work with Accenture monitoring and systems staff to ensure production reporting under new model accurately captures accuracy measures · Begin the Pilot process intake to demonstrate Accuracy through disposition · Implement reporting to demonstrate compliance with accuracy as part of Pilot Process restart. · Continue with QA process and system improvements and implementation as described in Nbr. 4.
5	Process all Medicaid, TANF, and Food Stamp applications and renewals/recertifications, including forwarding all applications, renewals or other cases requiring State review to State for determination, within contractually-required timeframes for all relevant KPRs, including 87, 88,89,90,97,99,102 and 105.	For the first monthly measurement period ending 30 days after resumption of transaction processing. Note: Resumption of transaction processing means continuous processing of a subset (not sample) of pilot region IE transactions	· Prior to implementing the Interim Process, IE processing demonstrated the ability to push documents into MI within 3 business days · QA/QC reviews of timeliness of processing of back log support KPR compliance — but must be proven through resumed pilot area operations.	Next Steps · Continue implementation of new "VS Model" in San Antonio concurrent with policy training initiative · Work with Accenture monitoring and systems staff to ensure production reporting under new model accurately captures timeliness measures · Begin the Pilot process intake to demonstrate timeliness through disposition · Implement reporting to demonstrate compliance with timeliness as part of Pilot Process restart. · Continue with QA process and system improvements and implementation as described in Nbr. 4.

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Exhibit 8.1.5.2 Cure Schedule

<u>Nbr</u>	<u>Cure Item</u>	<u>Completion Date</u>	<u>Key Accomplishments</u>	<u>Next Steps / Milestones</u>
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6	Achieve 95% accuracy for staff determination of necessity of MI letters, and confirmation that MI letters contain proper list of items that are missing per the current system design.	7/31/2006	<ul style="list-style-type: none"> · Developed SR 57408 for MI Verification Report. Submitted SR to ACN for development on May 25, 2006 · Significant progress was made on root cause analysis. · Some work was started on enhancement of existing QA Plan · Work Plan was started to implement expanded QA/QC efforts 	<p>Next Steps</p> <ul style="list-style-type: none"> · Receive MI Verification Report from ACN · Complete Root Cause Analysis of Failure · Finalize and implement plan to QA MI letters for timeliness and accuracy
7	Implement all items required by the CAP for Integrated Eligibility Processing Services.	Dates as specified by item in the CAP of record	<ul style="list-style-type: none"> · Continued coordination related to CAP updates · CAP is at 86% complete according to most recent report 	<p>Next Steps</p> <ul style="list-style-type: none"> · Meet with Kristi Bradford to review Performance Report and recovery item status.
8	Execute QA activities as required in the approved KPR 62 QA Plan, including volume of transactions monitored and feedback process to the operation for identified deficiencies. Also, review the monitoring tools with Accenture to verify they provide an accurate measure of the quality outcomes for processing.	8/15/2006	<ul style="list-style-type: none"> · The QA Plan was developed as required in KPR 62. The QA Plan includes feedback processes. · Staff have been hired to increase the number of transactions reviewed. 	<p>Next Steps (Related to QA Process Improvement)</p> <ul style="list-style-type: none"> · Ensure that QC/QA plan meet contractual requirements of monthly quality audit (i.e., KPR 61), particularly with respect to sample size · Complete Assessment of QA/QC staffing to confirm and finalize organizational structure, staffing mix, staff location assignments and schedules of duties. · Develop and execute plan to finalize changes to existing QA system and processes · Review existing QA system reports and integrate any new QA/QC Management Report requirements into modified QA system.

MAXIMUS shall complete each of the items set forth in this Exhibit 8.1.5.2 by the specified date. If any of the above MAXIMUS responsibilities are dependent upon performance of specific obligations of Accenture or the Client, and the failure by Accenture or the Client to complete such interdependencies cause MAXIMUS to fail to perform its obligation, then MAXIMUS shall not be subject to an Event of Default for such non-performance until the interdependent task is completed and the deadline set forth above shall be extended by an equal amount of time as the delay caused by the Accenture or Client non-performance.

NEWS RELEASE



FOR IMMEDIATE RELEASE

DATE: June 26, 2006

CONTACT(S):

Lisa Miles (Investors)
1-800-MAXIMUS x11637

Rachael Rowland (Media)
1-800-MAXIMUS x11688

MAXIMUS PROVIDES PRELIMINARY THIRD QUARTER RESULTS AND AMENDS
INTEGRATED ELIGIBILITY SUBCONTRACT
- - Conference Call Scheduled for 8:30 a.m. ET Tomorrow -

(RESTON, Va — June 26, 2006) MAXIMUS (NYSE:MMS), a leading provider of government services, announced today that it has signed an amendment to its subcontract with Accenture as part of the Texas ACCESS Alliance (TAA). The TAA provides services under the Texas Health and Human Services Commission's Integrated Eligibility and Enrollment program. As previously disclosed, the Company commenced discussions with Accenture related to the original subcontract agreement on May 3, 2006. The subcontract was amended and responsibilities were realigned to help improve operational readiness and address technical challenges.

