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): November 14, 2007

MAXIMUS, INC.
(Exact name of registrant as specified in its charter)

Virginia	1-12997	54-1000588
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

11419 Sunset Hills Road, Reston, Virginia	**20190-5207**
(Address of principal executive offices)	(Zip Code)

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

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))

Item 1.01 Entry into a Material Definitive Agreement.

On November 15, 2007, MAXIMUS, Inc. (the "Company") entered into an accelerated share repurchase agreement (ASR) with UBS AG, London Branch (UBS). Under the ASR, the Company purchased 3,758,456 shares of its common stock from UBS at a price per share of $39.91. This transaction is subject to a market price adjustment provision based on the volume weighted average market trading price during the term of the ASR. If the Company is obligated to UBS on any settlement date during the term of the agreement, the Company may elect to settle in cash or in shares of its common stock. The foregoing description of the ASR agreement is qualified in its entirety by the text of such agreement which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition.

On November 14, 2007, the Company issued a press release announcing its financial results for the quarter and fiscal year ended September 30, 2007. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference into this Item 2.02.

On November 15, 2007, the Company held a conference call with respect to these financial results. The conference call was open to the public. The transcript and slide presentation that accompanied the call are furnished as Exhibit 99.2 to this Current Report on Form 8-K and incorporated by reference into this Item 2.02.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	**Description**
10.1	Purchase Agreement between MAXIMUS, Inc. and UBS AG, London Branch, dated November 15, 2007*
99.1	Press release dated November 14, 2007
99.2	Conference call transcript and slide presentation for Earnings Call – November 15, 2007

* Confidential portions of this exhibit have been redacted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request in accordance with Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

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.

Date: November 20, 2007

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

EXHIBIT INDEX

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LEGEND: **** denotes information omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

PURCHASE AGREEMENT

PURCHASE AGREEMENT, dated as of **November 15, 2007** (the "Agreement"), by and between MAXIMUS, Inc. (the "Issuer"), and UBS AG, London Branch ("UBS") acting through UBS Securities LLC ("Agent") as agent.

WITNESSETH

WHEREAS, the Issuer has publicly announced its intention to repurchase shares of its common stock, no par value per share (the "Common Stock"), from time to time (the "Repurchase Program"); and

WHEREAS, the Issuer desires to enter into the Agreement with UBS in order to effect the Repurchase Program;

NOW, THEREFORE, in consideration of the premises, the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions.

As used herein the following terms shall have the meanings set forth below:

"Announcement Date" means in respect of a Merger Event, the date of the first public announcement of a firm intention to merge or to make an offer that leads to the Merger Event, as determined by the Calculation Agent.

"Bankruptcy" means the Issuer is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Bloomberg Screen Volume at Price Page" shall mean the display designated as page "MMS Equity AQR" on the Bloomberg Financial Service or such page as may replace the Volume at Price page on that service for the purpose of displaying daily volume and volume-weighted trading prices of equity securities during the normal trading hours of 9:30 a.m. to 4:00 p.m., New York Time or, if such service does not then publish daily volume and volume-weighted trading prices of the Common Stock, such other page and services selected by the Calculation Agent that reports daily volume and weighted trading prices of the Common Stock.

"Borrowed Shares" means, as of any date, the number of Shares borrowed by UBS in connection with this Transaction, as determined by the Calculation Agent.

"Calculation Agent" shall mean UBS Securities LLC. The Calculation Agent shall make all calculations and determinations under this Agreement in good faith and in a commercially reasonable manner.

"Calculation Date" means, with respect to each Tranche, the first Trading Day after the Last Averaging Date.

"Closing Price" of the Common Stock on any day shall mean the last reported sales price regular way on such day or, in case no such sales price is reported on such day, the average of the reported closing bid and asked prices regular way of the Common Stock, in each case on the Exchange, or, if not then traded on the Exchange, the principal securities exchange or quotation system on which the Common Stock is then listed or admitted to trading, or, if not then listed or admitted to trading on a securities exchange or quotation system, the average of the closing bid and asked prices of the Common Stock in the over-the-counter market on the day in question as reported by the National Quotations Bureau Incorporated, or a similarly generally accepted reporting service, or, if not so available in such manner, as furnished by any New York Stock Exchange member firm selected by the Calculation Agent.

“Combined Consideration” means New Shares in combination with Other Consideration.

“Cross Default” means the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of the Issuer under one or more agreements or instruments relating to the repayment of borrowed money in an aggregate amount of not less than $25 million which has resulted in such agreement or instrument becoming due and payable before it would otherwise have been due and payable (after giving effect to any applicable notice requirement or grace period) or (2) a default by the Is suer in making one or more payments on the due date thereof in an aggregate amount of not less than $25 million under such agreements or instruments (after giving effect to any applicable notice requirement or grace period).

“Determined Amount” has the meaning ascribed to it in Section 3(d).

“Discount” means the product of (a) ****, and (b) the arithmetic average of daily volume-weighted average prices of Shares on each Trading Day from the First Averaging Date up to and including the Last Averaging Date, as listed on Bloomberg Screen Volume at Price Page.

“Dividend Event” means the payment of, or the public announcement or notification to UBS pursuant to Section 6 below of, an ordinary or extraordinary dividend or distribution by the Issuer with a record date occurring in any of the time periods specified below with a value, as determined by the Calculation Agent in good faith, that exceeds the amount specified below for such period by $0.01 or more

Period	**Dividend**
November 16, 2007 through and including February 29, 2008	$0.10
March 1, 2008 through and including May 31, 2008	$0.10
June 1, 2008 through and including the Latest Completion Date	$0.10

“Early Closure” means the closure on any Trading Day of the Exchange or any Related Exchange(s) prior to its regularly scheduled closing time.

“Excess Shares” means the number of Shares (if any) equal to (a)(i) the Settlement Amount divided by (ii) the Reference Price minus (b) the Determined Amount.

“Exchange” means the New York Stock Exchange or any successor thereto or any substitute exchange or quotation system to which trading in the Shares has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the Shares on such temporary substitute exchange or quotation system as on the original Exchange).

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares on the Related Exchange(s).

“Execution Period” shall mean the period commencing on the First Averaging Date and ending on the earliest of (i) the Last Averaging Date of the last Tranche, (ii) the Termination Date or (iii) the Termination Event Termination Date.

“Failure to Pay or Deliver” means failure by the Issuer to make, when due, any payment under this Agreement or any delivery of Shares under this Agreement required to be made by it if such failure is not remedied on or before the third Trading Day after notice of such failure is given to the Is suer by UBS or the Agent.

“Final VWAP-Minus Price” means, in respect of each Tranche, (i) the arithmetic average of daily volume-weighted average prices of Shares for each Trading Day from the First Averaging Date up to and including the Last Averaging Date for that Tranche, as listed on Bloomberg Screen Volume at Price Page, minus (ii) the Discount.

“First Averaging Date” means November 15, 2007; provided, however, that the First Averaging Date may be extended by the Calculation Agent in its discretion by one Trading Day for each Scheduled Trading Day following the date hereof and prior to the First Averaging Date that ceases to be a Scheduled Trading Day or is not a Trading Day due to the occurrence of a Market Disruption Event.

“Hedge Account Shares” means, as of any date, the Number of Shares minus the Borrowed Shares.

“Last Averaging Date” means a Trading Day determined by UBS that is no later than the Latest Completion Date and no earlier than:

- * * * * in the case of Tranche One
- **** in the case of Tranche Two
- **** in the case of Tranche Three
- **** in the case of Tranche Four
- **** in the case of Tranche Five
- **** in the case of Tranche Six
- **** in the case of Tranche Seven;

provided, however, that each of such dates (including the Latest Completion Date) may be extended by the Calculation Agent in its discretion by one Trading Day for each Scheduled Trading Day during the Execution Period that ceases to be a Scheduled Trading Day or is not a Trading Day due to the occurrence of a Market Disruption Event. Notice of the Last Averaging

Date for any Tranche shall be given by UBS not later than 8:00 pm New York time on the Trading Day following the Last Averaging Date. Notice shall be irrevocable once provided to Issuer. If no notice is provided, then the Last Averaging Date shall be the Latest Completion Date.

"Latest Completion Date" shall be * * * *

"Market Disruption Event" means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption or (iii) an Early Closure, which in each case the Calculation Agent determines is material.

"Merger Event" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding, (ii) consolidation, amalgamation or merger of the Issuer with or into another entity (other than a consolidation, amalgamation or merger in which such Is suer is the continuing entity and which does not result in any such reclassification or change of all of such Shares outstanding) or (iii) other takeover offer for such Shares that results in a transfer or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Last Averaging Date.

"Net Share Settlement" shall mean settlement by the Issuer of its obligations hereunder in accordance with Section 3(c).

"New Shares" means shares (whether of the offeror or a third party). "Number of Shares" has the meaning ascribed to it in Section 2.

"Other Consideration" means cash and/or any securities (other than New Shares) or assets (whether of the offeror or a third party).

"Payment Date" has the meaning ascribed to it in Section 3(b).

"Principal Account" means the notional principal account referred to in Section 3(a).

"Purchase Price" means $150,000,000, provided that such amount is subject to downward adjustment in accordance with clause (y) of Section 2.

"Purchasing Date" means any Trading Day during the Execution Period.

"Reference Price" means the Closing Price of the Common Stock on the last Trading Day of the Execution Period.

“Related Exchange(s)” means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Shares.

“Scheduled Trading Day” means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

“Settlement Amount” shall mean (i) in the case of the Issuer, the amount of any negative balance in the Principal Account as of the Calculation Date, and (ii) in the case of UBS, the amount of any positive balance in the Principal Account as of the Calculation Date, in each case as determined by the Calculation Agent, and as adjusted by the Calculation Agent to reflect the accrual of interest thereon at the rate set forth for that day opposite the caption “Open” under the caption “Federal Funds” as displayed on Bloomberg Page BTMM, from and excluding the third Trading Day following the Calculation Date hereunder to and including the actual Payment Date, if the Payment Date occurs following the third Trading Day following the Calculation Date hereunder. For avoidance of doubt, a Settlement Amount shall not be adjusted for dividends declared and paid or dividends expected during the period to which such Settlement Amount relates.

“Share-for-Combined” means, in respect of a Merger Event, that the consideration for the relevant Shares consists of Combined Consideration.

“Share-for-Other” means, in respect of a Merger Event, that the consideration for the relevant Shares consists solely of Other Consideration.

“Share-for-Share” means, in respect of a Merger Event, that the consideration for the relevant Shares consists (or, at the option of the holder of such Shares, may consist) solely of New Shares.

“Shelf Registration” means a registration statement in form and substance reasonably acceptable to UBS for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act, registering UBS's resale, in any manner or manners designated by UBS, of all the Stock Settlement Shares, any Make-Whole Shares, and any other Shares held by UBS in connection with this transaction which, in the opinion of counsel to UBS, are required to be included in the Shelf Registration to be resold by UBS to the public.

“Short Squeeze” shall mean a situation where (i) UBS has determined, in its judgment, that it is unable to hedge its exposure to the transaction contemplated hereby because of the lack of sufficient shares of Common Stock being made available for borrowing from lenders, including without limitation UBS’s being required to redeliver shares of Common Stock to any lender at the demand of such lender and not being able to meet such obligation in full in a timely manner by reasonable efforts to borrow shares of Common Stock from another lender or lenders, or (ii) UBS would incur a cost to borrow shares of Common Stock to hedge its exposure to the transaction contemplated hereby that is greater than a rate equal to **** basis points per annum.

"Stock Settlement Amount" shall mean (i) in the case that the Issuer is required to pay the Settlement Amount to UBS and has elected to pay the Settlement Amount by delivery of shares of Common Stock to UBS pursuant to Section 3(c), an amount, determined by the Calculation Agent, equal to the Settlement Amount to be paid by the Issuer pursuant to Section 3(b), divided by the Reference Price, and (ii) in the case that UBS is required to pay the Settlement Amount to the Issuer and the Issuer has elected to require UBS to satisfy the obligation by delivery of shares of Common Stock to the Issuer pursuant to Section 3(h), an amount, determined by the Calculation Agent, equal to the Settlement Amount to be paid by UBS pursuant to Section 3(b), divided by the weighted average price per share actually paid by UBS to purchase such Stock Settlement Shares.

"Stock Settlement Shares" shall mean such whole number of shares included in the Stock Settlement Amount.

"Termination Date" has the meaning ascribed to it in Section 4(b).

"Termination Event" shall mean the occurrence of a (i) Bankruptcy, (ii) Cross Default, (iii) Failure to Pay or Deliver, (iv) Short Squeeze, (v) Dividend Event or (vi) if so designated by UBS, a tender offer of the type described below in Section 4(c).

"Termination Event Termination Date" has the meaning ascribed to it in Section 8 below.

"Trading Day" shall mean any day on which the Common Stock is traded on the Exchange or, if not then traded on the Exchange, the principal securities exchange or quotation system on which such securities are then traded or, if not then traded on a securities exchange or quotation system, in the over-the-counter market, and on which no Market Disruption Event occurs.

"Trading Disruption" means any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to the Shares on the Exchange or (ii) in futures or options contracts relating to the Shares on any Related Exchange.

"Tranche" shall have the meaning ascribed to it in Section 2.

Section 2. Purchase and Sale.

Subject to the terms and conditions set forth herein, UBS agrees to sell to the Issuer, and the Issuer agrees to purchase from UBS, a number of shares (the "Number of Shares") of Common Stock (the "Shares") equal to the quotient of (i) the Purchase Price divided by (ii) the Closing Price of the Common Stock on the date hereof, at a purchase price per Share equal to the Closing Price of the Common Stock on the date of execution hereof (the "Execution Date"); provided that if the foregoing results in a Number of Shares greater than 4,000,000, then (x) the Number of Shares shall instead be equal to 4,000,000 and (y) the Purchase Price shall be adjusted downward and shall equal the product of 4,000,000 and the Closing Price of the Common Stock on the date hereof. At 4:00 P.M. on the third Trading Day after the Execution Date (the "Settlement Date"), UBS shall deliver or cause to be delivered the Shares through the facilities of The Depository Trust Company ("DTC") to the Issuer against payment by the Is suer of the Purchase Price by wire transfer of immediately available funds. The parties understand and agree that the delivery of the Shares by or on behalf of UBS upon the payment of the aggregate Purchase Price by the Issuer is irrevocable and that as of the Settlement Date the Issuer will be the sole beneficial owner of the Shares for all purposes. The Number of Shares shall be divided into seven equal tranches (each, a "Tranche"), which shall be designated, successively, Tranche One, Tranche Two, Tranche Three, Tranche Four, Tranche Five, Tranche Six and Tranche Seven.

As compensation to UBS for its commitment and services hereunder, the Issuer on the Settlement Date will pay to UBS by wire transfer of immediately available funds an additional amount equal to $360,000.00. This amount payable to UBS shall not be subject to refund.

Section 3. Settlement.

(a) On the Settlement Date, the Calculation Agent shall establish a notional Principal Account in an amount equal to the Purchase Price. The Calculation Agent shall adjust the Principal Account daily as follows:

(i) The Principal Account shall be reduced on the third day following the Last Averaging Date of each Tranche in an amount equal to the product of (x) the quotient of the Number of Shares divided by seven and (y) the Final VWAP-Minus Price for that Tranche (the "Final Tranche Amount"). The parties acknowledge that more than one Tranche may have the same Last Averaging Date.

