

**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 20, 2007

**MAXIMUS, INC.**

(Exact name of registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction  
of incorporation)

**1-12997**  
(Commission  
File Number)

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

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

**20190-5207**  
(Zip Code)

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))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*Amended and Restated Income Continuity Program*

On November 20, 2007, we adopted the Amended and Restated Income Continuity Program (the "Program"), which amends our Income Continuity Program as adopted by the Board of Directors on March 21, 2006 primarily to comply with the requirements and final regulations promulgated under Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). The Program applies to our employees that the Board of Directors has designated as "officers" under Section 16 of the Securities Exchange Act of 1934 at the time of a "change of control" (as defined in the Program) or when such employee is terminated pursuant to Section 3(B) of the Program. The Program provides each participant with compensation, benefits and rights if the following events occur:

- We terminate the participant's employment without "cause," or a participant resigns for "good reason," within 36 months following a change of control of the Company (as each of those terms is defined in the Program) (or, if later, within 30 days after the lapse of the Company's right to cure the condition resulting in such good reason); or
- The participant's employment is terminated one year prior to a Change of Control at the request of a party involved in such change of control, or otherwise in connection with or in anticipation of a change of control.

The compensation, benefits and rights to which a participant would be entitled in such an event have been amended to include the following items:

- continued "employee benefits" (as defined in the Program) at the Company's expense for a period of 24 months (or 36 months in the case of the chief executive officer) following the date of termination (to the extent not exempt under Section 409A, such payments are to be made at the time and in the amount required under the documents governing each employee benefit); and
- a lump sum payment of \$50,000, payable within 10 days following the date of termination, which is intended for outplacement and financial planning services.

In no event will the eligibility, compensation, benefits and rights described above be decreased within one year before or thirty-six months after a change of control.

To the extent a participant is considered a specified employee under Section 409A and would be entitled to a payment during the six month period beginning on the participant's termination date that is not otherwise excluded from Section 409A, the Program provides that the payment will not be made to the participant until the earlier of the six month anniversary of the participant's date of termination or the participant's death.

The Program will be administered and interpreted in a manner that is intended to comply with Section 409A.

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A copy of the Program is being filed as Exhibit 10.1 to this report and is incorporated by reference into this Item 5.02. The foregoing description of the Program does not purport to be complete and is qualified in its entirety by reference to the full text of the Program.

*Amendment to the Equity Incentive Plan*

On November 20, 2007, the Board of Directors approved an amendment (the "Plan Amendment") to the 1997 Equity Incentive Plan (as amended through March 22, 2006) (the "Incentive Plan").

The Incentive Plan was amended to bring it into compliance with the requirements and final regulations promulgated under Section 409A. The Incentive Plan also was amended to permit a participant, at any time prior to his or her death, to assign all or any portion of a vested option (other than an incentive stock option) granted to him or her to a family member or a charitable organization or Section 501(c) private foundation meeting the requirements of Section 170(c).

A copy of the Plan Amendment is being filed as Exhibit 10.2 and is incorporated herein by reference into this Item 5.02. The foregoing description of the Plan Amendment is qualified in its entirety by reference to the full text of the Plan Amendment.

*Amendment to Deferred Compensation Plan*

On November 20, 2007, the Board of Directors approved changes to the MAXIMUS, Inc. Deferred Compensation Plan (amended and restated effective January 1, 2005) (the "Deferred Compensation Plan"). The Deferred Compensation Plan is a non-qualified deferred compensation plan that allows a select group of our management or highly compensated employees (as designated by a committee of the Board of Directors) to defer certain compensation, including salary, bonuses, and commissions as provided by the Deferred Compensation Plan. The Deferred Compensation Plan also allows for us to make discretionary contributions and matching contributions. Distributions may be made in a lump sum (or in installments if elected in accordance with the terms of the Deferred Compensation Plan) upon termination of employment, disability, a specified withdrawal date, or death. In the event of a distribution to a specified employee (as defined by Section 409A) upon a termination of employment, no distributions will be made before the earlier of the sixth month following termination or death.