Under terms of the amended subcontract, Accenture and MAXIMUS have modified the operational scope. As a result:

- MAXIMUS will retain responsibility and continue to operate the Children's Health Insurance Program, enrollment broker operations, application processing for Children's Medicaid, and the end-state Integrated Eligibility technology front-end.
- Accenture will now assume operational responsibility for certain functions previously performed by MAXIMUS including Complaints and Appeals and defined technology development for the interim technology solution.
- Accenture will provide additional management and operational assistance to MAXIMUS with respect to certain defined areas of MAXIMUS' responsibility and will provide support to MAXIMUS in other functions where MAXIMUS is retaining responsibility including application processing, employee training, and call center and image processing.

MAXIMUS now projects revenue of approximately \$320 million over the life of the five-year contract which commenced July 1, 2005, a reduction of approximately 14%. Additionally, the Company estimates that it will incur \$45 million to \$50 million of pre-tax losses on this project during the second half of fiscal 2006. The Company expects to incur approximately \$35 million to \$38 million of these pre-tax losses in its third fiscal quarter, of which approximately \$18 million is attributable to impairment of deferred contract costs. As a result of the amended subcontract and based on currently available information, the Company expects to report a net

loss of approximately (\$0.55) to (\$0.60) per diluted share for the third fiscal quarter and net profit of \$0.57 to \$0.67 per diluted share for the full fiscal year.

The projected loss from the Texas contract relates principally to cost overruns on the Integrated Eligibility component of the program due to increased levels of staffing and additional costs arising from the amended subcontract. At the present time, the financial impact of the Texas contract beyond fiscal 2006 is not certain and ultimately depends on many factors. While MAXIMUS expects to incur losses in fiscal 2007 on this contract, the Company expects the fiscal 2007 contract losses to decline from projected 2006 levels.

The Company will be finalizing its quarterly financial results in the coming weeks and actual reported results for the period may differ from anticipated results based on a number of factors including the timing of license revenue and contingency-based work as well as actual costs related to the amended Texas agreement.

Richard Montoni, Chief Executive Officer, stated, "In what we believe to be in the best long-term interest of shareholders, MAXIMUS remains committed to delivering quality services to Texans as an integral part of the Texas ACCESS Alliance. We are working with Accenture to deliver the contracted services to the State. MAXIMUS is striving to reach the intended vision for this program within the framework of getting this project to breakeven in future periods. While many challenges remain, we have successfully launched three major functions including the Children's Health Insurance Program, enrollment broker services, and processing new applications for Children's Medicaid."

The Company is aggressively working to optimize current operations and grow the base business, while at the same time exploring alternatives to increase shareholder value, including dispositions of non-core practices, smaller acquisitions, as well as strategic business combinations.

The Company will host a conference call on Tuesday, June 27, 2006, at 8:30 A.M. ET to discuss today's announcement. The call is open to the public and can be accessed via webcast under the Investor Relations page of the Company's website at www.maximus.com or by calling:

888.850.5066 (Domestic)/206.315.8587 (International)
conference code: 55708

For those unable to listen to the live call, a replay will be available until July 7, 2006. Callers can access the replay by dialing:

Replay: 800.207.7077 or 314.255.1301
PIN: 4851

The Company will report full financial results for the third quarter and provide an updated outlook for fiscal 2006 on August 2nd.

MAXIMUS is one of America's leading government services companies devoted to providing program management, consulting and information technology services. The

Company has more than 5,200 employees located in more than 280 offices in the United States, Canada, and

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Australia. In 1999, 2001, 2002, 2003, and 2004 MAXIMUS was selected by Forbes Magazine as one of the Best 200 Small Companies in America for that year. MAXIMUS was selected by Business Week Magazine as one of the 100 Best Hot Growth Small Companies in 1999, 2000, 2001, and 2002. Additionally, MAXIMUS is included in the Russell 2000 Index and the S&P SmallCap 600 Index.

Statements that are not historical facts, including statements about the Company's confidence and strategies and the Company's expectations about revenues, results of operations, profitability, future contracts, market opportunities, market demand or acceptance of the Company's products are forward-looking statements that involve risks and uncertainties. These uncertainties could cause the Company's actual results to differ materially from those indicated by such forward-looking statements and include reliance on government clients; risks associated with government contracting; risks involved in managing government projects; legislative changes and political developments; opposition from government unions; challenges resulting from growth; adverse publicity; and legal, economic, and other risks detailed in Exhibit 99.1 to the Company's most recent Quarterly Report filed with the Securities and Exchange Commission (file number 001-12997) on May 8th, 2006.

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Thomson StreetEvents™

Conference Call Transcript

MMS - MAXIMUS, Inc. Conference Call

Event Date/Time: Jun. 27. 2006 / 8:30AM ET

CORPORATE PARTICIPANTS

Lisa Miles
MAXIMUS Inc. - IR

Rich Montoni
MAXIMUS Inc. - CEO

CONFERENCE CALL PARTICIPANTS

George Price
Stifel Nicolaus - Analyst

Anurag Rana
KeyBanc - Analyst

Charles Strauser
CJS Securities - Analyst

John Mahoney
BB&T Capital Markets - Analyst

Matthew McKay
Jefferies - Analyst

Tom Meagher
Friedman Billings Ramsey - Analyst

Cynthia Houlton
RBC - Analyst

Jason Kupferberg
UBS - Analyst

Bill Loomis
Stifel Nicolaus - Analyst

Dana Walker
Kalmar Investments - Analyst

PRESENTATION

Operator

(Operator Instructions). At this time, I would like to present your speaker, Lisa Miles, Director of Investor Relations.