(ii) On the second Trading Day immediately following the Last Averaging Date for each Tranche, the Calculation Agent will calculate the Settlement Amount for that Tranche and, if applicable, the Stock Settlement Amount, notify (the "Settlement Amount Notification") the Issuer of the Settlement Amount and, if applicable, the Stock Settlement Amount and provide a schedule of its calculations thereof. The Calculation Agent shall respond promptly to all questions raised by the Is suer relating to such calculations. If the Is suer objects to the calculation of such Settlement Amount, the Issuer shall promptly notify the Calculation Agent and UBS, and the Issuer and UBS agree to use their good faith best efforts to reach an agreement as to such Settlement Amount. In the further event that the Issuer and UBS are not able to reach an agreement, the Issuer and UBS shall appoint a third party with sufficient expertise to determine the calculation of the Settlement Amount and such calculations shall be performed in good faith and in a commercially reasonable manner and shall be binding on all parties. The fees and expenses of such expert shall be shared equally by the Issuer and UBS.

(b) On the third Trading Day immediately following the Calculation Date for the last Tranche (each, a "Payment Date"), if the Settlement Amount is positive, UBS shall pay the Settlement Amount to the Issuer and, if the Settlement Amount is negative, the Issuer shall pay the absolute value of such Settlement Amount to UBS. Except as provided in paragraphs (c) and (d) of this Section, all payments to be made under this Section 3 shall be made on the applicable Payment Date by wire transfer of immediately available funds.

(c) If the Is suer is required to pay a Settlement Amount to UBS pursuant to paragraph (b) of this Section or pursuant to Section 8 hereof, the Issuer may, at its option, satisfy the obligation by the delivery to UBS of a number of whole shares of Common Stock (and a payment of cash in lieu of fractional shares, if any) equal to the Stock Settlement Amount. In order to exercise this option, the Issuer must (each, a "Condition on Net Share Settlement") (i) notify UBS of its election to have any Settlement Amount payable in shares of Common Stock no later than 3 days after the Last Averaging Date in respect of the last Tranche (the "Stock Election Notice"), (ii) enter into a registration rights agreement with UBS in form and substance reasonably acceptable to UBS (the "Registration Rights Agreement") no later than the 10th day following such Last Averaging Date in respect of that Tranche, which agreement will contain, among other things, customary representations and warranties and indemnification and other rights, including rights to customary opinions of counsel and accountant's "comfort letters," relating to the registration of the Stock Settlement Shares, the Make-whole Shares and any additional shares of Common Stock as to which UBS is named as a selling securityholder in the Shelf Registration (the "Registered Shares"); (iii) have taken all actions reasonable and appropriate so that such Shelf Registration shall have been declared, or become automatically, effective by the Securities and Exchange Commission the "SEC") not less than 10 days following such Last Averaging Date in respect of such Tranche; and (iv) use its reasonable best efforts to maintain the effectiveness of such Shelf Registration until all Registered Shares have been sold by UBS. Subject to paragraph 3(g) below, if any of the conditions in the preceding sentence are not met, the provisions of this paragraph (c) shall be inoperative and the Issuer shall be obligated to pay any applicable Settlement Amount by wire transfer of immediately available funds. If the Issuer complies with all of its obligations under this paragraph (c), then at 9:30 A.M. on the applicable Payment Date in respect of such Tranche (or as soon as practicable after the Payment Date after the conditions under this paragraph (c) have been met), the Issuer shall deliver to UBS (x) fully paid and nonassessable Stock Settlement Shares, via book entry transfer through the facilities of DTC, in such denominations and in such names as UBS may specify and (y) the cash payment, if any, in lieu of fractional shares by wire transfer of immediately available funds. The parties understand and agree that the deliveries made pursuant to the preceding sentence and the following paragraph shall be irrevocable and shall satisfy in full the Issuer's obligations under this Section 3. The Issuer covenants and agrees that it shall not elect net share settlement in respect of any Settlement Amount owed hereunder unless it is able to make the representation contained in Section 6(a)(viii) below as of the effective date of any Stock Election Notice, and any Stock Election Notice shall be deemed to include such representation.

If the Issuer delivers Stock Settlement Shares to UBS pursuant to this paragraph (c) and within ten Trading Days after the applicable Payment Date, UBS resells all or any portion of the Stock Settlement Shares and the net proceeds received by UBS upon resale of such shares exceeds the Settlement Amount (or if less than all of the Stock Settlement Shares are resold, the applicable pro rata portion of the Settlement Amount), UBS shall promptly refund in cash such difference to the Issuer; provided that UBS may, at the Issuer's option, satisfy its obligation under this sentence by returning to the Issuer any portion of the Stock Settlement Shares that would, if sold, have resulted in net proceeds in excess of the Settlement Amount. In the event that such net proceeds are less than the Settlement Amount (or if less than all of the Stock Settlement Shares are resold, the applicable pro rata portion of the Settlement Amount), the Issuer shall pay in cash or additional shares of Common Stock (the "Make-whole Shares") such difference (the "Make-whole Amount") to UBS promptly after receipt of notice thereof. In the event that Issuer elects to pay the Make-whole Amount in additional shares of Common Stock, the requirements set forth in this paragraph (c) with respect to payment of the Settlement Amount in Shares, including Make-whole requirements, shall apply, such that UBS shall pay to the Issuer any such excess and the Issuer shall pay to UBS in cash or Make-Whole Shares any additional Make-Whole Amount. In calculating the net proceeds from the resale of any Stock Settlement Shares there shall be deducted from such proceeds any amount equal to the customary underwriting discount or commission for underwritten offerings of common stock by companies comparable to the Issuer multiplied by the total number of Shares sold for the account of UBS pursuant to a Shelf Registration.

(d) Notwithstanding any other provision in this Agreement, if Issuer exercises a right or is obligated pursuant to any provision of this Agreement to deliver shares of Common Stock in respect of any Settlement Amount, Issuer shall not be obliged to deliver, in connection with this Agreement, in excess of 10,800,000 shares of Common Stock in the aggregate, as recalculated from time to time (the "Determined Amount"). In the event that the Determined Amount would be exceeded, Issuer would be obliged to deliver a number of shares of Common Stock equal to the Determined Amount plus the Excess Shares, Issuer agrees to (i) use its best efforts to increase its number of authorized shares, thereby increasing the Determined Amount, to the extent necessary so that the number of shares of Common Stock Issuer would be obliged to deliver does not exceed the (recalculated) Determined Amount and (ii) allocate such newly authorized shares of Common Stock in satisfaction of Issuer's delivery obligations under this Agreement in priority to any other use of such Common Stock. For the avoidance of doubt, the obligation of Issuer to so use its best efforts is an ongoing obligation.

(e) Is suer hereby represents and warrants that it will:

(i) calculate the Determined Amount based on the maximum amount able to be calculated in accordance with EITF 00-19 or any successor financial statement guidance; and

(ii) in respect of all equity derivative transactions in respect of which Issuer's equity securities constitute (all or part of) the instruments underlying such transactions (the "Derivative Trades"), use the same methodology to derive the Determined Amount (howsoever described) applicable to each Derivative Trade as is used to derive the Determined Amount for this Agreement.

(f) UBS agrees that, in respect of any obligations Issuer has duly elected be satisfied pursuant to Section 3(c) above, in the event of Issuer's bankruptcy, UBS shall not have rights in bankruptcy that rank senior to the rights in bankruptcy of common shareholders of Issuer.

(g) If the Issuer has used its reasonable best efforts to satisfy the Conditions on Net Share Settlement but has been unable to because the Shelf Registration is not declared effective by the SEC within the time set out in paragraph 3(c) (or, where UBS has previously agreed to extend such period based on a request by the Issuer pursuant to paragraph3(g)(ii), within such period as extended pursuant to paragraph 3(g)(ii)), then the Issuer may elect to:

(i) deliver the relevant number of Shares to UBS in which case:

(A) the day on which the Issuer makes such an election to deliver such Shares is the "Issuer Election Date", and
(B) Issuer shall withdraw any Registration Statement filed with the SEC in connection with the Shares, and
(C) Is suer will enter into a private placement purchase agreement with UBS in form and substance reasonably acceptable to UBS no later than the next Trading Day following the Issuer Election Date, and
(D) Issuer shall deliver to UBS such Shares on the Settlement Date which, for the purposes of this paragraph 3(g)(i)(D), shall be the third Trading Day following the Issuer Election Date, and
(E) In addition to the initial Make-whole Amount paid by Issuer pursuant to paragraph 3(c) herein, Issuer shall deliver to UBS such additional Shares until UBS has realized actual net proceeds upon resale of such Shares equal to the Settlement Amount. At its election, UBS may by a written notice to Issuer retain a number of Shares delivered by Issuer pursuant to this paragraph 3(g)(i). If UBS so elects, UBS shall be deemed to have sold each such retained Share for an amount equal to the price per Share obtained by UBS for the last Share sold by UBS prior to sending written notice of its intention to retain Shares to Issuer. In no event will UBS be obligated to exercise its right to retain Shares; or

(ii) request UBS to extend the period within which the Registration Statement is to be declared effective by the SEC for a further period specified in writing by UBS at the time of such extension.

(h) If UBS is required to pay a Settlement Amount to the Is suer pursuant to paragraph (b) of this Section or pursuant to Section 8 hereof, the Issuer may, at its option, elect that UBS satisfy the obligation by the delivery to the Issuer of a number of whole shares of

Common Stock (and a payment of cash in lieu of fractional shares, if any) equal to the Stock Settlement Amount. In order to exercise this option, the Issuer must notify UBS of its election to have any Settlement Amount payable in shares of Common Stock no later than 15 days prior to the Payment Date (the "UBS Stock Election Notice"). If the condition in the preceding sentence is not met, the provisions of this paragraph (h) shall be inoperative and UBS shall be obligated to pay any applicable Settlement Amount by wire transfer of immediately available funds. If the Issuer complies with all of its obligations under this paragraph (h), then at 9:30 A.M. on the Payment Date, UBS shall deliver to the Issuer (i) fully paid and nonassessable Stock Settlement Shares, via book entry transfer through the facilities of DTC, and (ii) the cash payment, if any, in lieu of fractional shares by wire transfer of immediately available funds. The parties understand and agree that the deliveries made pursuant to the preceding sentence shall be irrevocable and shall satisfy in full UBS' obligations under this Section 3.

Section 4. Anti-dilution Adjustments.

(a) Subdivisions and Combinations of Common Stock. In the event that the outstanding shares of the Common Stock shall be subdivided or split into a greater number of shares of Common Stock where the effective date of such subdivision or the record date for such split occurs during the Execution Period, the number of shares of Common Stock referred to herein shall be deemed to be proportionately increased and the Final VWAP-Minus Price and Discount shall be deemed to be proportionately decreased; conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock through a combination of shares of Common Stock or a reverse stock split where the effective date of such combination or the record date for such reverse stock split occurs during the Execution Period, the number of shares of Common Stock referred to herein shall be deemed to be proportionately decreased and the Final VWAP-Minus Price and Discount shall be deemed to be proportionately increased. Any adjustment pursuant to this paragraph (a) shall become effective (i) in the case of a subdivision or combination of the Common Stock, at the close of business on the record date for such subdivision or combination or (ii) in the case of a stock split or reverse stock split, at the split, at the close of business on the record date for such stock split or reverse stock split.

(b) Merger Events. In respect of each Merger Event, UBS and the Issuer or the person formed by such consolidation or resulting from such merger or which acquired such assets or which acquires the Issuer's Common Stock, as the case may be, shall negotiate in good faith to amend this Agreement to give appropriate effect to such transaction. In the event that the parties are unable to reach an agreement ten (10) Trading Days prior to the effective date of such transaction (the "Termination Date"), (i) the Execution Period shall terminate on the Termination Date, (ii) the Principal Account shall be reduced on such date by an amount equal to the product of (x) an amount equal to the cash and fair market value (as determined by the Is suer's Board of Directors whose good faith determination shall be conclusive and binding) of the securities and/or property payable or distributable upon such transaction in respect of one share of Common Stock and (y) the number of Borrowed Shares as of such date, and (iii) the Settlement Amount shall be further adjusted by the Calculation Agent by the amount that the Calculation Agent reasonably determines in good faith to be UBS's total losses and costs in connection with the early termination of this Agreement, including any loss of option value, cost of funding, or loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position contemplated by this Agreement. The Calculation Agent shall respond promptly to all questions raised by the Is suer relating to such calculations. If the Is suer objects to the adjustments, the Is suer shall promptly notify the Calculation Agent and UBS, and the Issuer and the UBS agree to use their good faith best efforts to reach an agreement as to such Settlement Amount. In the further event that the Issuer and UBS are not able to reach an agreement, the Is suer and UBS shall appoint a third party with sufficient expertise to determine the calculation of adjustment and such calculations shall be performed in good faith and in a commercially reasonable manner and shall be binding on all parties. The fees and expenses of such expert shall be shared equally by the Issuer and UBS.

If payment is required by Issuer or by UBS to the Issuer in connection with a Merger Event, the Issuer shall have the right, in its sole discretion, to elect (the "Extraordinary Transaction Election") to satisfy, or have UBS satisfy, any such payment obligation by Net Share Settlement of this Transaction PROVIDED THAT, in connection with a "Share-for-Combined" Merger Event or "Share-for-Other" Merger Event, the Extraordinary Transaction Election is available to satisfy only the percentage of such payment obligation equal to the percentage of the non-cash consideration over the total Combined Consideration (in the case of a "Share-for-Combined" Merger Event) or total Other Consideration (in the case of a "Share-for-Other" Merger Event). The remaining percentage of such payment obligation must be satisfied in the same form of consideration that the holders of Common Stock are receiving in such Merger Event. The Is suer shall make any election to settle the Transaction by way of Net Share Settlement within two Trading Days of the Announcement Date but in any event not less than twenty Trading Days prior to the effective date of such merger.

(c) Tender Offers. In the event an offer is made to the holders of Common Stock to tender shares of Common Stock for cash, UBS may, in its discretion (i) accelerate the Last Averaging Date or (ii) cause the Calculation Agent to adjust the Number of Shares. UBS or the Calculation Agent shall notify the Is suer in writing as to the terms of any adjustment made pursuant to this Section 4(c) no later than 5 days after the tender offer is made.

(d) Other Events. In the event of any corporate event involving the Issuer or the Common Stock not specifically addressed in subsections (a), (b) or (c) of this Section 4 or in the event that the Calculation Agent, in its good faith judgment, determines that the adjustments described in subsections (a), (b) or (c) of this Section 4 will not result in an equitable adjustment of the terms of the transaction described herein, and provided that, in each case, such corporate event impacts the rights or obligations of a holder of Common Stock, the terms of the transaction described herein shall be subject to adjustment by the Calculation Agent (including, without limitation, the First Averaging Date, the Last Averaging Date and the Number of Shares) as in the exercise of its good faith judgment it deems appropriate under the circumstances in order to result in an equitable adjustment to this Transaction. The Calculation Agent shall respond promptly to all questions raised by the Is suer relating to such calculations. If the Issuer objects to the adjustments, the Issuer shall promptly notify the Calculation Agent and UBS, and the Issuer and the UBS agree to use their good faith best efforts to reach an agreement as to such Settlement Amount. In the further event that the Is suer and UBS are not able to reach an agreement, the Issuer and UBS shall appoint a third party with sufficient expertise to determine the calculation of adjustment and such calculations shall be performed in good faith and in a commercially reasonable manner and shall be binding on all parties. The fees and expenses of such expert shall be shared equally by the Issuer and UBS.

Section 5. Acknowledgement.

The Issuer acknowledges and agrees that it is not relying, and has not relied, upon UBS or Agent with respect to the legal, accounting, tax or other implications of this Agreement and that it has conducted its own analysis of the legal, accounting, tax and other implications of this Agreement. The Is suer further acknowledges and agrees that neither UBS nor Agent have acted as its advisor in any capacity in connection with this Agreement or the transactions contemplated by this Agreement. The Issuer acknowledges that neither UBS nor Agent is acting as the agent for the Is suer in effecting any purchase of Common Stock pursuant to this Agreement. The Is suer understands and acknowledges that UBS and its affiliates may from time to time effect transactions, for their own account or the account of customers, and hold positions, in securities or options on securities of the Issuer and that UBS and its affiliates may continue to conduct such transactions during the Execution Period. The Is suer understands and acknowledges that UBS and its affiliates intend to engage in hedging activity that could affect the market for such securities and/or the Common Stock that is the subject of this transaction, and consequently the cost or proceeds to the Issuer hereunder.

Section 6. Representations and Warranties.

(a) The Issuer hereby represents and warrants to UBS that:

(i) it has (or, in the case of the Registration Rights Agreement, will have when and if executed) all power and authority to enter into this Agreement and the Registration Rights Agreement and the transactions contemplated hereby and thereby;

(ii) this Agreement has been duly authorized, validly executed and delivered by the Issuer and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) the Registration Rights Agreement, when and if executed and delivered pursuant to Section 3(c) hereof, shall have been duly authorized, validly executed and delivered by the Issuer and shall constitute a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iv) if Stock Settlement Shares are delivered pursuant to Section 3(c) or Section 3(g), as the case may be, the Stock Settlement Shares, when delivered to UBS or to the Issuer, as the case may be, will have been duly authorized and will be duly and validly issued, fully paid and nonassessable and free of preemptive and other rights;

(v) the transactions contemplated by this Agreement, including the delivery of the Stock Settlement Shares pursuant to Section 3(c) or Section 3(g), as the case may be, are consistent with the authorization of the Repurchase Program;

(vi) the Issuer is not entering into this Agreement to facilitate a distribution of the Common Stock (or any security convertible into or exchangeable for Common Stock) or in connection with a future issuance of securities;

(vii) the Is suer is not entering into this Agreement to create actual or apparent trading activity in the Common Stock (or any security convertible into or exchangeable for Common Stock) or to raise or depress the price of the Common Stock (or any security convertible into or exchangeable for Common Stock);

(viii) as of the date hereof and as of the date of any Stock Election Notice hereunder, (i) none of the Is suer and its executive officers and directors is, or will be, as the case may be, aware of any material nonpublic information regarding the Is suer or the Common Stock and (ii) all reports and other documents filed by the Issuer with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent or superseded statements contained in any earlier such reports and documents), do not or will not, as the case may be, contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading;

(ix) the repurchase of the Shares by the Issuer, the compliance by the Issuer with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach (each, a "Breach") of any of the terms or provisions of, or constitute a default (each a "Default") under, any indenture, mortgage, deed of trust, loan agreement or any other agreement or instrument to which the Issuer or any of its subsidiaries is a party (collectively, "Contracts") or by which the Issuer or any of its subsidiaries is bound or to which any of the property or assets of the Issuer or any of its subsidiaries is subject (except such Breach or Default as would not reasonably be expected to materially adversely affect the ability of the Issuer to perform its obligations under any Contract), nor will such action result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Issuer or any of its subsidiaries is subject, nor will such action result in any violation of the Certificate of Incorporation or By-laws of the Issuer or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its properties; and

(x) no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body having jurisdiction over the Issuer or any of its properties is required for the repurchase of the Shares by the Issuer, the compliance by the Issuer with all the terms of this Agreement, or the consummation by the Issuer of the transactions contemplated by this Agreement, other than the registration of the Stock Settlement Shares and any Make-whole Shares under the Securities Act in accordance with the provisions of Section 3(c), which registration shall be completed not less than 10 days following the Last Averaging Date in respect of the first Tranche for which a Stock Election Notice has been given, and such authorizations, orders, registrations and qualifications as may be required under state securities or blue sky laws in connection with the resale by UBS of the Registered Shares.

(b) UBS hereby represents and warrants to the Is suer:

(i) it has all power and authority to enter into this Agreement and the Registration Rights Agreement and the transactions contemplated hereby and thereby;

(ii) this Agreement has been duly authorized, validly executed and delivered by UBS and constitutes a valid and legally binding obligation of UBS enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and

(iii) the Registration Rights Agreement, when and if executed and delivered pursuant to Section 3(c) hereof, shall have been duly authorized, validly executed and delivered by UBS and shall constitute a valid and legally binding obligation of UBS enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) The Issuer and UBS hereto acknowledge that this transaction is not secured by any collateral that would otherwise secure the obligations of the Issuer.

(d) Each party hereto hereby covenants and agrees that it shall comply, in all material respects, with all laws, rules and regulations to which it is or may become subject in connection with the transactions contemplated by this Agreement.

(e) Issuer hereby covenants and agrees that it shall notify UBS in writing in accordance with the provisions of Section 9 below of the declaration of any dividend or distribution constituting a Dividend Event not less than thirty Scheduled Trading Days prior to the record date in respect of any such dividend or distribution.

Section 7. Indemnification.

(a) In the event that UBS becomes involved in any capacity in any action, proceeding or investigation brought by or against any person in connection with the transactions contemplated by this Agreement, the Issuer periodically will reimburse UBS for its reasonable legal and other expenses (including the reasonable cost of any investigation and preparation) incurred in connection therewith; provided that such expenses will be promptly refunded to the Is suer to the extent incurred in connection with a matter as to which UBS is not entitled to indemnification under this Section 7. The Issuer also will indemnify and hold UBS harmless against any losses, claims, damages or liabilities to which UBS may become subject in connection with the transactions contemplated by this Agreement, except to the extent that any such loss, claim, damage or liability results from the gross negligence or bad faith of UBS in effecting the transactions which are the subject of this Agreement. If for any reason the foregoing indemnification is unavailable to UBS or insufficient to hold it harmless, then the Issuer shall contribute to the amount paid or payable by UBS as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Is suer on the one hand and UBS on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Issuer and UBS with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The relative benefits to the Issuer, on the one hand, and UBS, on the other hand, shall be in the same proportion as the aggregate Purchase Price bears to the commissions received by UBS pursuant to the last paragraph of Section 2. The reimbursement, indemnity and contribution obligations of the Issuer under this Section 7 shall be in addition to any liability which the Issuer may otherwise have, shall extend upon the same terms and conditions to any affiliate of UBS and the partners, directors, officers, agents, employees and controlling persons (if any), as the case may be, of UBS and any such affiliate and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Issuer, UBS, any such affiliate and any such person. The Issuer also agrees that neither UBS nor any of such affiliates, partners, directors, officers, agents, employees or controlling persons shall have any liability to the Issuer for or, in connection with any matter referred to in this Agreement except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Issuer result from the gross negligence or bad faith of UBS in effecting the transactions that are the subject of this Agreement. The foregoing provisions shall survive any termination or completion of this Agreement.

(b) Promptly after receipt by UBS or any of its affiliates, partners, directors, agents, employees or controlling persons entitled to indemnification pursuant to this Section 7 (each, an "Indemnified Party") of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof may be made against the Issuer under this Section 7, notify the Issuer in writing of the commencement thereof, but the omission so to notify the Issuer will not relieve it from any liability which it may have to any Indemnified Party under this Section 7 except to the extent that the Is suer's rights are materially prejudiced as a result of such delay. Upon receipt of such notice, the Issuer shall be entitled to participate at its own expense in the defense, or if it so elects, to assume the defense of such action, in which event such defense shall be conducted by counsel chosen by the Issuer and reasonably satisfactory to the Indemnified Party or Indemnified Parties who shall be a defendant or defendantsin any such action and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them; but if the Issuer shall elect not to assume the defense of such action, the Issuer will reimburse such Indemnified Party or Indemnified Parties for the reasonable fees and expenses of any counsel retained by them; provided however, if the defendants in any such action (including impleaded parties) include both the Indemnified Parties and the Issuer and counsel for the Indemnfied Parties shall have reasonably concluded that there may be a conflict of interest involved in the representation by a single counsel of both the Indemnified Parties and the Issuer, the Indemnified Party or Indemnified Parties shall have the right to select separate counsel, satisfactory to the Issuer (it being understood, however, that the Issuer shall not be liable for the expenses of more than one separate counsel representing Indemnified Parties who are parties to such action).

Section 8. Termination Event.

Upon the occurrence of a Termination Event and so long as such Termination Event shall be continuing, UBS may, in its discretion, by notice to the Issuer (the date of such notice and the notice referred to in the succeeding clause being referred to herein as the "Notice Date"), direct that the Execution Period shall forthwith terminate on the date specified in such notice (the "Termination Event Termination Date"). In such an event, (i) the Execution Period shall terminate on the Termination Event Termination Date, (ii) the Principal Account shall be reduced on such date by an amount equal to the sum of (A) the product of (x) the number of Hedge Account Shares and (y) the arithmetic average of daily volume-weighted average prices of Shares in each Trading Day from the First Averaging Date up to and excluding the Notice Date, as listed on Bloomberg Screen Volume at Price Page and (B) the total purchase price paid by UBS for the Shares of Common Stock that are purchased by UBS during the period commencing on and including the Notice Date to and including the Termination Event Termination Date in order to cover the remaining number of Borrowed Shares, (iii) the Principal Account shall be increased to reflect an appropriate accrual of interest at the Federal Funds Open Rate, as determined by the Calculation Agent, to reflect interest earned by UBS in respect of the aggregate Purchase Price received from the Issuer, (iv) the Principal Account shall be decreased to reflect UBS's actual cost of borrowing shares of Common Stock to hedge its obligations hereunder, and (v) the Settlement Amount shall be further adjusted by the amount that UBS reasonably determines in good faith to be its total losses and costs in connection with the early termination of this Agreement, including any loss of option value, cost of funding, or loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position contemplated by this Agreement. The Calculation Agent shall respond promptly to all questions raised by the Is suer relating to such calculations. If the Is suer objects to the adjustments, the Is suer shall promptly notify the Calculation Agent and UBS, and the Issuer and the UBS agree to use their good faith best efforts to reach an agreement as to such Settlement Amount. In the further event that the Issuer and UBS are not able to reach an agreement, the Is suer and UBS shall appoint a third party with sufficient expertise to determine the calculation of adjustment and such calculations shall be performed in good faith and in a commercially reasonable manner and shall be binding on all parties. The fees and expenses of such expert shall be shared equally by the Issuer and UBS.

Section 9. Miscellaneous.

(a) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and obligations set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

(b) Assignment. Neither the rights under this Agreement nor the obligations created by this Agreement shall be assignable or delegable, in whole or in part, by either party hereto without the prior written consent of the other (which consent shall not be unreasonably withheld), and any attempt to assign or delegate any rights or obligations arising under this Agreement without such consent shall be void.

(c) Waivers, etc. No failure or delay on the part of either party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No amendment, modification or waiver of any provision of this Agreement nor consent to any departure by either party therefrom shall in any event be effective unless the same shall be in writing and, in the case of a waiver or consent, shall be effective only in the specific instance and for the purpose for which given.

(d) Beneficiaries. This Agreement shall be binding upon, and inure solely to the benefit of, the Issuer, UBS and, to the extent provided in Section 7 hereof, the affiliates, partners, directors, officers, agents, employees and controlling persons, if any, of UBS, and their respective successors, assigns, heirs and personal representatives, and no other person shall acquire any rights hereunder.

(e) Rights of Set-Off. In addition to any rights of set-off a party may have as a matter of law or otherwise, upon occurrence of an Event of Default with respect to the Issuer, UBS shall have the right, without prior notice to the Issuer or any other person, to (i) set off any obligation of the Issuer owing to UBS or any affiliate of UBS against any obligations of UBS or any affiliate of UBS owing to the Issuer, or (ii) for the purpose of cross-currency set-off, convert any obligation to another currency at the market rate determined by UBS, or (iii) if an obligation is unascertained, in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. Nothing in this Section 9(e) will have the effect of creating a charge or other security interest. Notwithstanding anything to the contrary in the foregoing, UBS agrees not to set off or net amounts due from the Is suer with respect to the transactions comtemplated by this Agreement against amounts due from UBS to Issuer with respect to contracts or instruments that are not Equity Contracts. "Equity Contract" means any transaction or instrument that does not convey rights to UBS senior to claims of common stockholders in the event of the Issuer's bankruptcy.

(f) Changes of Law. If, due to any change in applicable law or regulations or the interpretation thereof by any court of law or other body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement or any transaction contemplated thereby shall become impracticable or impossible, the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as contemplated by such provision.

(g) Confidentiality. Subject to Section 5(a), to any contrary requirement of law and to the right of each party to enforce its rights hereunder in any legal action, each party shall keep strictly confidential and shall cause its employees and agents to keep strictly confidential the terms of this Agreement and any information of or concerning the other party which it or any of its agents or employees may acquire pursuant to, or in the course of performing its obligations under, any provision of this Agreement. In the event disclosure is permitted pursuant to the preceding sentence, the disclosing party shall (i) provide prior notice of such disclosure to the other party, (ii) use its commercially reasonable efforts to minimize the extent of such disclosure and (iii) comply with all reasonable requests of the other party to minimize the extent of such disclosure. This Section 9(g) shall not prevent either party from disclosing information as necessary to third-party advisors in connection with the transactions contemplated hereby provided that such advisors agree in writing to be bound by this Section 9(g) as if a party hereto. UBS hereby consents to the issuance of a press release by the Issuer announcing its entry into this Agreement and the filing with the SEC of a copy of this Agreement.

(h) Agent. UBS Securities LLC shall act as "agent" for UBS and the Issuer within the meaning of Rule 1 5a-6 under the Exchange Act. The Agent is not a principal to this Agreement and shall have no responsibility or liability to UBS or the Issuer in respect of this Agreement, including, without limitation, in respect of the failure of UBS or the Issuer to pay or perform under this Agreement. Each of UBS and the Issuer agrees to proceed solely against the other to collect or recover any securities or money owing to it in connection with or as a result of this Agreement. The Agent shall otherwise have no liability in respect of this Agreement, except for its gross negligence or willful misconduct in performing its duties as Agent hereunder. As a broker-dealer registered with the Securities and Exchange Commission, UBS Securities LLC, in its capacity as agent, will be responsible for (i) effecting the transaction contemplated in this Agreement, (ii) issuing all required notices, confirmations and statements to Buyer and Seller and (iii) maintaining books and records relating to this Agreement. The "agent" status described in this paragraph is distinct from and does not encompass UBS Securities LLC's role as "Calculation Agent" under this Agreement, which is governed by the other applicable provisions hereof.