Lisa Miles — MAXIMUS Inc. - IR

(technical difficulty) on the call this morning. On the call today is Rich Montoni, Chief Executive Officer; and David Walker, Chief Financial Officer. Rich is going to take you through the financial impact of the amended Texas subcontract, the history and background of the project, the work breakdown and realignment of scope, and then wrap up his prepared remarks with follow-up commentary from our last call in early May. We will open up the call for Q&A after that.

Before we begin, I would like to remind everyone that a number of statements being made today will be forward-looking in nature. Please remember that such statements are only predictions and actual events or results may differ materially as a result of risks we face, including those discussed in Exhibit 99.1 of our SEC filing. We encourage you to review the summary of these risks in our most recent 10-Q filed with the SEC on May 8, 2006. The Company does not assume any obligation to revise or update these forward-looking statements to reflect subsequent events or circumstances. With that, I will turn the call over to Rich.

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Rich Montoni — MAXIMUS Inc. - CEO

Thank you, Lisa, good morning. As noted in last night's press release, the Company signed an amended subcontract with Accenture related to the Texas ACCESS Alliance contract. This project is the first of its kind and we value our role in changing the way states deliver improved services to their constituents.

I have been in the position of CEO for just over two months now and my first priority has been to work with the team to stabilize underperforming businesses, specifically large outsourcing jobs like Texas and like British Columbia. These are complicated programs with multiple components. We're making progress in British Columbia where we are now meeting high-end expectations and meeting service-level requirements.

As it relates to Texas, both Accenture and MAXIMUS have agreed to redefine roles that best position the project for operational improvement. The amended subcontract realigns the overall scope of the Texas project in an effort to achieve performance obligations while.

(technical difficulty)

systems development arena. However, this has a significant financial impact on MAXIMUS. As noted in the press release, the Company currently expects to incur a 45 million to 50 million pre-tax loss on this contract for the second half of our fiscal 2006 year. For the third fiscal quarter — that would be ending June 30, 2006 — we expect to incur a loss of 35 million to 38 million, of which approximately 18 million relates to the impairment of deferred contract cost.

As a result of all of this, the Company expects to report a net loss in the third quarter of approximately \$0.55 to \$0.60 per diluted share. For the full fiscal year, we now expect net profit of \$0.57 to \$0.67 per diluted share. We will receive the tax benefit associated with these losses at our approximate 39.5% effective tax rate.

I would like to say that one point to keep in mind regarding the \$18 million impairment charge is that our intention is to take this charge currently. This intention better positions future periods; otherwise, these future periods would have to incur amortization expense. While we believe this accounting is appropriate and perhaps conservative, we did not want to overly burden the future periods' margins.

The financial impacts of the Texas contract beyond fiscal 2006 are not certain, and ultimately they will depend upon many factors. While we expect to incur losses in fiscal 2007 on this contract, we presently anticipate that the losses in fiscal 2007 will decline from the projected fiscal '06 levels.

The projected loss for the second half of fiscal 2006 is primarily the result of two matters. The first category is cost overruns on the integrated eligibility component. This is due to increased staffing levels, which I will cover in more detail later. Secondly, additional costs have arisen from the amended subcontract, which we refer to as cover cost. Over the remaining life of the contract, MAXIMUS expects to incur approximately 40 million to 45 million in cover cost.

Let me walk you through the premises of these cover costs. There are two categories. MAXIMUS will compensate Accenture for cover cost incurred for providing services previously performed by MAXIMUS. This is estimated to be approximately 22 million to 25 million over the remainder of the contract and would include the reassignment of systems development as well as support on certain operational activities. In addition to these cover costs to Accenture, MAXIMUS expects to incur an additional 18 million to 20 million in cover cost in order to meet its performance applications under the amendment. Both MAXIMUS and Accenture agree to cooperate to reduce cover cost, wherever possible.

Talk a little bit about history on this project and background. I have covered a lot of ground at this point. Let's just step back for a second and discuss how the project evolved

to where we are today. I think this will provide you some context and understanding of where there have been issues, and more importantly, our plan going forward. As you may recall, on June 30, 2005, Texas announced that it awarded the Texas ACCESS Alliance, a five-year integrated eligibility and enrollment contract. As a subcontractor, MAXIMUS expected approximately \$370 million in total revenue over the life of the contract. The Texas program is the first of its kind with the state striving to improve access to Health and Human Services programs by upgrading technology and providing citizens new ways to apply for multiple services. This project is a complex, large-scale outsourcing operation with several components. A number of the functions are operational today, including the following — the Children’s Health Insurance Programs, otherwise known as CHIP — [and] the Medicaid enrollment broker functions. These were launched in November and they remain operational and stable. And the Children’s Medicaid Program was launched January 1, 2006 and is progressing as expected.

The final component of the contract is the integrated eligibility portion, or what is referred to as IE component. The basic premise of IE is to allow citizens the ability to apply for multiple entitlement programs through a single application process. Historically, recipients had to apply for each entitlement program separately. This component of the program is really a complete overhaul of a previously stovepipe system. That is a critical point. This is a new complex approach that has never been done before. At the point where we launch the integrated eligibility pilot, this is a point where we ran into the greatest challenges, principally in the area of applications processing. The IE function was to be launched in a phased regional rollout over a period of about nine months. We launch the initial pilot — the initial pilot region — in late January of 2006.