(i) Headings. Descriptive headings herein are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(j) Counterparts. This Agreement may be executed by the parties hereto in counterparts, and each such executed counterpart shall be, and shall be deemed to be, an original instrument and all such counterparts, taken together, shall constitute one and the same instrument.

(k) Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein shall be validly given, made or served if in writing and delivered personally, by telegram, by telecopy or sent by overnight courier, postage prepaid, to:

UBS AG, London Branch at:

c/o UBS Securities LLC
299 Park Avenue, 29th Floor
New York, New York 10171
Attention of: Paul Stowell and Sanjeet Dewal
Fax Number: 212-821-4610

With a copy to such address to attention of:
Legal and External Affairs

the Issuer at:

MAXIMUS, Inc.
11419 Sunset Hills Road
Reston, Virginia 20190
Attention of: David N. Walker
Fax Number: 703-251-8240

With a copy to such address (which shall not constitute notice) to attention of:

MAXIMUS, Inc.
11419 Sunset Hills Road
Reston, Virginia 20190
Attention of: David R. Francis
Fax Number: 703-251-8240

or to such other address as any party may, from time to time, designate in a written notice given in a like manner. Notice given by telegram or telecopy shall be deemed delivered when evidence of the transmission is received by the sender and shall be confirmed in writing by overnight courier, postage prepaid. Notice given by overnight courier as set out above shall be deemed delivered the business day after the date the same is mailed.

(l) Account Details.

UBS:

Cash Payments for Stock Purchase
Citibank, New York
ABA# 021 000089
A/C# 4065 2556
UBS Securities, LLC

Cash Payments for Settlement
UBS AG Stamford
f/o UBS AG London Branch
ABA# 026-007-993
AC# 101-WA-140007-000

Issuer:

SunTrust Bank
8330 Boone Blvd, Suite 700
Vienna, VA 22182
ABA# 061000104
AC# 202174832
Account Name: MAXIMUS, Inc.

(m) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the state of New York without reference to conflict of law principles. Each party hereto irrevocably submits to the extent permitted under applicable law to the non-exclusive jurisdiction of the federal and state courts located in the Borough of Manhattan, State of New York. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement.

IN WITNESS WHEREOF, UBS and the Issuer have caused this Agreement to be duly authorized, executed and delivered as of the date first written above.

UBS AG, LONDON BRANCH

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

UBS SECURITIES LLC

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

MAXIMUS, INC.

By: ______________________________
Name:
Title:

MAXIMUS

News Release

FOR IMMEDIATE RELEASE

DATE: November 14, 2007

CONTACTS: Lisa Miles (Investor)
800-MAXIMUS x11637

Rachael Rowland
800-MAXIMUS x11688

MAXIMUS Reports Fourth Quarter and Full Year Results; Completes Strategic Review Process and Launches $150 Million Accelerated Share Repurchase Program

(RESTON, Va.-- November 14, 2007) -- MAXIMUS (NYSE:MMS), a leading provider of government services, today reported results for its fourth quarter and fiscal year ended September 30, 2007. Concurrently, MAXIMUS announced that its Board of Directors has completed its process to explore the Company's strategic alternatives and has authorized the repurchase of up to $150 million of the Company's outstanding shares under an Accelerated Share Repurchase program (ASR), which represents approximately 15% of the Company's outstanding stock based on the current stock price.

Highlights include:

- Fourth quarter and full year revenue totaling $201.9 million and $738.6 million, respectively,
- Fourth quarter diluted earnings per share of $0.63, which includes approximately $2.5 million, or $0.06 per diluted share, in legal expense,
- Fourth quarter operating margin of 10.8%, above management's target margin of 10%,
- Pro forma earnings per share of $2.01 for fiscal 2007, as presented in the supplemental pro forma information provided in the financial tables,
- Cash, cash equivalents and marketable securities at September 30, 2007 of $196.7 million,
- Days Sales Outstanding of 80 days at September 30, 2007,
- Backlog of $1.3 billion at September 30, 2007,
- New sales awards totaling $569 million at September 30, 2007 and a total pipeline of $1.7 billion at November 8, 2007,

- Completion of the strategic review process: MAXIMUS launches a $150 million ASR program and plans to secure a $50 million to $75 million line of credit to provide additional financial flexibility, in addition to refining its focus on core health and human services operations and seeking possible alternatives for certain non-core assets.

Revenue for the fourth quarter increased 17.5% to $201.9 million compared to $171.8 million reported for the same period last year. Net income increased to $14.2 million, or $0.63 per diluted share, which includes legal and settlement expense of approximately $2.5 million, or $0.06 per diluted share, primarily related to ongoing arbitration. Prior-year-period net income was $2.0 million, or $0.09 per diluted share, which included a pre-tax loss of $12.7 million, or $0.36 per diluted share, related to the now-terminated Texas subcontract with Accenture. The Company is now serving as prime contractor and directly supporting the Texas Health and Human Services Commission.

For the full year, fiscal 2007 revenue increased 5.4% to $738.6 million compared to $700.9 million last year. Excluding revenue from the divested businesses for fiscal 2006, year-over-year organic growth was 6.8%. Net loss for the full year was $8.3 million, or $0.38 per share, which included approximately $44.6 million, or $1.61 per share, in legal and settlement expense, $25.2 million net loss, or $0.67 per share, from the now-terminated Accenture subcontract and a loss of $4.2 million or $0.11 per share from the Ontario project. This compares to fiscal 2006 net income of $2.5 million, or $0.11 per diluted share. Fiscal 2006 results included a pre-tax loss of $49.4 million, or $1.38 per diluted share, from the now-terminated subcontract with Accenture and other legal settlement expense of $9.4 million or $0.27 per diluted share.

“I’m pleased with our ongoing, strong financial performance in the fourth quarter and believe we have completed fiscal 2007 in a substantially improved position from the prior year," commented Richard Montoni, Chief Executive Officer of MAXIMUS. “In the past 12 months, our focus on quality and risk management has resulted in the elimination of several legacy issues, more favorable contract terms on new awards, improved operating margins and accelerating top-line growth. MAXIMUS is refining its focus around its core competencies and moving in a direction that builds on the progress made in fiscal 2007. We will emphasize those businesses which offer us more predictable, recurring streams of revenue and sustainable levels of profitability.”

Consulting Segment

Consulting Segment revenue was $22.5 million in the fiscal 2007 fourth quarter compared to $26.1 million in the same period last year. For the full fiscal year, Consulting Segment revenue was $93.7 million, or 13% of total revenue, versus $102.8 million last year.

Fourth quarter operating income for the Consulting Segment was $0.6 million compared to $5.2 million reported for the same period last year. For the full year, operating income totaled $6.4 million versus $14.5 million last year. The reduction in revenue and operating income for the fourth quarter and full year relates primarily to the timing and billing of work as well as the Company's transition away from contingency-based federal healthcare engagements.

Systems Segment

Systems Segment revenue increased 24.8% to $37.4 million in the fourth quarter versus $30.0 million in the prior-year period. Systems Segment revenue represented 19% of total Company revenue in fiscal 2007 and grew to $141.3 million versus $127.2 million last year. Revenue growth for both periods was driven primarily by new ERP contracts.

The Systems Segment reported operating income of $0.5 million in the fourth quarter compared to a loss of $2.0 million for the same period last year which included the deferral of revenue and income related to two software sales to future periods. For the full year, the Systems segment had an operating loss of $4.7 million, compared to a loss of $0.9 million for fiscal 2006. Strong results in the Asset Solutions and ERP divisions offset softness in the Justice and Education divisions.

Operations Segment

Operations Segment revenue for the fourth quarter increased 22.7% to $141.9 million compared to $115.7 million in the prior-year period. Operations Segment revenue accounted for 68% of total Company revenue in fiscal 2007 and totaled $503.6 million compared to $470.9 million in the prior year which included $29.8 million in revenue from voter hardware sales and divested businesses which did not recur in fiscal 2007.

Operations Segment operating income for the fourth quarter was $23.5 million, compared to a loss of $2.9 million reported for the fourth quarter of last year and for the full fiscal year totaled $39.1 million compared to a loss of $9.5 million in fiscal 2006. The improved profitability in the fourth quarter and the full year compared to the prior year periods was driven by the turnaround on the Texas project as well as strong organic growth.

Backlog, Sales and Pipeline

Backlog at September 30, 2007 totaled $1.3 billion compared to $1.5 billion reported for the prior year period. Year-to-date signed contract wins at September 30, 2007, totaled $569 million, compared to $717 million reported last year. New contracts pending at September 30, 2007, (awarded but unsigned) totaled $310 million compared to $103 million reported last year. Sales opportunities (pipeline) at November 8, 2007, totaled $1.7 billion (consisting of $418 million in proposals pending, $177 million in proposals in preparation, and $1.06 billion in proposals tracking) compared to $1.1 billion the prior year.

Balance Sheet and Cash Flows

At September 30, 2007, cash, cash equivalents, and marketable securities totaled $196.7 million. Days Sales Outstanding (DSO) increased modestly on a sequential basis to 80 days at September 30, 2007. MAXIMUS paid a quarterly cash dividend of $0.10 per share on August 31, 2007. Net cash used from operations in the fourth quarter was $8.2 million. For fiscal 2007 the Company generated net cash from operating activities of $51.2 million and free cash flow, which the Company defines as cash from operations less purchased property and equipment and capitalized software costs, totaled $33.4 million.

Completion of Strategic Review Process and Accelerated Share Repurchase (ASR) Program

The Board of Directors has completed the strategic review process announced on July 23, 2007. After a thorough review process, the Board of Directors has concluded that launching a $150 million ASR program, concentrating the Company’s strategic focus on core health and human services offerings and considering alternatives for certain non-core assets, provides the best current opportunity to maximize shareholder value, reflecting the Company’s strong financial position and future growth prospects. Under the ASR program, MAXIMUS will purchase up to $150 million of shares from an affiliate of UBS Investment Bank at the closing market price on November 15, 2007, subject to a future price adjustment based on the volume weighted average trading price of the shares. MAXIMUS will finance the program with cash on hand. In addition, MAXIMUS has approximately $40.0 million available under its previously board-authorized share repurchase program and intends to resume this program after the completion of the ASR.

Peter Pond, MAXIMUS' chairman stated, "The Company, working with its financial advisors UBS, undertook an extensive process reviewing all possible alternatives, including a potential sale of MAXIMUS. While there was a substantial amount of interest among various parties with all options under consideration, the process was impacted largely by eroded capital market conditions and we ultimately concluded that remaining an independent public Company was the best option for all our constituencies."

Mr. Montoni commented, "The share repurchase program announced today represents an efficient mechanism to return value to shareholders. The ASR increases earnings per share and improves the efficiency of our capital structure while maintaining our ability to properly fund growth. Lastly, we also remain committed to increasing shareholder value on an ongoing basis through the opportunistic repurchase of shares pursuant to our current board authorized stock repurchase program, upon the completion of the ASR."

Outlook

The Company expects fiscal 2008 revenue to be in the range of approximately $850 million to $880 million. The Company estimates that approximately 83% of its fiscal 2008 forecasted revenue is presently in the form of backlog. Diluted earnings per share for fiscal 2008 are expected to be in the range of $2.40 to $2.65. Earnings in the first fiscal quarter are traditionally lower compared to the rest of the year, and as a result the Company expects diluted earnings per share of $0.45 to $0.50. This guidance does not include the positive benefit from the expected $0.15 to $0.20 accretion from the ASR plan in fiscal 2008.

Website Presentation, Conference Call and Webcast Information
MAXIMUS will host a conference call on Thursday, November 15, 2007, at 8:30 a.m. (ET). The Company has also posted a presentation on its website, under the Investor Relations page, for analysts to follow along with during the conference call.

The call is open to the public and can be accessed under the Investor Relations page of the Company's website at www.maximus.com or by calling:

888.881.3328 (Domestic)/206.902.3258 (International)

A replay will be available through November 22, 2007. Callers can access the replay by registering for the digital playback at the below website. Upon registration, participants will receive an email with the call back information.

http://reg.linkconferencecall.com/DigitalPlayback/ DigitalPlaybackRegistration.aspx?recid=5826

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 220 offices in the United States, Canada and Australia. In 1999, 2001, 2002, 2003, and 2005 MAXIMUS was selected by Forbes Magazine as one of the Best 200 Small Companies in America for that year. 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 Annual Report on Form 10-K filed with the Securities and Exchange Commission (file number 001-12997).

Non-GAAP Financial Information

This press release includes certain non-GAAP financial information as defined by Securities and Exchange Commission Regulation G. Pursuant to the requirements of this regulation, reconciliations of this non-GAAP financial information to MAXIMUS financial statements as prepared under generally accepted accounting principles (GAAP) are included in this press release. MAXIMUS discloses net income and earnings per share excluding legal settlement expense and losses from the Texas project in the first half of fiscal 2007, and provides certain additional information, such as non-recurring reserves, regarding earnings per share for fiscal 2007. MAXIMUS management believes providing investors with this information gives additional insights into MAXIMUS results of operations.While MAXIMUS management believes that these non-GAAP financial measures are useful in evaluating MAXIMUS operations, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with GAAP.