(technical difficulty)

— the system integration issues that stem from the complexity of the systems development and the types of efficiencies we need —

(technical difficulty)

We increased our staffing requirements and implemented other improvements. In April, state and Alliance readiness assessments determined that further improvements were needed. The expansion of the integrated eligibility program beyond the pilot region was delayed until the technology and operational readiness could be achieved. Despite the delays, we remain committed to working through the challenges and we initiated several actions to help improve the project readiness. In early May, the Alliance collectively concluded that it was in the best interest of the project to reassign certain responsibilities in an effort to achieve readiness for the phased rollout of the remaining seven regions.

So let’s move onto the amended subcontract or agreement. We aligned the scope under the amended subcontract, and as part of the amendment there are three major components of how the work breaks down between MAXIMUS and Accenture. First, MAXIMUS will retain responsibility and continue to operate the CHIP program, the enrollment broker operations and application processing for children’s Medicaid. In addition, MAXIMUS also retains the integrated eligibility processing component and the development of the in-state technology.

Second, Accenture will assume operational responsibility for certain functions previously performed by MAXIMUS, and this would include the Complaints and Appeals in defined technology development for the interim solution.

And third, Accenture will provide additional management and operational assistance to MAXIMUS. These functions include application processing, employee training, as well as call center and image processing.

The Texas project is a large contract and we expect it to contribute about 320 million of revenue over the life of the five-year contract versus our initial estimate of 370 million. Coupling the resources of Accenture in the areas of systems and process improvement will provide the strength and capability to the project. This should be beneficial in the development of systems and drive the faster realization of improved process efficiencies.

While we’re disappointed that the project has not ramped as originally planned, we have a proven track record in servicing large Health and Human Services programs, evidenced by our portfolio of successful outsourcing contracts. We have a number of large outsourcing jobs that are in fact solid contributors and performing to our expectations today.

I want to move onto some other key items and some themes that carried forward from our May 3 call. And as I talked to you on this last call, this company has to be focused on optimizing our existing operations and expanding the overall margin on projects. This means continued focus on execution of current contracts and overall management of start-up situations and oversight. On a go-forward basis, our emphasis will be on smaller, more profitable work. These jobs tend to carry less start-up risk than larger opportunities, and I believe they are more manageable. For example, we see many new Health and Human Services opportunities at the federal level and these are opportunities that exist in the sweet spot I just described. As I mentioned on our call last May, the Company will emphasize a less volume-driven approach and a more disciplined pursuit of new business based on size, terms, conditions and profitability levels.

In terms of the Company’s capitalization and uses of cash, we suspended share repurchases on our existing program in mid-April. This was the recommendation and guidance of outside counsel. We determined that it would be prudent to hold repurchases until we reach final resolution of the amended Texas subcontract and obtain clarity on the ultimate financial impact on MAXIMUS going forward.

Accordingly, management and the Board are focused on preserving cash and maintaining a sound financial footing as we navigate the challenges that we have in Texas. As a result, we do not expect to engage in share buyback activity immediately, but we do fully recognize the importance of this program to our shareholders and consider it an effective way to utilize cash.

In addition, we continue to explore other alternatives to increase shareholder value. This would include disposition of non-core practices, smaller acquisitions, as well as strategic business combinations. I do expect that by calendar year end, we will be able to report to you on progress relating to exiting certain businesses. I mentioned this to you on our last call and I believe that this is an area where excessive action is required in the near-term.

Also, in the context of increasing shareholder value, I believe for avoiding future large surprises is an obvious goal, but I also in the near-term — but also in the near-term, fair resolution of other outstanding contingencies, including pending legal matters, is an important goal of mine. There may be future costs associated with the resolution of these matters.

Lastly, and before we open it up to Q&A, we have made our best effort based on information that is available to us today to provide you with a preliminary look at how we will be impacted by the Texas subcontract amendment. The purpose of today’s call was to talk to you about the amended subcontract, but I want to touch on a key driver for how the third and fourth quarters will play out.

As with any quarter, there are a number of factors, many of which relate to the timing of work or license revenue. These can impact quarterly results. Based on what we know today, we expect the system segment will benefit from a large license in the fourth quarter, which was previously anticipated in the third quarter. We have been notified of the award and we are in fact in final contract negotiations. But as of today, the contract has not been signed. As a result, the system segment will likely be soft in the third quarter,

but is expected to rebound in the fourth quarter, driven by license revenue.

So to sum it all up, we expect to exit the full fiscal year with net profit between \$0.57 and \$0.67 per diluted share.

The Texas project — we are really focused on this Texas project and working really hard to bring it to a logical resolution. I think we have clearly hit the inflection point and I believe the largest impact is behind us. We're taking the bulk of the losses in this third quarter and we are moving forward with a plan that should ultimately move this project to breakeven. I'm certainly not pleased with this project progress to date, but I believe the amendment better positions the project for success and provides the state, Accenture and MAXIMUS the platform to work together to accomplish the intended vision and system benefits. But as important, I really believe that this demonstrates MAXIMUS's commitment to our customers and to our leading brand. We're determined and are well positioned to deal with this challenge and we are bold on fiscal 2007 being improved. But we in fact are in the midst of the course, so stay tuned.

And with that, let's open up the call to your questions. Operator?

QUESTION AND ANSWER

Operator

(Operator Instructions). George Price, Stifel Nicolaus.

George Price — *Stifel Nicolaus - Analyst*

Good morning. George Price from Stifel Nicolaus. Rich, I guess first thing is, can you give us a little bit more color maybe on how the costs are going to progress after the fiscal fourth quarter '06? I mean, is that implied run rate — I guess that's, what, about 10 to 12 million in operating losses I believe if I'm doing the math right. Should we assume kind of quarterly declines as we move through fiscal '07 from that basis?

Rich Montoni — *MAXIMUS Inc. - CEO*

Good morning, George. As it relates to periods beyond fiscal '06, and most notably fiscal '07, as I said in the call notes, we do expect a better fiscal '06. And a big driver behind this is anticipated cost reductions, most notably in the IE operations, as well as cover costs. We expect that cover costs will trend down. We also expect that new systems will come online and we expect that those new systems will provide us improved productivity in several areas.

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And I would also tell you that there are several variables — this guidance is more directional because there are many variables that factor into the equation, including the rollout of the pilot program, the systems development and how that progress and its efficacy, and obviously our ability to have the right balance of people given the right workloads at all points in time.

George Price — *Stifel Nicolaus - Analyst*

Can you talk maybe a little bit about the timing of the cover costs that you laid out? I would imagine those are going to be — the bulk of those are going to be over the next year or so?

Rich Montoni — *MAXIMUS Inc. - CEO*

I think that's right. I do believe that they will run out and decrease significantly as we get towards the end of FY '07. That is our anticipation, George.

George Price — *Stifel Nicolaus - Analyst*

Okay, and one last question if I could. Can you — I mean as much as possible from this vantage point, when do you think this contract gets to breakeven either of its own accord, or I guess effectively with other cost cuts neutralizing the impact versus prior profitability expectations? Can you give us maybe a best case and a worse case?

Rich Montoni — *MAXIMUS Inc. - CEO*

That is a real difficult question to answer at this point in time. We really do need more data confirmation as it relates to our plan. And we have a plan that calls for this thing to approach breakeven towards the end of fiscal '07. And I will tell you that there are variables that can move it one way or another, and even the ultimate ability to achieve breakeven.

George Price — *Stifel Nicolaus - Analyst*

Is any of this recoverable? It sounds like some of the issues are — actually may be on the state side when you're talking about the data input qualities. Is any of this recoverable, either from the state or in any other way?

Rich Montoni — *MAXIMUS Inc. - CEO*

That's really in the category of to be determined. We really have not addressed recovery, we've really been focused on dedicating the resources to get this project headed in the right direction.

George Price — *Stifel Nicolaus - Analyst*

And last quick thing just to clarify — the 18 million of deferred costs — that is all non-cash?

Rich Montoni — *MAXIMUS Inc. - CEO*

That's correct, George.

George Price — *Stifel Nicolaus - Analyst*

Okay, thanks.

Operator

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Anurag Rana, KeyBanc.

Anurag Rana — *KeyBanc - Analyst*

Could you please give me some idea about this comment about strategic business combinations that you have in the press release; and also, whether there are any large contracts in the hopper?

Rich Montoni — *MAXIMUS Inc. - CEO*

Two questions. The comment as it relates to strategic business combinations, I think the comment really should stand on its own. But I will say that we have long said that the Board of Directors has a responsibility to look out for the long-term value to our shareholders. And I can assure you that they're committed to doing that, and hence, their willingness to consider all strategic alternatives, that whatever makes sense in the long-term best interest of our shareholders. That being said, from a management perspective, our resolve is to focus on the daily operations. And I think that's inherent to and a must-do, in terms of maximizing long-term shareholder value.

As it relates to your second question, and that being — are there any other large contracts out there? In the area of integrated eligibility, yes, there are other large contracts out there and we will have to see how that — I'll say relatively new industry evolves, what the terms and conditions are. And once we understand that, then we can logically determine MAXIMUS's appropriate role.

Anurag Rana — *KeyBanc - Analyst*

Thank you.

Operator

Charles Strauzer, CJS Securities.

Charles Strauzer — *CJS Securities - Analyst*

All of my questions have been asked and answered at this time.

Operator

John Mahoney, BB&T Capital Markets.

John Mahoney — *BB&T Capital Markets - Analyst*

Hi. I actually tried to withdraw my question; let me try and clarify it. Of the third quarter loss, 35 to 38, I just wanted to make sure this is — I know (indiscernible) somebody already asked this. But \$18 million of this is non-cash and the remainder is cash expenses, correct, or loss rather?

Rich Montoni — *MAXIMUS Inc. - CEO*

John, that's correct.

John Mahoney — *BB&T Capital Markets - Analyst*

Of the \$20 million, how much of that is the cover costs? I know — just trying to — I know you said it at the beginning, but I didn't quite catch it all. \$20 million loss in the quarter, cash-related, and could you go over the details of that one more time?

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Lisa Miles — *MAXIMUS Inc. - IR*

Actually, John, we do not break out specifically the cover costs as they break out Q3 to Q4 and on a go-forward basis. But ultimately, what we did say as it relates to the cover costs is that in total, they will be roughly \$40 to \$45 million over the remaining life of the contract. Of that, 22 to 25 is expected to be compensated to Accenture to cover services previously performed by MAXIMUS, and roughly 18 to 20 million relates to MAXIMUS cost, which we expect to incur as it relates to meeting our performance obligations under the amendment.

John Mahoney — *BB&T Capital Markets - Analyst*

So 22 to 25 goes to Accenture from MAXIMUS, and 18 to 20, is that separate from the 22 to 25, and does that go to Texas?