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MAXIMUS, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

	September 30, 2006	September 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39,545	$ 70,472
Marketable securities	117,315	126,210
Restricted cash	1,512	325
Accounts receivable — billed, net	153,399	132,962
Accounts receivable — unbilled	47,728	42,200
Income taxes receivable	9,003	—
Deferred income taxes	6,844	17,409
Prepaid expenses and other current assets	8,334	9,159
Total current assets	383,680	398,737
Property and equipment, net	33,429	35,901
Software development costs, net	33,925	29,540
Deferred contract costs, net	11,165	8,116
Goodwill	86,688	86,086
Intangible assets, net	5,720	3,603
Other assets	3,894	2,481
Total assets	$ 558,501	564,464
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 54,484	$ 54,425
Accrued compensation and benefits	24,426	29,449
Deferred revenue	46,669	38,545
Income taxes payable	—	5,487
Current portion of capital lease obligations	1,690	1,627
Other accrued liabilities	1,600	2,059
Total current liabilities	128,869	131,592
Capital lease obligations, less current portion	2,044	417
Long term deferred revenue	7,745	10,143
Deferred income taxes	14,944	12,912
Total liabilities	153,602	155,064
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 60,000,000 shares authorized; 21,544,964 and 22,194,489 shares issued and outstanding at September 30, 2006 and 2007, at stated amount, respectively	156,349	175,208
Accumulated other comprehensive income (loss)	(916)	1,730
Retained earnings	249,466	232,462
Total shareholders' equity	404,899	409,400
Total liabilities and shareholders' equity	$ 558,501	$ 564,464

MAXIMUS, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Year ended September 30,		
	2005	2006	2007
Revenue	$ 647,538	$ 700,894	$ 738,646
Cost of revenue	467,588	547,539	561,563
Write-off of deferred contract costs	—	17,109	—
Gross profit	179,950	136,246	177,083
Selling, general and administrative expenses	116,676	129,678	135,581
Legal and settlement expense	7,000	9,394	44,638
Income (loss) from operations	56,274	(2,826)	(3,136)
Interest and other income, net	3,345	6,859	5,804
Gain on sale of business	—	—	451
Income before income taxes	59,619	4,033	3,119
Provision for income taxes	23,550	1,573	11,374
Net income (loss)	$ 36,069	$ 2,460	$ (8,255)
Earnings (loss) per share:			
Basic	$ 1.69	$ 0.11	$ (0.38)
Diluted	$ 1.67	$ 0.11	$ (0.38)
Cash dividends per share	$ 0.30	$ 0.40	$ 0.40
Weighted average shares outstanding:			
Basic	21,331	21,465	21,870
Diluted	21,653	21,821	21,870

MAXIMUS, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Year ended September 30,		
	2005	2006	2007
Cash flows from operating activities:			
Net income (loss)	$ 36,069	$ 2,460	$ (8,255)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,874	9,195	10,648
Amortization	7,271	8,450	10,322
Deferred income taxes	4,806	(9,402)	(12,598)
Non-cash equity based compensation	1,372	6,577	3,829
Gain on sale of Corrections division	—	—	(451)
Write-off of deferred contract costs	—	17,109	—
Tax benefit due to option exercises and restricted stock units vesting	2,955	—	—
Changes in assets and liabilities, net of effects from acquisitions:			
Accounts receivable - billed	(12,643)	(28,922)	20,438
Accounts receivable - unbilled	(1,494)	(3,954)	4,483
Prepaid expenses and other current assets	1,961	(1,064)	(813)
Deferred contract costs	(4,954)	(7,845)	3,049
Other assets	(828)	2,489	4,144
Accounts payable	10,675	16,332	434
Accrued compensation and benefits	5,604	(2,401)	5,023
Deferred revenue	11,703	21,516	(5,321)
Income taxes	4,695	(13,699)	14,490
Other liabilities	761	(1,145)	1,768
Net cash provided by operating activities	75,827	15,696	51,190
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(1,946)	—	—
Proceeds from sale of Corrections division	—	—	1,871
Purchases of property and equipment	(13,337)	(11,467)	(13,418)
Capitalized software development costs	(12,655)	(14,654)	(4,412)
(Increase) decrease in marketable securities	(71,649)	1,825	(8,895)
Other	442	144	—
Net cash used in investing activities	(99,145)	(24,152)	(24,854)
Cash flows from financing activities:			
Employee stock transactions	14,645	7,697	12,953
Repurchases of common stock	(16,056)	(10,139)	—
Payments on capital lease obligations	(1,649)	(1,374)	(1,690)
Tax benefit due to option exercises and restricted stock units vesting	—	1,331	2,078
Cash dividends paid	(6,403)	(8,587)	(8,750)
Net cash provided by (used in) financing activities	(9,463)	(11,072)	4,591
Net increase (decrease) in cash and cash equivalents	(32,781)	(19,528)	30,927
Cash and cash equivalents, beginning of period	91,854	59,073	39,545
Cash and cash equivalents, end of period	$ 59,073	$ 39,545	$ 70,472

MAXIMUS, Inc.
Segment Information
(In thousands except per share data)
(Unaudited)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2007	Year Ended September 30, 2006	Year Ended September 30, 2007
Revenue:				
Consulting	$ 26,125	$ 22,542	$ 102,842	$ 93,707
Systems	29,984	37,425	127,189	141,335
Operations	115,690	141,907	470,863	503,604
Total	$ 171,799	$ 201,874	$ 700,894	$ 738,646
Gross profit:				
Consulting	$ 12,615	$ 7,199	$ 44,127	$ 37,296
Systems	8,258	10,920	38,769	37,678
Operations	14,753	37,380	53,350	102,109
Total	$ 35,626	$ 55,499	$ 136,246	$ 177,083
Selling, general, and administrative expense:				
Consulting	$ 7,446	$ 6,645	$ 29,628	$ 30,875
Systems	10,266	10,454	39,622	42,333
Operations	17,697	13,832	62,803	62,977
Corporate/other	(456)	196	(2,375)	(604)
Total	$ 34,953	$ 31,127	$ 129,678	$ 135,581
Income (loss) from operations:				
Consulting	$ 5,169	$ 554	$ 14,499	$ 6,421
Systems	(2,008)	466	(853)	(4,655)
Operations	(2,944)	23,548	(9,453)	39,132
Consolidating adjustments	456	(196)	2,375	604
Legal and settlement expense	909	(2,524)	(9,394)	(44,638)
Total	$ 1,582	$ 21,848	$ (2,826)	$ (3,136)
Net income (loss)	$ 1,993	$ 14,169	$ 2,460	$ (8,255)
Earnings (loss) per share				
Basic	$ 0.09	$ 0.64	$ 0.11	$ (0.38)
Diluted	$ 0.09	$ 0.63	$ 0.11	$ (0.38)

MAXIMUS, Inc.
Supplemental Pro Forma Information
(Dollars in millions, except per share data)
(unaudited)

	Three Months Ended		Year Ended	
	September 30, 2006	September 30, 2007	September 30, 2006	September 30, 2007
Revenue, as reported (GAAP)	$ 171.8	$ 201.9	$ 700.9	$ 738.6
Income (loss) before taxes, as reported (GAAP)	$ 3.3	$ 24.4	$ 4.0	$ 3.1
Add back Texas subcontract (1)	12.7	(0.2)	49.4	25.2
Add back Ontario project loss	-	-	-	4.2
Add back legal and settlement expense	(0.9)	2.5	9.4	44.6
Pro forma income before taxes, (non-GAAP)	$ 15.1	$ 26.7	$ 62.8	$ 77.1
Diluted earnings (loss) per share, as reported (GAAP)	$ 0.09	$ 0.63	$ 0.11	$ (0.38)
Add back Texas subcontract contract (1)	0.36	(0.01)	1.38	0.67
Add back Ontario project loss	-	-	-	0.11
Add back legal and settlement expense	(0.03)	0.06	0.27	1.61
Pro forma diluted earnings per share (non-GAAP)	$ 0.42	$ 0.68	$ 1.76	$ 2.01

(1) Only reflects results from the now-terminated Accenture subcontract.

Exhibit 99.2

FINAL TRANSCRIPT

MMS - Q4 2007 MAXIMUS, Inc. Earnings Conference Call

Event Date/Time: Nov. 15. 2007 / 8:30AM ET

C O R P O R A T E P A R T I C I P A N T S

Lisa Miles
MAXIMUS, Inc. - Director - Investor Relations

David Walker
MAXIMUS, Inc. - CFO

Rich Montoni
MAXIMUS, Inc. - President & CEO

Jerry Weintraub
Weintraub Capital - Analyst

C O N F E R E N C E C A L L P A R T I C I P A N T S

Anurag Rana
KeyBanc Capital Markets - Analyst

Matthew McKay
Jefferies & Company - Analyst

Charles Strauzer
CJS Securities - Analyst

Jason Kupferberg
UBS - Analyst

Shlomo Rosenbaum
Stifel Nicolaus - Analyst

Rich Glass
Morgan Stanley - Analyst

Steve Balog
Cedar Creek Management - Analyst

P R E S E N T A T I O N

Operator
Ladies and gentlemen, welcome to MAXIMUS fourth quarter earnings call. During this session, all lines will be muted until the question-and-answer portion of the call. (OPERATOR INSTRUCTIONS) At this time I would like to turn the call over to Lisa Miles, Director of Investor Relations.

Lisa Miles - *MAXIMUS, Inc. - Director - Investor Relations*

Good morning, and thank you for joining us on today's conference call. If you wish to follow along we've posted a presentation on our website under the investor relations page. On the call today is Rich Montoni, Chief Executive Officer; and David Walker, Chief Financial Officer. Following our prepared comments, we will open the call up for Q&A. Before I begin I'd 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 filings. We encourage you to review the summary of these risks in our most recent 10-Q filed with the SEC. The Company does not assume any obligation to revise or update these forward-looking statements to reflect subsequent events or circumstances.

And with that I'll turn the call over to David.

David Walker - *MAXIMUS, Inc. - CFO*

Thank you, Lisa. Good morning. Today we're reporting fourth quarter record revenue and earnings per share. In addition we have concluded the strategic review process and are launching a $150 million accelerated share repurchase program, which is immediately accretive and demonstrates our confidence in the future success of the Company. Rich will talk about this in greater detail later in the call. Let's jump right in to the details of the financial results for the fourth quarter. Today, MAXIMUS reported fourth quarter revenue totaling $201.9 million, a 17.5% increase over the same period last year. The Company reported net income in the fourth quarter of $14.2 million, or $0.63 per diluted share. This includes a $2.5 million legal expense primarily related to the Accenture arbitration or $0.06 per diluted share. Excluding the legal charge earnings per share was $0.69 per share.

Fourth quarter operating margin was solid at 10.8%. This is consistent with the double-digit operating margin delivered last quarter, excluding the unusual legal and settlement cost. Earlier in the year, we talked about the achievability of a 10% margin. The management team remains committed to continuing this strong financial delivery. We will see quarterly fluctuations related to timing or seasonality, but this target remains achievable. Other highlights in the quarter include, cash and marketable securities of $196.7 million at September 30, 2007. And as expected, DSOs were slightly higher than last quarter but remained respectable at 80 days.

Moving to results for the full fiscal year. For the full year, fiscal 2007 revenue increased 5.4% to $738.6 million compared to $700.9 million last year. Excluding revenue from the divested businesses for fiscal 2006, year-over-year organic growth was 6.8%. For fiscal 2007, MAXIMUS reported a GAAP loss of $8.3 million or $0.38 per share. This compares to fiscal 2006 net income of $2.5 million and diluted EPS of $0.11 per share. In order to set the platform for next year, let me walk you through results normalized for certain items. On a full-year GAAP basis income before taxes was $3.1 million. As a result of large amount included in legal and settlement expense that is not tax deductible, we reported an after-tax loss of $0.38 per share.

This after-tax loss was driven by three main items including: Losses on the terminated Texas subcontract totaling $25.2 million or $0.67 a share; a $4.2 million loss or $0.11 a share related to the Ontario project; and legal and settlement expenses of $44.6 million or $1.61 a share. Excluding these items, total Company income before tax for the full fiscal year would have been $77.1 million for a pro forma diluted earnings per share of $2.01. Overall, financial results for the quarter and the year were consistent with the expectations we outlined in our call in August. The fourth quarter is traditionally our strongest quarter, due to seasonality in certain business lines and benefits derived in the quarter from the timing of indirect expenditures. While our fourth quarter results were strong, we expect our first quarter to be sequentially lower due to seasonal trends and several large projects in operations and consulting, which required planned start-up costs in the first half of the year.

Let's jump into the details by segment, starting with the Operations segment, which posted another solid quarter. Revenue for the Operations segment increased 23%, to $141.9 million compared to the same period last year. For the full fiscal year, the Operations segment delivered revenue totaling $503.6 million, a 6.9% increase compared to the same period last year. Excluding revenue from divested businesses in fiscal 2006, Operations segment revenue grew 9%. The Operations segment recorded fourth quarter operating income of $23.5 million or an operating margin of 16.6% compared to a loss of $2.9 million reported in the same period last year.

For the full fiscal year, the segment had operating income of $39.1 million or an operating margin of 7.8%. Excluding the losses related to the now terminated Texas subcontract, the segment's pro forma operating margin was approximately 13.1%. The new contracts in Texas provided significant improvement in the second half of fiscal 2007. The segment also benefited from strong organic growth. The segment continues to win new work, which will be a major source of top-line growth in fiscal year '08. As previously discussed planned start-up costs required for certain new contracts will reduce sequential operating income in the first half of fiscal 2008.

Consulting segment revenue was $22.5 million for the fourth quarter with operating income of $554,000 and a 2.5% margin. Full-year revenue for the segment totaled $93.7 million with an operating income of $6.4 million and a margin of 6.9%. This compares to last year's revenue of $102.8 million and an operating margin of 14.1%. The reductions in revenue and margin compared to last year are primarily related to a couple of projects that were substantial contributors in fiscal 2006. Also hindering revenue growth and margin expansion is the transition away from contingency terms for our federal healthcare practices. As we make this shift we're refreshing the backlog with new work in Medicaid program integrity, such as our statewide fraud, waste and abuse program in New York, and our payment error rate measurement, or PERM, contracts in Colorado, North Dakota and Florida. Some of these new growth areas require up-front cost and will soften earnings in the first half of the year.

Moving on to the Systems segment. Systems revenue in the fourth fiscal quarter grew to $37.4 million, compared to $30 million reported for the same period last year. For the full year, revenue increased 11% to $141.3 million compared to fiscal 2006. Year-over-year revenue growth was driven primarily by new contracts in the ERP division, including state-wide implementations in Tennessee and Delaware. The segment was slightly profitable in the fourth quarter, earning $466,000. For the full year the segment lost $4.7 million. Much of the full-year loss resulted from ongoing software investments, as well as charges taken during the year related to efforts to resolve legacy contracts.

Moving to corporate expense items and corresponding profit margins. MAXIMUS achieved a solid 10.8% operating margin in the fourth quarter. SG&A was favorably impacted by timing of indirect cost, largely between the third and fourth quarter, as well as cost-management actions. As I stated earlier, Q1 is traditionally our softest quarter. The SG&A benefit recognized this quarter, coupled with seasonality and planned start-up expenditures related to New York [firm] operations, will result in a lower sequential operating margin in the first quarter of 2008.

Moving on to balance sheet and cash flow items, our accounts receivable for the quarter totaled $175.2 million. In addition, we also have $1.9 million in long-term accounts receivable, which are classified within other assets on the balance sheet, which brings me to DSOs. Over the last 18 months, Rich and I have talked a lot about management actions such as requiring more stringent business terms, enhancing our contracts and compliance team, and increasing program training. The results are clearly showing in our DSOs, with fourth quarter levels at 80 days. As I stated last quarter, we've laid out a more aggressive DSO range of 75 to 85 days, which reflects our ongoing focus on tightly managing cash and receivables throughout all levels of the organization.

As expected, cash flow was negative in the quarter, principally resulting from a cash outlay of $30.5 million related to the previously-disclosed settlement in the District of Columbia. Excluding the D.C. payment, cash from operations in the fourth quarter was $22.3 million, with free cash flow of $14.9 million. For fiscal 2007, cash from operations totaled $51.2 million with free cash flow of $33.4 million. Adjusting for the D.C. settlement, cash flow from operations was $81.7 million and free cash flow would have been $63.9 million. Our efforts to focus on balance sheet optimization as well as our accelerated share repurchase program demonstrate our commitment to managing working capital and enhancing shareholder value.

And with that, I'll turn the call over to Rich.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Thanks, David, and good morning, everyone. I want to kick off this morning with some late, great breaking news. Last night MAXIMUS received notification from the California Department of Healthcare Services of their intent to award the California health and care -- healthcare options rebid to MAXIMUS. This is truly fantastic news and I'm very proud of our team's collective effort to solidify this win. Thanks. We're very pleased to continue our partnership with the state in support of their efforts surrounding this critical program. The base contract is expected to run for a 57-month base with additional options for three years beyond that. We hope to finalize the contract in the next couple of weeks, but we're not at liberty to provide specific contract details at that time.