Lisa Miles — MAXIMUS Inc. - IR

That's correct. That 18 to 20 specifically relates to what MAXIMUS expects to incur as it relates to meeting our performance obligations under the amendment.

John Mahoney — BB&T Capital Markets - Analyst

And that's the total — that's the 45?

Rich Montoni — MAXIMUS Inc. - CEO

40 to 45, correct.

John Mahoney — BB&T Capital Markets - Analyst

Sorry, (indiscernible) analysts, we don't have a table in front of us. We have trouble adding all these things up (indiscernible) we don't put them in the bright boxes. So the 20 million — do you have it broken out like — could you give me some detail about where that \$20 million of kind of cash expenses; where that goes in the quarter, what's that related to? A lot of that cover cost, is that kind of one-time (indiscernible) stuff, just costs associated with walking away from some of the responsibilities or changing your responsibilities?

Rich Montoni — MAXIMUS Inc. - CEO

A lot of that is cover cost, John, but a lot of it also relates to the IR operations where we had to dedicate a lot of resources, a lot of additional headcount. Quite frankly, because in the pilot mode, the project was not operating at designed efficiencies. The workforce required to get the work done was much larger, order of magnitude 10X than design, and there was a lot of cost associated with that.

John Mahoney — BB&T Capital Markets - Analyst

Thank you very much.

Operator

(Operator Instructions). Matthew McKay, Jefferies.

Matthew McKay — Jefferies - Analyst

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Good morning, guys. Question about just how the revenue is going to unfold on Texas over the next year or two here. You go through a period of still kind of healthy revenue for development work, and then does it put you over to more sort of an ongoing type of business? Just any color in terms of how you see the revenue flowing over the next year would be helpful.

Rich Montoni — MAXIMUS Inc. - CEO

Good morning, Matthew. I view the revenue not so much as development contract revenue, but more operational revenue, some of which is fixed fee in nature designed to cover our overhead cost, and then there's some variable cost associated with it as well. The EB part of the program and the CHIP part of the program, which I think are operating relatively well, up, running, essentially normalized. I think those are consistent flow today for the rest of the contract, and then we should see some ramp as we ramp up the IE component, but it's not as much as you might expect. Once it gets to full-fledged, then it hits some pretty respectable numbers. But I would view it more as normal operations, outsourcing type operations as opposed to a development program. The development costs of building the system are effectively — we had treated them as capital costs in part since we wrote them off. At this point in time, they are no longer on the balance sheet. Those otherwise would have been amortized as I explained earlier in the transcript, and future development costs, system costs, essentially, are period costs as we incur them.

Matthew McKay — Jefferies - Analyst

So, then does revenue kind of dip down here a bit here on this contract and build up over the next year, or — I'm just trying get a feel for —.

Rich Montoni — MAXIMUS Inc. - CEO

I think of it this way. I think what happens is that, because the pilot has been delayed, there is an amount of revenue that effectively gets pushed out a year because it's a fixed term contract at the end of five years that's effectively one year's worth of revenue falling off the table. So hence, when we talked earlier, the anticipated revenue going from 370 to 320, what that really is, Matthew, is that one year's worth of revenue falling off the table. Okay? But the IE component as it ramps up and our current plan is that should happen towards the end of FY '07 [was] substance, will provide some lift, but towards the end of FY '07. Otherwise, I expect the revenue on this contract to be relatively consistent.

Matthew McKay — Jefferies - Analyst

Okay, thank you. That's helpful.

Operator

Tom Meagher, Friedman Billings Ramsey.

Tom Meagher — Friedman Billings Ramsey - Analyst

Yes, good morning. Rich, just to make sure I understand strategically, I know that, especially on these pilot projects, that the states tend to follow each other; in other words, picking out those pieces of a project they think that work, and then [they can get] the other things that perhaps didn't work as well. Is it fair to say then, this is kind of a strategic shift on your part as other large states, whether Florida, California, Ohio whatever, that you're going to stay away from these sorts of things? And then secondly, could you describe in a little more detail opportunities you see at the federal level for some of these smaller projects that you alluded to?

Rich Montoni — MAXIMUS Inc. - CEO

I would be glad to do that, Tom. I do think you're right that the way the states operate is that they do tend to observe, share with one another what works and what does not work. And I think it's actually a great model for the states. And as a backdrop, I would like to say that I do think that there are some very significant, compelling reasons why states, particularly the larger ones, will need to consider, seriously consider, integrated eligibility. It really does offer conceptually some must-have capabilities from a systems perspective to enable them to handle, better handle, the additional volumes we expect that they're going to have to deal with, with these cases, with these programs, and to use new-wave technology or

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leading-edge technologies to do it. I think there are advantages to the constituents out there to use these newer technologies and there are cost advantages to the states.

Now with that being said and getting back to your point, they really do need to watch one another to determine what works and what doesn't work. And we, quite frankly, our pilot is in the eye of the storm working to determine that and there will be best practices that bubble out of this, we will be aware of those best practices. It does not mean that we're going to blindly go down the path and sign up for anything that comes our way. We're going to be very particular about being associated with projects that we believe will work in the end result for the client. Because when it's successful to the client, it's successful for us. And I also think that we need to be very cautious from a terms and conditions perspective to make sure they are fair for the risk that we take. As I said earlier, my preference is to lean more towards smaller bite-sized type opportunities, as opposed to these very, very large ground-breaking situations.