Okay, let's jump into our other announcements from yesterday. As noted in the press release we recently concluded our strategic review process in conjunction with UBS, our financial advisor. This is a thorough, extensive process, and we considered all options. Dynamics in the capital markets weighed in the process, and while we received much interest from outside parties on a variety of fronts, we are not immune to those broader market conditions. There's been substantial tightening of availability of capital, which impacted the ability of buyers to strike acceptable terms and conditions. As a result, we have concluded that continuing as an independent public company, coupled with meaningful capitalization efficiency, is the best option and in the best interests of our shareholders. We're not going to talk specifically to how the process unfolded, but I would remind you that the board initiated this process, and I can assure you that the scope and the intensity of the process was very significant. MAXIMUS has a great portfolio of assets and people and I am excited and dedicated to leading the Company forward.

As part of our strategy we have three key initiatives underway. First, we're addressing our capitalization head on. We've launched an accelerated share repurchase program, which will commence at the end -- at the end of business today. This is additive to our current board authorization program. At September 30th, we had approximately $40 million remaining under that program, and in addition we're seeking to secure a $50 million to $75 million line of credit in the coming weeks. Second, we're narrowing and concentrating our focus on core markets to fuel growth. This includes potential investments, partnerships, and tuck-in acquisitions. Third, we may pursue selected divestitures of businesses that may not fit within our primary markets but could be very attractive to those more focused in those markets.

Our program calls for the accelerated repurchase of shares in the amount of $150 million. We will purchase these shares effective today from UBS, which will then borrow the shares. Over the next nine months UBS will purchase an equivalent number of shares in the open market to cover the shares it borrowed. At the end of that period, MAXIMUS's initial purchase price will be adjusted up or down based upon the volume-weighted average price of the stock, or what's referred to as the VWAP, during this period. The price adjustment may be settled in cash or shares of stock, and we expect this program will be accretive by approximately $0.15 to $0.20 per diluted share in fiscal 2008, and it provides the Company with the flexibility necessary to continue to invest and grow the business.

This is the first window of opportunity we have had in at least the last 12 months to pursue a meaningful share repurchase. Clearly the outstanding arbitration and the ensuing strategic review process factored in to the timing of share repurchases. To refresh your memory on the Texas timeline, we had entered in to arbitration in December of 2006, terminated our subcontract agreement in February of 2007, and then entered in to contracts directly with the state at the end of March. Shortly thereafter we began laying the ground work for the strategic review process, which was announced in July. This ASR program will improve the efficiency of our capital structure, lower the cost of capital, increase earnings per share, and better position MAXIMUS for the future.

In addition to the ASR, MAXIMUS still has approximately $40 million available under its previous board-authorized repurchase program. This additional authorization remains available us to for share repurchases upon the completion of the ASR program. After the $150 million use of cash for the ASR program, cash at September 30th on a pro forma basis would have been approximately $47 million. I also note that while we may have quarterly fluctuations, our business has and is expected to generate substantial cash from operations. However, we also intend and our moving to put in place an additional $50 million to $75 million line of credit to be available for future business needs.

In addition to our capitalization program announced today, we're taking positive steps forward as we better define our longer-term vision for growth. We have a clear understanding of what businesses provide us with -- what businesses provide us with the most value and best fit with our strategic growth objectives. The review process facilitated a rigorous assessment of our individual businesses and confirmed our view that a refined focus is the most appropriate path as an independent company. We've concluded that returns are highest when a business such as ours focused on its core competencies and this we define to be: Holding a number one or number two position in a market; having the ability to meet clients' needs in cost-effective and efficient solutions; significant growth potential in those markets, then, a business can drive think highest returns to its shareholders. And for us that lands us squarely within our traditional BPO service offerings and certainly in government health and human services programs.

As we look at the overall portfolio we see businesses laid out across three major categories: One, those business lines that are clearly core to achieving our longer-term objectives; two, those businesses on the periphery of these areas that, for example, may share common customer bases. These still make sense to have in the mix. This are typically practice areas that remain accretive and offer synergies; and three, certain business lines that may not be a clear fit in our organization. Now in support of this effort to focus on our operations, we are actively working on alternatives for certain assets. We successfully benefited from the divestiture of two businesses in the beginning of fiscal 2007 which were not consistent with our longer-term objectives and we're prepared to take additional action in this area.

With a wrap-up of fiscal 2007 and the completion of the strategic review process, we are entering fiscal 2008 with a much-improved business. We've spent the last 18 months placing more emphasis on quality and risk management, which has resulted in the elimination of several legacy issues, more favorable contract terms on new awards, solid cash flow, lower DSOs, improving operating margins, and accelerating top-line growth. We successfully turned the Texas projects into profitable contributors, which speaks volumes about the Company's solid brand reputation, and perhaps more importantly, our extensive experience in providing cost-effective and efficient business process outsourcing in complex government-funded programs, such as Medicaid and SCHIP.

In fiscal 2007 we resolved the majority of the legal overhangs, including matters such as Ontario, the District of Columbia Department of Justice settlement, and we restructured our business relationships with Emergis, which turned this into a partnership. In the coming year we will build on the progress made in fiscal 2007 to further optimize operations and fuel growth as we emphasize those businesses which offer us more predictable recurring streams of revenue and sustainable levels of income. We are investing in the necessary -- we are investing the necessary dollars to succeed in these core areas where we see potential. For example, we are investing in a productization effort around both our enrollment broker and eligibility work, primarily for our Medicaid, enrollment broker, and SCHIP operations. This is where a plug-and-play technical solution is needed in support of our BPO services. Productization is key to maintaining a competitive leg up as we seek to serve a wide range of states.

Now we're launching this new technology platform in Indiana where we just signed a new two-year $15 million base contract to provide enrollment broker services for several state Medicaid programs. The project provides for the option to extend operations for an additional two years, which would bring the total award to $26 million over four years. This is an extremely strategic award for MAXIMUS, with universal healthcare being a key component of the overall program. In addition to serving as enrollment broker for the state's primary Medicaid program, MAXIMUS will also provide services for the state's new Healthy Indiana Program, or what is referred to as HIP. The state-sponsored HIP program is the principal platform for providing affordable health insurance for uninsured, low-income adults. This win further solidifies our position as the nation's leading provider of Medicaid enrollment broker service. More importantly it demonstrates our leadership and vision in assisting states with the rollout of universal healthcare. MAXIMUS remains at the forefront of the opportunities surrounding universal healthcare initiatives. At this juncture we believe most state initiatives will continue to be complementary to their current SCHIP and Medicaid programs.

Let's move on to backlog, new awards, and total sales pipeline, all of which I believe confirm and support our forecasted revenue growth for fiscal '08. At September 30, 2007, backlog totaled $1.3 billion, compared to 1.5 billion reported last year. This reflects certain larger jobs moving into rebid or option phases. You may recall option-year revenue is added to backlog when the option is formally awarded by the client. In fiscal 2008 we have a few large programs where the current base contract will run out in fiscal '08 and is then followed by an exercisable option period. Signed awards at September 30, 2007 totaled $569 million, which compares to $717 million reported same period last year. This is offset by an increase in awarded and unsigned at September 30, 2007 to $310 million from $103 million at September 30, 2006. For fiscal 2007 approximately 70% of new signed awards are in the Operations segment, which reflects a targeted effort on the growing health and human services markets.

Now let's take a moment to focus on the sales pipeline. As of November 8, 2007, our overall sales pipeline is at record levels and total $1.7 billion. This compares to $1.1 billion at September 30, 2006. As a reminder, the Company reported pipeline -- it only includes those opportunities where an RFP is expected to be released in the next six month, so the opportunity has to be on the horizon for it to be included. Of the $1.7 billion pipeline, approximately 60% is attributable to opportunities in the Operations segment. In addition the majority of the overall pipeline is coming from new opportunities that are less than $50 million in value. This reflects our continued efforts of securing new work that is less volume driven and centered around our core competencies in the area of operation management and BPO outsourcing.

Moving on to rebids, as I noted earlier, late last night we received a notice of intent to award the California health and care options contract to MAXIMUS, which was our final rebid in -- which was our final rebid in 2007. We'll be working to finalize that award in the coming weeks. As we look out to fiscal 2008, we have 13 rebids. These are 13 rebids expected during the year for a total contract value of approximately $280 million. Since most of this year's rebids are in the second half of the year, the impact to revenue for fiscal 2008 is approximately only $4 million. Shifting over to option-year exercises, we have 27 expected options in fiscal '08. These have a collective value of $223 million -- total contract value, of which we expect revenue of approximately $47 million in fiscal 2008.

Moving on to guidance, we expect revenue for fiscal 2008 to be in the range of $850 million to $880 million with a diluted EPS of $2.40 to $2.65. Now this EPS range -- this is before the expected accretion of $0.15 to $0.20 per diluted share from the $150 million ASR program, so that's -- you should note that that's before the accretion. The Company estimates that approximately 83% of forecasted fiscal 2008 revenue is presently in the form of backlog. This metric is a very strong indicator in support of our forecasted revenue for fiscal 2008. As we've talked about the last few quarters, fiscal 2008 top-line growth is expected to be fueled by new work in the Operations segment. We expect that Consulting will return to more normalized financial performance in fiscal '08 with expected 10% growth. On the Systems side we're looking for revenue growth in the range of 10% to 15% with a much-improved operating income compared to fiscal 2007. As David talked about earlier, the first quarter is expected to be sequentially lower as a result of the planned investments related to new work and seasonality in the fourth quarter that was not repeat in Q1.

And now before I open it up to Q&A I want to reinforce commitment of this management team and the board of directors to creating and delivering long-term shareholder value. We undertook this strategic review process to assess MAXIMUS's future in different scenarios, and we emerged with a focused strategy and clear sense of next steps. The repurchase plan provided us a more efficient capital structure and it is meant to send a message to our shareholders that we are intent on delivering value, in this case immediately. I believe these actions underscore our confidence and our prospects an independent Company, and our outlook and current pipeline of new opportunities for the current year speaks to the anticipated growth in our operations as we shed legacy issues and focus our business on profitable work within our more-narrowly defined scope of operations. I'll look forward to updating you throughout the year on our progress. We also will be reaching out to the investment community throughout the year to broaden our audience and raise awareness and understanding of the growth opportunities within MAXIMUS.

I thank you for your interest this morning, and now let's open the all up to questions.

QUESTIONSANDANSWERS

Operator

[OPERATOR INSTRUCTIONS) Our first question is from the line of Anurag Rana. Please go ahead.

Anurag Rana - *KeyBanc Capital Markets - Analyst*

Hi, good morning, everyone. Could you please give us some information on the offers that you received on the sale of the Company and whether they were above the current stock price, and if the board was not interested in the price that was offered?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Anurag, this is Rich. Good morning. I'm not going to get into extensive details about the buyers' specific offers, but I would say this -- just let me talk about the process and give you a little bit of color. It is clear that when we started this process in June, the capital markets were totally different. I would say who would have guessed that both the equity and the debt markets would have experienced the dynamics that they've gone through since that point in time. And we all know there's been an incredible drop in the volume of M&A activity in the marketplace and I dare say that not a day has passed where a transaction has not been tabled. We did receive very strong indications at first; nearly 70 indications of interest. We did receive written and verbal offers, but these started to dissipate as the market dissipated, just as you've seen with other transactions. So those who had strong initial interest did not advance to the finish line in this process.

When I think about the situation, again, these folks were very, very mindful of the premium that perhaps they sensed was factored into price, and again, these are determinations to be made by buyers, not by us. But I do think, as you have, that some folks were mindful of what they sensed was a premium factored into the price of the stock. I'd also add some folks were interested in parts but not all of the business, and some were preoccupied with other deals, quite frankly, that they had in the hopper. And lastly, I'd say that some were simply not financially or otherwise in a position to pull it off, perhaps tied up with their own LBO issues. As I wrap it up, I get back to the one predominant issue that was clear in this situation was the overall condition and deterioration of the capital markets. That helpful?

Anurag Rana - *KeyBanc Capital Markets - Analyst*

That's really helpful, thank you. Also your guidance for next year suggests the margins around 10%. Now after your internal review and revised focus what do you think long-term margins for MAXIMUS could be in a few years?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

I don't think -- I don't want to go there at this point in time. I think what we need to do is -- is move forward and look at those business units that require some action to get us the focus, and one of the bi-products certainly will be margin. Certainly we'd like to take actions that improve and not deteriorate margin, but that's one element of the equation. So when those margin improves happen and to what extent I think is really a question to be asked on future calls but a very good one.

Anurag Rana - *KeyBanc Capital Markets - Analyst*

Thank you.

Operator

Our next question comes is from the line of Matthew McKay with Jefferies & Company. Please go ahead.

Matthew McKay - *Jefferies & Company - Analyst*

Good morning, guys.

David Walker - *MAXIMUS, Inc. - CFO*

Hi, Matt.

Matthew McKay - *Jefferies & Company - Analyst*

Fist question just to you, Rich, is just what your plans are. If you plan to -- now that there's a no-sale here, are you going to stay with the Company or just a little insight in to what your thinking is?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Matt, no question, I'm going to stay with the Company. I won't get into details about why I like the Company, what I like about the Company, why I enjoy working here, that's a longer conversation, but the short of it is I'm very committed to the Company, very pleased to be here, and very pleased with this path and opportunity to take it to the next chapter.

Matthew McKay - *Jefferies & Company - Analyst*

Okay, good. And then just on the winning California, congratulations. If I --

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Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Thank you very much.

Matthew McKay - *Jefferies & Company - Analyst*

Yes. If I understand how that's going to work, I think the existing contract runs through the end of this fiscal year for you guys. With the new contract, is it going to run in parallel through this fiscal year, so would it actually be accretive to your guidance?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

No, I think the way that this will work, I think actually the new contract is effective in January of '09, so this new contract -- I'm sorry --

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David Walker - *MAXIMUS, Inc. - CFO*

Of '08.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

So for purpo -- this is win that really is for purposes of revenue in Operations an '09 issue, not an '08 issue.

Matthew McKay - *Jefferies & Company - Analyst*

Okay, so you're not going to get any revenue from this starting January 2008?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

There's a transition period so we're not going to get additional or double up on revenue.

Matthew McKay - *Jefferies & Company - Analyst*

Okay.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

We've already factors full operations of this project into our '08 forecast.

Matthew McKay - *Jefferies & Company - Analyst*

Okay.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

So really what this does is solidify revenue beyond fiscal '08 -- '09 and even beyond fiscal '09.

Matthew McKay - *Jefferies & Company - Analyst*

Okay.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Okay?

Matthew McKay - *Jefferies & Company - Analyst*

That is helpful. And just one last question, just I'm curious, as you went through this strategic alternative thought process and obviously came with the accelerated stock repurchase, I just -- was there a good reason why you didn't think about maybe doing a more aggressive acquisition strategy?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Yes, I think there is a good reason why, and there's several factors that went in to this, and we really did explore all alternatives. We really do think focus is important. Quite frankly, we think-- when we look at our stock price, and we look at the potential of our operations -- and certainly you're well aware of what we've managed to do in improving that in fiscal '07, and I think we've got some pretty good headway as we go in to fiscal '08 -- we think the price of the stock is ripe for purposes of repurchases. We think it's substantially accretive, and frankly, our shareholders -- and we've had discussions with our shareholders -- they're very receptive to some form of repatriation. I don't think we're excessively capitalized -- excessively under-capitalized with this ASR program. I think it leaves us with good capitalizations to consider alternatives as we move forward but we didn't want to rush into an acquisition-type situation. It was not the right path for us at this time.