On the federal side, we continue to see a number of large opportunities, essentially health-oriented. We have an opportunity for some health information call centers that, frankly, is bird flu related. Additional opportunities are coming away as it relates to Medicare Part D. We see opportunities in international health, and we also have some very specific opportunities in the area of health analytics.

Tom Meagher — Friedman Billings Ramsey - Analyst

Thanks very much, I appreciate it.

Operator

(Operator Instructions). Cynthia Houlton, RBC.

Cynthia Houlton — RBC - Analyst

Hi, just a little bit more background in terms of how the contract was amended; i.e., was this something that Texas pushed down and said that, in terms of how the work was being segmented, should change? Is this something where you went to Accenture and said — this part of the requirements we feel that don't make sense? I guess I'm just trying to understand a little bit more the history of how the terms were amended and why they were amended the way they were.

Rich Montoni — MAXIMUS Inc. - CEO

Cynthia, I don't believe it was the state that was integral in this process. This was really between Accenture and MAXIMUS and sort of a half-time huddle in terms of what's working, what's not working, how can we better align our teams. One of the challenges in something like this is you have two different companies with two different teams and two different organizations and different methodologies — how do you combine those two efficiently to communicate and get the job done? And that was really the heart of it. The progress that we've been making; while it was progress, it was not as we anticipated. So it was really kind of in a category of a mid-game huddle to say, what makes sense going forward. And we all had lots of options and we decided to move forward in a collective fashion and reallocate responsibilities that we think better aligned with the capabilities of the two firms. And obviously in this, equation we are availing ourselves of the additional resources that Accenture has to offer, and most notably, in the systems development arena.

Cynthia Houlton — RBC - Analyst

Okay. And maybe as a follow-up, as this contract moves forward in terms of the way the terms have been set out, you talked a lot of — you have mentioned that there are some variable things to determine — how you get to profitability and how the margins improved. Is it a thing where you also anticipate further amendments to the actual contract, or is it just timing of roll-out and maybe more things you don't have control over? I guess I'm just trying to understand where we are in terms of what the contract terms are and what you and Accenture have determined the respective parties will do.

Rich Montoni — MAXIMUS Inc. - CEO

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I'd say, from a summary level, I think we've provided the various areas that are changing under the contract. So if that is not clear, just ask me and I can repeat that.

Cynthia Houlton — RBC - Analyst

What I meant was, are there — is there a possibility that this is going to continue to be a changing factor? Is that what determines profitability, or is it more other aspects of the contract?

Rich Montoni — MAXIMUS Inc. - CEO

Okay. I think, if I understand your question then, is — what do we think of the drivers to profitability here?

Cynthia Houlton — RBC - Analyst

Yes.

Rich Montoni — MAXIMUS Inc. - CEO

I think the drivers to profitability reside clearly with the integrated eligibility component of the program, and the Accenture and MAXIMUS and the state working together to hold together all of the necessary elements, and I'm just going to give you the categorical elements of the classic — people, processes and technology. And all of those elements, and there are innumerable details behind all of this as you can imagine — all of those elements have to be brought together in a combination that really works and works in an economically viable fashion. You just take any element of that equation, Cynthia, and start to get an appreciation. When you're ramping up even a pilot and beyond especially with people, you have to go out and recruit, sometimes in rural areas. You run into logistical problems where there may not even be that many people available to hire in that part of the state. They may not have the commensurate skills. You have training issues, hiring trainers, can you get the trainers there in a timely basis, can you get everybody through the training courses. Can you hold that work force to appropriate abandonment rates and performance metrics, et cetera. So all of those elements need to come together to prove out the original vision in this concept, and that's what we're working really hard to do.

Cynthia Houlton — RBC - Analyst

Okay, thank you.

Operator

Jason Kupferberg, UBS.

Jason Kupferberg — UBS - Analyst

Good morning, guys. I just wanted to start with a clarification. It sounds like from what you guys are saying, the subcontract between Accenture and yourselves clearly was modified here, but the prime contract between Accenture and the state was not modified — you said it was really just between yourselves and Accenture?

Rich Montoni — MAXIMUS Inc. - CEO

Correct.

Jason Kupferberg — UBS - Analyst

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Okay, that's helpful. My next question is, kind of looking in hindsight here, is kind of what happened from your perspective that you guys kind of just underestimated the scope and the complexity of this, given that it was a first of its kind type of project? Is that the essence of what happened here?

Rich Montoni — MAXIMUS Inc. - CEO

I think that's an important element of it, but I do think about three main areas here when we talk about this, and it's the concept, it's the contract itself and it's the execution of the project. And I think there are lessons learned in all areas, Jason. But certainly, the concept — this is a very large contract. We knew that on the front end. It's very complex, we knew that on the front end. So much of that was known. And is often the case of large projects, you won't know all of the complexity. So it's a part of it, but I don't think it's the lion's share of it. I tend to think that the lion's share of the lessons learned probably were more so in the contract terms, and also in the execution side of things.

Jason Kupferberg — UBS - Analyst

And to that end, have you guys made changes in terms of people you have on the ground running this project?

Rich Montoni — MAXIMUS Inc. - CEO

We've made many changes in terms of the people we have dedicated to this project. We have directed a lot of MAXIMUS resources from around the country. We have gotten additional resources from Accenture as part of this subcontract. So there are a lot of very, very talented people focused on this project who work really hard in a cooperative fashion with one another and the state to make this work.

Jason Kupferberg — UBS - Analyst

What's the impact on fiscal '06 revenue guidance from all of this? Obviously, you've outlined the earnings component, but how should we think about revenues? Any change there?