Matthew McKay - *Jefferies & Company - Analyst*

Okay. Great. Thanks a lot, guys.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

You bet.

Operator

Our next question comes is from the line of Charles Strauzer with CJS Securities, Please go ahead.

Charles Strauzer - *CJS Securities - Analyst*

Good morning, Rich.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Good morning, Charles how are you?

Charles Strauzer - *CJS Securities - Analyst*

Good, thank you. Just a question just to clarify on the guidance, if I could. Last quarter you gave initial '08 guidance of revenue greater than 10%, and now you're implying mid to high teens top-line growth which is very robust but you're sticking to the 10% margin goal and only raising the bottom end of your original EPS guidance. Are there some facts in there other than the Medicaid (inaudible) up-front costs? [Fact is that the EPS of this is] because the cash interest income is going away? Is it higher tax rates? What are the factors that are going into that?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

I'm going to ask Dave Walker to respond to that.

David Walker - *MAXIMUS, Inc. - CFO*

We normalized revenue -- I guess the way I think of it, we normalized for you at $2,01, We're showing you our revenue increases, and a lot of reasons for that, a lot of new wins this year on the fourth quarter. Texas for a full-year run rate under the new contract it certainly drives up the top line, but that's why we've got the guidance of the $850 million, $880 million. If you take the 111 to 141, which is the increment of revenue over this year and you put a 10% operating margin, [add as tax affected], you're talking 30 -- $0.29 to $0.37 a share. And so -- of course, like all things, Rich and I take on additional challenges, so there's about a $0.10 to $0.27 challenge to, in fact continue, to improve the operating income, so that's the basis of it. It's the $2.01 plus the $0.29 to $0.37 a share that's implied in the revenue growth and it's $0.10 to $0.27 a share just really from continuing to drive up margins. And certainly when we look at some of our segments we 'd like to see improvement.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

And I would add, Charles, that this is before the ASR program, so --

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David Walker - *MAXIMUS, Inc. - CFO*

Yes.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

-- as you move forward with your new models you'll have to factor in all of the impacts of the ASR, and that would include, as you referred to, there'd be less other income, interest income, so that would have to be adjusted, but also the big impact, obviously, would be in the denominator of the EPS calculation, so you'd have to do that on top of $2.40 to $2.65. We felt very comfortable in moving up the lower end of the range from what had been $2.35. Keep in mind that $2.35 to -- that earlier range was very, very early in the year. It was before we went through our planning process. We felt comfortable moving up the lower end of the range, but I'd emphasis it is, by definition, the lower end of the range.

Charles Strauzer - *CJS Securities - Analyst*

Got it. I just was trying to get at, when you look at the various segments and you gave up some pretty good guidance for growth rates for the top line, but are you implying that certain segments will have less profitability year-over-year; i.e., the Systems and Consulting segments?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

We're not looking for any of our segments to have less profitability year over year.

Charles Strauzer - *CJS Securities - Analyst*

On a margin basis?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

On a margin basis.

Charles Strauzer - *CJS Securities - Analyst*

Got it, great. Thank you very much. Is there any cap on the VWAP adjustments, Rich, on the ASR?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

I can't get into the details on that one. We'd have -- we're going through the legal processes of filing that document and what should be public and what shouldn't be public is something the lawyers are deal with right now, Charles.

Lisa Miles - *MAXIMUS, Inc. - Director - Investor Relations*

Charlie, we will be filing that as an 8-K probably early next week, so you'll be able to take a look at it.

Charles Strauzer - *CJS Securities - Analyst*

Well, thank you very much.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

You bet, thank you.

Operator

(OPERATOR INSTRUCTIONS) Our next question is from the line of Jason Kupferberg with UBS. Please go ahead.

Jason Kupferberg - *UBS - Analyst*

Thank you, and good morning. Just a question on -- Rich, as you said pretty much all alternatives were considered here. I was curious specifically with regard to the potential for a dutch tender, and why that might have been ultimately decided against in favor of the ASR, what the pros and cons specifically as it relates to that potential option?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Yes, I think -- boy, it quickly gets very -- almost nearly judgment Jason, in terms of what form -- what vehicle do you select to effectuate the return to your shareholders, and we went through that whole litany of alternatives, including dutch tender, increasing an ordinary dividend, large dividend, and we ended up on the ASR because there's certain aspects to the ASR that we liked. We liked the certainty. We liked the immediate aspects of it. We liked the immediate accretion. We felt that since we're not necessarily stock pickers, it also provided us a vehicle to get the stock at what we think is fair prices. The dutch tender had some appeal, but also had some negatives it to as well. They're not always successful. They're certainly not as -- as fast as an ASR, so we decided to go with the ASR for that -- those reasons.

Jason Kupferberg - *UBS - Analyst*

Okay. That's helpful. And on the Accenture arbitration, any updates there? And I know you had $0.06 of legal charges in Q4 for that, what are you looking for going forward? Are there going to be continuing ongoing legal expenses there and are any of those baked in to the EPS guidance?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Here's where we are with the arbitration with Accenture. It's basically law firm to law firm and representing each side as they move forward to a currently scheduled arbitration in the middle of April, I believe, so that's really the process. There has not been settlement discussions or negotiations at this time. We did accrue an additional amount in this fourth quarter, and it depends how things work out, but we believe that the accrual is necessary and sufficient to get us through the beginning of next year, and we're also exploring the viability of some insurance coverage as it relates to legal cost beyond that point in time.

Jason Kupferberg - *UBS - Analyst*

Okay. And just --

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

The last element of your question, we have not baked into our '08 guidance any additional legal costs for that matter.

Jason Kupferberg - *UBS - Analyst*

Okay, and just a broad macro question. Obviously a lot of questions around the state and local budgets now with some of the slowdown in the macro economy and property taxes being down and I think there was some article about California specifically yesterday facing some unexpected deficits. How are you guys looking at that? I'm sure you watch it closely and arguably your businesses, different to some extent now than during the last time that the states faced a real fiscal crunch, but to what extent have you tried to factor some of that into your outlook as well, some of the stuff that might be beyond your control?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Well, I think of it this way and I do think there are some macro issues -- state and local issues that are circling, and certainly the general state of the economy does have -- somewhat delayed, but does have impacts on state and local budgets. The other factors that one might mention is what 's going on from a political perspective with SCHIP authorization, et cetera, so we watch that very closely. It's interesting with our business model -- and we've learned this in prior periods and you go back to the beginning of 2000 when states had similar issues -- is most of our product line and service offerings are tied to federally-mandated programs, so the programs must continue. Our experience is that the states generally continue with their current level of spending, so we find during steep recessionary times some risk of marginal cut back on some programs but the more hardy programs those that are federally mandated, tend to continue at the same level of spend. So I think that's one good thing about our business model. States do have some discretionary spend areas, but we tend not to concentrate on those discretionary spend areas.

Jason Kupferberg - *UBS - Analyst*

Okay. And just a last question for David if I can. Operating and free cash flow expectations for fiscal '08?

David Walker - *MAXIMUS, Inc. - CFO*

Sure. Your cash flow from operations will range somewhere from $50 million to $60 million -- and I'll provide a little flavor for that -- and your free cash flow excluding the repurchase will be somewhere in the $30 million to $40 million range. And one of the things I'll say, if you look year over year, we did a great job in '07 of driving down DSOs, so receivables on a cash-flow perspective actually was a net contributor. But as we grow -- when we look in to '08 -- the receivables -- and we're using 80 days in our modeling -- we'll consume working capital, so growth has a tendency to do that.

On our CapEx, we averaged about 1.8% of our revenue last year in CapEx spending -- capital assets, but we will need some additional infrastructure, financial systems, et cetera, so we baked that additional spending in. And then we spent cap software about $1.5 million a quarter in '07, and I would expect something to continue in that range. Last year we generated a lot of cash from taxes, and we fortunately we'll be in a tax paying position. It's a high-class problem and we like that, so that'll change the dynamics a little bit. So hopefully that helps.

Jason Kupferberg - *UBS - Analyst*

It does. Thanks, guys.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Yes.

Operator

Our next question is from the line of Shlomo Rosenbaum with Stifel Nicolaus. Please go ahead.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

Hi, thank you for taking my question. I wanted to delve in a little bit to business units. The margins were very high in Operations segment for the second quarter in a row. We historically have thought about that segment being maybe 8% to 12% margins and now we're seeing like 17.6%, 16.6%. Could you talk specifically about what happened in the last couple of quarters and has the bar been raised?

David Walker - *MAXIMUS, Inc. - CFO*

There's certain aspects of the Operations business is somewhat seasonal so you have to be careful for that. For example, we have a tax crediting business in there that tends to come on really strong in Q4, so that certainly plays a factor. And some of our growth in Operations will be lower risk work, but lower margin work, so that on weighted average will blend it down next year. But there's no doubt about it, the team's done a great job in '07, I think, of optimizing return to shareholders and striking the right balance.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

And I'd only add to that in Q3 we did see a nonrecurring uptick as it relates to some nonrecurring. in essence. recoveries on the Texas project --

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David Walker - *MAXIMUS, Inc. - CFO*

Yes.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*
-- so that helped the margin quite a bit. And as Dave says, in Q3 and Q4 we do get a respectable amount of seasonal profit from our tax business which dissipates in Q1 and Q2, so you should expect to see some flux because of those dynamics.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

Okay, and then on the consulting business you talked a little bit about some work that. I guess. was federal -- some healthcare work. Is that [RevMAX] work that you're not pursuing over there? Is that some of the reasons -- some of the work that you're getting out of?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Well, we're pursuing RevMAX, we're just no longer pursuing RevMAX on a contingent basis when we're chasing after federal dollars. We don't think that's in our best interest. So we're still doing that on a fixed-fee for basis -- on basis. But with that said, some customers won't mind that model as attractive, even though we think it provides a high-value proposition. So with that said, I think we're transitioning into some other work area and we've been pretty successful; some wins in fraud, waste and abuse and the PERM work that we talked about. And the nature to sum that for the fraud, waste and abuse, it's similar to RevMAX in that we have to incur some costs and build some models and do some things before we start getting transactional revenue from that. So we're going to be spending some money towards that, which will ultimately be accretive in the year -- in the early parts of the year, and we should see the benefit on the back end.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

What about some of the timing and billing of work issues and consulting fees, just give a little bit more detail on what that was?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Well, there's always seasonality inside of consulting, so when we have these contingent work things, it could swing on an individual contract by several million dollars from one quarter up or one quarter down, so it can be volatile quarter over quarter. And frankly, as we get away from the RevMAX fee for service it should have the effect of at least that portion of the work smoothing it overall. But overall, we look to have an operating income margin there in excess of 10%. It's a consulting business should be much better than that.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

Okay. Do you have a percentage of your work that's federally funded, just of your overall business?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

We have looked at that and we believe approximately 70% of our business is federally funded. Now it may -- it may ultimately go through the states and the states would be the direct payor to us, but it's federal funds that pay the states and then pay us, so our estimate is about 70% of our revenues.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

Okay, great, and I'm going to sneak in one last one.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Sure.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

Are there any -- you talked about some of your contracts that are being rebid and then some of the options. It seems like the rebids are not going to have a big impact this year, but are there any fairly large dollar-sized contracts that we should be keeping our eyes on for either the rebid or the options?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Yes, I think '08 shapes up to have some significant rebid/option periods. Up until last night, I was thinking that HCO would be the most significant rebid event in '08, but as it works out, we're great to have that in the win column. It's a great way to start out fiscal '08 to put that one in the win column. As we go into '08, the significant engagements that we're focused on would be winning the long-term Texas contracts, because we have some work in Texas that will run through December of '08 and then will be up for rebid. We have some other work that runs through June of 2010, which contracts we're in the process of finalizing.

So some of that work will be up for rebid in fiscal '08, so that will be important. And I think we also have large -- we have some work that we do for the federal government, CMS in particular, quality assurance work in our federal division within our Operations segment, that's up for rebid. And then I think we have a New York contract where we've got some option extensions that we need to achieve.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

Okay. But your biggest two or three, are these the biggest two or three, basically? You're looking at the Texas, the one with CMS, and then the New York contract?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

That's correct.

Lisa Miles - *MAXIMUS, Inc. - Director - Investor Relations*

I just wanted to clarify, Shlomo, on the rebids, Texas and the CMS work are the bulk of the rebids. New York Medicaid Choice, that actually is an option year that will be decided in fiscal 2008 but it's not a revenue impact until fiscal 2009.

Shlomo Rosenbaum - *Stifel Nicolaus - Analyst*

Okay. I'll let somebody else ask and I'll get back in line.

Lisa Miles - *MAXIMUS, Inc. - Director - Investor Relations*

Okay, thanks.

Operator

Our next question is from the line of Roger Chuchen with Morgan Stanley. Please go ahead.

Rich Glass - *Morgan Stanley - Analyst*

Hi, guys, it's Rich Glass, actually. So much for that one-question rule, huh? Can I ask you to give us a little more insight into the -- part of your release where you talked about refining the focus on core health and human services operations and seeking possible alternatives for certain non-core assets and basically what we're talking about there potentially?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

I'd be glad to do that, Rich. What we are doing, what we have done and will continue to do -- I don't think you just do this once and go back -- we're going through all of our business offerings and assessing them vis-a-vis the criteria that I talked about in the call. And to recap that, we have some that fit squarely in what we consider to be our real growth areas. We have some that -- and it's a bit of a circle in an oval peg, but still they're profitable, they're accretive, there's no compelling reason to exit that line of business. And then we have some that, quite frankly, we don't have the time to best manage those businesses. We don't see them as synergistic with our other businesses, and we think in the hands of others, they could do much better, the employees would have more growth opportunities, their shareholders would see greater returns.

One experience I've had over the last 18 months -- and this is a reconfirmation that I get on quarterly basis, it's a very pleasant confirmation -- and that is we do extremely well in our model when we are number one or number two. We just -- one of our key differentiators in the market is our subject matter expertise and I think that's another way to say we really know this space better than other people. And when that happens our customers come to us. They have a strong preference to renew with us. They're willing -- they're very willing to have more more fair negotiations about price and terms, which translates into our margins. They really have a bias for MAXIMUS serving them. And I think that's all good, and I think that all translates from a shareholders perspective into greater returns and better margins.

So we're going to focus the Company in that direction as opposed to being a quite diversified Company. I really want to move the Company to be focused on those growth areas, and we're mapping that over to what we think our macro growth area is. It's very, very clear in our society and our governments that they continue to have big issues as it relates to health, government management of health, fraud waste and abuse, even in all of those areas where we see management of employment in these various governments and we're seeing some strong indications of what we do in the work force area as coming back, particularly with DRA. So there's a lot of things where we see strong growth and what we want to do is make that our bulls eye, be number one or two in the marketplace, and I think that's going to translate into better financial performance. So with that as a backdrop, we are going through and looking at those business units that we think we should consider -- for which we should consider alternatives. I'm not going about it as a fire sale. I want to be reasonable about it and I'll be reasonable to the employees, but we are definitely marching down the path and looking for selective divisions for other alternatives.

Rich Glass - *Morgan Stanley - Analyst*

Okay, so we are really focusing on maybe Operations here, considering on what you're talking about in terms of focus --

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Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Yes, our model I think works best when we have long-term outsourcing contracts, contracts that run two, three, four, five years. And quite frankly plan A is we're going to be doing this work for these governments for not this contract, but our model works very well and the industry, I think, is very much driven toward renewing the contracts. Plan A is that you do those contracts for 20 years, not --

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Rich Glass - *Morgan Stanley - Analyst*

If I'm hearing it right, your Systems and Consulting you don't have to own, maybe they're worth more to somebody else, maybe they're a better fit. And you put in a buyback today of $150 million, and then $40 million beyond that, and then you might have proceeds from any other sales above and beyond that as well, which you could use for other corporate purposes. Is that fair?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

That is very, very fair.

Rich Glass - *Morgan Stanley - Analyst*

Okay. Sounds good. Thanks.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Good. Thank you very much, Rich.

Operator

Our next question is from the line of Jerry Weintraub with Weintraub Capital. Please go ahead. Jerry, your line is open.

Jerry Weintraub - *Weintraub Capital - Analyst*

I have no questions.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Okay.

Operator

Our last question is from the line of Steve Balog with Cedar Creek Management. Please go ahead.

Steve Balog - *Cedar Creek Management - Analyst*

Thanks. The original stated reason for selling the Company was there was some thought we should be part of a much larger company, if I recall something with systems expertise, so that was not a financial buyer. I would have thought that a -- that a larger company like that, the equity markets -- excuse me, the debt markets and getting financing wouldn't be an issue for the IBMs, EVs, Accentures of the world, companies of that class that wouldn't matter. That's question one, where does that work? Are we now at a disadvantage because we're not part of larger company with the system's expertise? And maybe the whole explanation of this is -- not to put words in your mouth, but it were the strategics the ones that only wanted part of the company, like the Operations part, but they didn't want the rest? Could you help me sort through all that?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Actually -- and again, I'm not going to get into individual buyer situations, but it's a not fair to map it over and say just the strategics just wanted parts. That's not a general rule that's fair to the situation. We did receive substantial interest across the board, and as it relates to your question on the systems piece, you're right. One of the reasons for considering a combination with a strategic, and perhaps the most compelling one, is to further improve the Company's sure IT capabilities. That being said, we have not rested on our laurels and as we talked about in our call, we've made some pretty significant investments in some proprietary technology that gives us a competitive advantage as we offer our BPO solution in the marketplace, and I specifically mentioned the productization efforts we've made in EB as well as SCHIP.

That's not the type of technology solution we were looking for from a complementary partner. It would be more -- just think about classic ITO. And I still think that that is a factor. I still think that that remains how we couple with those types of providers, because we don't envision ourselves as being an ITO -- pure ITO outsourcing firm. As in the past we've partnered with them, we'll sub them in and we'll continue to do that. So we don't lose any -- I don't think we'll lose any momentum, but I still think that's a potential synergy that's out there.

Steve Balog - *Cedar Creek Management - Analyst*

Okay. Back to the other question I had, though, is those kinds of companies that I would have thought would be interested are not -- don't -- can find the financing no problem, this is a smallish acquisition for them. So I guess the highest interest -- or they didn't want to pay this kind -- those types of buyers didn't want to pay the price we needed?

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

I think that's right. I think that's a fair conclusion, and it's very difficult. There's no generalty in terms of why a strategic took a position. As I said earlier, there's some factors out there that I think certain ones may have considered in the process, again, sensing -- many were mindful of a premium being factored into the price. As I said, some are interested in parts, but not all of the business, and I do think that some were preoccupied. You've seen some announcements lately that are pretty sizeable for some of those folks that you otherwise would think would have an interest.

Steve Balog - *Cedar Creek Management - Analyst*

Great. Thank you.

Rich Montoni - *MAXIMUS, Inc. - President & CEO*

Okay. Okay. I have one last clarifying point in response to my discussion in response to Rich Glass's situation about Consulting and Systems. I want to emphasize that these are certain divisions inside these segments, not persuasiveness as it relates to all of Consulting or all of Systems. In fact I do think there's a very good fit for some of our Consulting work that's complementary to our service offerings and product offerings in health and human services. It's one of the ways we distinguish ourselves as subject-matter experts, okay?

Lisa Miles - *MAXIMUS, Inc. - Director - Investor Relations*

Operator, that ends our call today.

Operator

Ladies and gentlemen, a replay of this call will be available to you. Your replay information can be found on the press release. The direct link is reg.linkconferencecall.com/digitalplayback/digitalplaybackregistration.aspx?recie=5826. Ladies and gentlemen, this concludes today's presentation. Thank you for your participation. You may now disconnect.

MAXIMUS

HELPING GOVERNMENT SERVE THE PEOPLE®

David N. Walker

Chief Financial Officer and Treasurer

4th Quarter Fiscal 2007

November 15, 2007

Fourth Quarter and Full Year Results

- 4^{th} Quarter results
  - Record 4^{th} Quarter revenue totaling $201.9 million – a 17.5% increase over same period last year
  - Net income in 4^{th} Quarter of $14.2M or $0.63 per diluted share
    - Includes a $2.5 million legal expense related to Accenture arbitration –or $0.06 per diluted share
  - 4^{th} Quarter operating margin was solid 10.8%
    - 10% margin is achievable target
  - Q4 Highlights
    - Cash and marketable securities $196.7 million at Sept. 30, 2007
    - DSO's remained solid at 80 days
- Full year results
  - Revenue increased 5.4% to $738.6 million
  - FY07 GAAP loss of $8.3 million or $0.38 per share

Supplemental Pro Forma Information

- Total pro-forma IBIT for FY07 would have been $77.1 million or diluted EPS of $2.01

	Three Months Ended		Year Ended	
	September 30, 2006	September 30, 2007	September 30, 2006	September 30, 2007
Revenue, as reported (GAAP)	$ 171.8	$ 201.9	$ 700.9	$ 738.6
Income (loss) before taxes, as reported (GAAP)	$ 3.3	$ 24.4	$ 4.0	$ 3.1
Add back Texas subcontract (1)........	12.7	(0.2)	49.4	25.2
Add back Ontario project loss........	-	-	-	4.2
Add back legal and settlement expense........	(0.9)	2.5	9.4	44.6
Pro forma income before taxes, (non-GAAP)	$ 15.1	$ 26.7	$ 62.8	$ 77.1
Diluted earnings (loss) per share, as reported (GAAP)	$ 0.09	$ 0.63	$ 0.11	$ (0.38)
Add back Texas subcontract contract (1)........	0.36	(0.01)	1.38	0.67
Add back Ontario project loss........	-	-	-	0.11
Add back legal and settlement expense........	(0.03)	0.06	0.27	1.61
Pro forma diluted earnings per share (non-GAAP)	$ 0.42	$ 0.68	$ 1.76	$ 2.01

(1) Only reflects results from the now-terminated Accenture subcontract.

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Results by Business Segment – Operations Segment

- Operations Segment delivers strong revenue growth
  - Q4 revenue increased 23% to $141.9 million compared to last year
  - FY07 revenue of $503.6 million – a 6.9% increase over 2006
  - Revenue grew 9% - excluding divested businesses in fiscal 2006
- Operations Segment operating income
  - Q4 operating income of $23.5 million, or a margin of 16.6%
  - FY07 operating income of $39.1 million or operating margin of 7.8%
    - Pro forma operating margin was 13.1% excluding losses on the now-terminated Accenture subcontract
- New Texas contracts and strong organic growth provided improvement in second half of FY 07
- Segment expected to be major source of top-line growth in FY08 as it continues to win new work
- Planned start-up costs for certain contracts will reduce sequential operating income in first half of FY 08

Results by Business Segment – Consulting & Systems

- Consulting Segment
  - Revenue $22.5 million in 4th quarter with operating income of $554,000 and a 2.5% margin
  - Full year revenue totaled $93.7 million with operating income of $6.4 million and a margin of 6.9%
- Systems Segment
  - Q4 Revenue grew to $37.4 million earned $466,000
  - Full year revenue increased 11% to $141.3 million compared to fiscal 2006 driven by new contracts in ERP division with statewide implementations in TN and DE
  - The Segment lost $4.7 million in fiscal 2007 resulting from ongoing software investments and effort to resolve legacy contracts

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Balance Sheet and Cash Flow Items

- Accounts Receivable at September 30, 2007 totaled $175.2 million
  - Another $1.9 million in long-term accounts receivable classified as other assets is on balance sheet
- DSO's at 80 days at September 30, 2007
  - Targeted DSO range of 75 to 85 days reflects ongoing focus on tightly managing cash and receivables at all levels
- Cash Flow
  - Negative cash flow in the fourth quarter resulting from outlay of $30.5 million in previously disclosed District of Columbia settlement
  - Excluding D.C. payment, cash from operations in 4th quarter was $22.3 million with free cash flow of $14.9 million
  - Fiscal 2007 cash from operations totaled $51.2 million with free cash flow of $33.4 million (Adjusting for D.C. settlement cash flow from operations was $81.7 million and free cash flow would have been $63.9 million)

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HELPING GOVERNMENT SERVE THE PEOPLE®

Richard A. Montoni

President and Chief Executive Officer

4th Quarter Fiscal 2007

November 15, 2007

MAXIMUS

Breaking News: CA HCO Rebid - Notice of Intent To Award

NOTICE OF INTENT TO AWARD

CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
1501 Capitol Ave, Guard Station
Sacramento, CA 95814
November 14, 2007

IN CONSIDERATION OF THE RESPONSE TO THE
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES'
HEALTH CARE OPTIONS PROGRAM
REQUEST FOR PROPOSAL (RFP) 06-55000
THE DEPARTMENT HEREBY ANNOUNCES ITS
INTENT TO AWARD A CONTRACT TO:

MAXIMUS, Inc.
11419 Sunset Hills Road
Reston, VA 20190

THE ABOVE-NAMED PARTY WILL PARTICIPATE WITH THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES IN THE EXECUTION OF THE FINAL TERMS AND CONDITIONS OF THE CONTRACT FOR AWARD.

Concluded Strategic Review Process

- Thorough and extensive review process
- Much interest shown from outside parties on variety of fronts
- Market dynamics impacted process
  - Not immune to broader market conditions
  - Substantial increase in cost of capital
- Remain an independent public, company, coupled with meaningful capitalization efficiency

Three Key Initiatives

1. Capitalization

   – $150 million Accelerated Share Repurchase (ASR) Plan to commence end of business today

   – $40.0 million remains available under board authorized share repurchase program at September 30, 2007

   – Plan to secure an additional $50 to $75 million line of credit to provide additional financial flexibility

2. Concentrate focus on core markets to fuel growth

   – Potential investments, partnerships and tuck-in acquisitions

3. Consider pursuit of selected divestitures

   – Businesses which may not fit within our primary markets

   – Could be attractive to a player more focused on that market space

Accelerated Share Repurchase program

- Program calls for accelerated repurchase of shares up to $150 million
  - UBS to purchase equivalent number of shares in open market over next nine months
  - MAXIMUS' initial price to be adjusted up or down based on the volume-weighted average price (VWAP) during this period
  - Price adjustment may be settled in cash or shares of stock
  - Program expected to be accretive by approx. $0.15 to $0.20 per share in fiscal 2008
  - This is the first available opportunity to pursue a meaningful repurchase program
  - In addition to ASR, $40.0 million remains available under the current board authorized share repurchase program to resume at the end of the ASR
- ASR program better positions MAXIMUS for the future
  - Provides MAXIMUS financial flexibility necessary to continue to invest and grow business
  - Improves efficiency of capital structure, lowers cost of capital, and is immediately accretive

Longer-Term Growth Vision

- Refine focus on Core Competencies
  - Holding #1 or #2 position in its markets
  - The ability to meet clients' needs with cost-effective and efficient solutions
  - Significant growth potential in expanding markets
  - Best way to drive highest returns for shareholders
- Lands squarely in traditional health and human services BPO offerings

Three Major Business Categories in Portfolio:

1. Those business lines that are clearly core to achieving our longer-term objectives

2. Those businesses on the periphery of these core areas – such as those that may share common customer bases

3. Certain business lines that may not be a clear fit within our organization

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Achievements in Fiscal 2007

- Past 18 months has emphasized critical initiatives in quality and risk management which have resulted in:
  - Several legacy issues have been eliminated
  - More favorable contract terms on new awards
  - Solid cash flow
  - Lower DSO's
  - Improved operating margins
  - Accelerated top-line growth

- Reputation as a solid brand has grown in 2007 through:
  - Successfully turning Texas projects into profitable contributors
  - Extensive experience in providing cost-effective and efficient business process outsourcing in complex government funded programs such as Medicaid & SCHIP
  - Resolution of matters such as Ontario, D.C. DOJ settlement and restructured business relationship with Emergis – turning it into a partnership

Looking Forward – New Opportunities in Fiscal 2008

- Build on progress made in fiscal 2007
  - Further optimizing operations and fueling growth
  - Emphasize businesses offering more predictable, recurring streams of revenue and sustainable levels of income
  - Investing to succeed in those core areas where we see potential
  - Productization effort – around core health enrollment broker and eligibility technical platform
    - Launching new technology platform in Indiana
  - New enrollment broker work for Indiana's primary Medicaid program
    - 2 year, $15 million base contract, potentially extended to additional 2 years for total award of $26 million
    - Universal Health Care as key component – Provide services for Indiana's new Healthy Indiana Program
  - Indiana win further solidifies our position as nation's leading provider of Medicaid enrollment broker services
  - MAXIMUS to assist states with new roll outs – Universal Health Care

MAXIMUS

Solidifying Our Future

- Backlog of $1.3 billion at September 30, 2007
- New Signed and Unsigned Awards
  - $569 million signed awards as of September 30, 2007
  - 70% of new signed awards are in Operations Segment which reflects our targeted effort on growing health and human services markets
  - New contracts awarded but unsigned as of Sept. 30, 2007 total $310 million
- Sales Pipeline
  - As of Nov. 8, 2007 record levels – total $1.7 billion
  - 60% attributed to solid opportunities in Operations Segment
  - Majority of overall pipeline comes from new opportunities which are less than $50 million in value
  - This reflects continued efforts securing new work – less volume driven – centered around core competencies

Rebids/Options

- 13 rebids in FY 2008, with total contract value of $280 million but impact to FY 08 revenue is only $4 million due to timing
- 27 options with total value of $223 and FY 08 revenue impact of $47 million

Guidance

- FY 08 revenue of $850 million to $880 million with diluted EPS of $2.40 to $2.65, before the beneficial impact of the ASR program which is expected to provide $0.15 to $0.20 accretion
- 83% of forecasted FY 08 revenue currently in the form of backlog
- Top-line growth fueled by Operations
- Q1 sequentially lower
  - Investments
  - Q4 seasonality that does not repeat