Rich Montoni — MAXIMUS Inc. - CEO

Really about the same. We have not really modified revenue guidance dramatically.

Jason Kupferberg — UBS - Analyst

So you're sticking to — I think it's \$7.10 to \$7.25 as of now?

Rich Montoni — MAXIMUS Inc. - CEO

That's about right.

Jason Kupferberg — *UBS - Analyst*

Okay. My last question is when — I know you said that fiscal '07 is still a bit of a wild-card here, but over the next couple of quarters, are there certain milestones on the contract or other events that we should be monitoring that might be a trigger point for giving you guys some better feel for how fiscal '07 might evolve from a financial point of view on the contracts?

Rich Montoni — *MAXIMUS Inc. - CEO*

We'll share the milestones with you as appropriate, Jason. I think obviously, short-term progress in terms of a pilot in the IE world is very, very important to us. So as we progress or as things change, we will keep you posted.

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Jason Kupferberg — *UBS - Analyst*

Okay, thanks.

Rich Montoni — *MAXIMUS Inc. - CEO*

You're welcome, thank you.

Operator

Bill Loomis, Stifel Nicolaus.

Bill Loomis — *Stifel Nicolaus - Analyst*

One thing you talked about was conserving cash and not being — at least for the short-term — coming in to buy back stock. You had about 177 million in cash last quarter and no debt. And clearly, even if all of these charges and losses were pure cash, you would not get anywhere near that amount. So why the delay? Do we have more news coming down? Are there other negotiations in the background that your counsel is telling you not to be going into the market at this point?

Rich Montoni — *MAXIMUS Inc. - CEO*

Bill, there are no specifics. As a backdrop, I would say that we really just like being in a comfortable position of knowing that we are extremely well capitalized and we have to think about new customers, [really big] customers. I think the customer base gets a lot of comfort in knowing that MAXIMUS is very well capitalized, is not a leveraged company. And I think that's very important in their mindset. So a lot of this is conservatism and we just feel comfortable at this particular point in time. Obviously, losses could be greater than we're forecasting on the Texas situation. And you're right — we don't need nearly the cash we have on board to absorb even additional disappointments from that perspective. But I think it's good to have the initial cash on-board as we navigate through this short-term period of time.

Bill Loomis — *Stifel Nicolaus - Analyst*

And when you say in the near-term as far as not coming back into the market, what are you defining on that? Is that a few weeks or a few months?

Rich Montoni — *MAXIMUS Inc. - CEO*

I think it's more in the few months category, Bill, as opposed to a few weeks.

Rich Montoni — *MAXIMUS Inc. - CEO*

Okay, thank you.

Operator

Dana Walker, Kalmar Investments.

Dana Walker — *Kalmar Investments - Analyst*

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I was hoping to clarify revenue recognition. When you described how your take on the five years with the 320 and not 370, and that because of the pilots delay, there would be a revenue tranche that would be pushed out. Can you describe how that might play in real terms? You're at roughly a 10-million-a-quarter run rate now.

Rich Montoni — *MAXIMUS Inc. - CEO*

I think that's right. 10 million a quarter, times 4, is approximately \$40 million. And first off, the revenue recognition methodology on this contract, we don't use percentage

completion accounting. We recognize this on a fee-for-service basis. And because of the delay, we had additional regions that were to be rolled out earlier, and hence, the additional regions would have been on-board for a longer period of time, Dana. So the big impact from a revenue prospective is those regions not being on-board for the originally anticipated period of time, being on-board for a shorter period of time.

Lisa Miles — MAXIMUS Inc. - IR

Dana, just one clarifying point. On our last call, we did note that through the first half of fiscal '06, this particular project ran at about \$15 million for the first half of the year. And we still expect that to be roughly the same for the second half of the year, somewhere between 30 and 35 million.

Dana Walker — Kalmar Investments - Analyst

Is there a way of attributing how important the IE part of the total contract is to the revenue pie, versus CHIP, enrollment brokerage and other?

Rich Montoni — MAXIMUS Inc. - CEO

Hold one minute, Dana. The IE component anticipated revenue over the entire contract period is anticipated not to be — to approach 50%; that would be less than 50% of the contract value.

Dana Walker — Kalmar Investments - Analyst

So when they pilot is delayed, I presume that means that the amount of IE revenue that you would expect — that you had expected to realize — have expected to realize, is moderated; and if the contract in time gets extended, you would hope to see that revenue run rate, which was 70-some-odd at peak, to be realized?

Rich Montoni — MAXIMUS Inc. - CEO

I agree with that, Dana.

Dana Walker — Kalmar Investments - Analyst

Okay, I will back off. Thank you.

Operator

Andrew Steinerman, Bear Stearns. I apologize — it looks like he has disconnected.

Rich Montoni — MAXIMUS Inc. - CEO

Thank you.

Lisa Miles — MAXIMUS Inc. - IR

Operator, was that our last question?

Operator

Yes it was.

Lisa Miles — MAXIMUS Inc. - IR

Okay, well thank you very much for joining us for this conference call and we look forward to talking to you when we report full earnings in August. Thank you.

Operator

Ladies and gentlemen, a replay of this call will be available to you within the hour. You can access the replay by dialing 1-800-207-7077, and entering PIN number 4851. Ladies and gentlemen, this concludes today's presentation. Thank you for your participation, you may now disconnect.

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