The Deferred Compensation Plan was amended on November 20, 2007 to further conform with the requirements of Section 409A. The Deferred Compensation Plan was amended to permit participants to elect to receive a lump sum distribution of the participant's entire account balance in the event of a change in control (as defined by Section 409A). Payments will be made in the month following the month in which a change in control occurs. However, if a change in control occurs in the 2007 calendar year, distributions will be made in February 2008. The Deferred Compensation Plan will be administered and interpreted in a manner that is intended to comply with Section 409A.

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This summary of the Deferred Compensation Plan is qualified by the text of such Plan, as amended through November 20, 2007, a copy of which is filed as Exhibit 10.3 to this Current Report on Form 8-K, and which is incorporated herein by reference.

*Amendment to the Executive Employment, Non-Compete and Confidentiality Agreement with Richard A. Montoni*

On November 20, 2007, the Board of Directors approved changes to the Executive Employment, Non-Compete and Confidentiality Agreement (the "Montoni Employment Agreement") with Richard A. Montoni, which was filed as Exhibit 10.1 to a Current Report on Form 8-K dated April 26, 2006. Upon the recommendation of the Board of Directors, we and Mr. Montoni entered into a first amendment to the Agreement (the "Montoni Employment Amendment").

The Montoni Employment Agreement was amended for the sole purpose of bringing it into compliance with the requirements and final regulations promulgated under Section 409A. The Montoni Employment Amendment amends the previously disclosed Montoni Employment Agreement as follows: if Mr. Montoni's employment is terminated in connection with a "change of control" (as defined in the Program), he will be entitled to receive payments and benefits under the Program only. If Mr. Montoni's employment is terminated without "cause" (as defined in the Program), or Mr. Montoni terminates his employment for "good reason" (as defined in the Program), prior to the expiration of the Term (as defined in the Montoni Employment Agreement), Mr. Montoni will be entitled to receive: (a) benefits, at the Company's expense, as provided under the Montoni Employment Agreement, for the greater of the remainder of the Scheduled Term (as defined in the Montoni Employment Agreement) or twelve months (to the extent not exempt under Section 409A, such payments are to be made at the time and in the amount required under the documents governing each such benefit), (b) vesting of stock options and Restricted Stock Units (as defined in the Montoni Employment Agreement) and (c) a lump sum, payable within 30 days following termination of employment, equal to the greater of (i) Base Salary (as defined in the Montoni Employment Agreement) or (ii) two times the sum of Mr. Montoni's Base Salary plus the lesser of his target bonus or previous year's actual bonus. To the extent Mr. Montoni is considered a specified employee under Section 409A and would be entitled to a payment during the six month period beginning on Mr. Montoni's date of termination that is not otherwise excluded under Section 409A, the payment will not be made to Mr. Montoni until the earlier of the six month anniversary of Mr. Montoni's date of termination or his death. The parties to the Montoni Employment Agreement intend that the Montoni Employment Agreement comply with and be administered in accordance with Section 409A. To the extent potential payments or benefits could become subject to Section 409A, the parties shall cooperate to amend the Montoni Employment Agreement. In the event that we do not cooperate, we shall indemnify Mr. Montoni for any interest and additional tax arising from the application of Section 409A, grossed-up for any other income tax incurred by Mr. Montoni related to the indemnification. We will make such payment within ninety days of the date Mr. Montoni makes the payment of interest and/or additional tax.

A copy of the Montoni Employment Amendment is being filed as Exhibit 10.4 and is incorporated herein by reference into this Item 5.02. The foregoing description of the Montoni Employment Amendment is qualified in its entirety by reference to the full text of the Montoni Employment Amendment.

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*Amendment to the Executive Employment, Non-Compete and Confidentiality Agreement with Bruce Caswell*

On November 20, 2007, the Board of Directors approved changes to the Executive Employment, Non-Compete and Confidentiality Agreement (the "Caswell Employment Agreement") with Bruce Caswell. Upon the recommendation of the Board of Directors, we and Mr. Caswell entered into a first amendment to the Agreement (the "Caswell Employment Amendment").

The Caswell Employment Agreement was amended to bring it into compliance with the requirements and final regulations promulgated under Section 409A. The Caswell Employment Amendment amends the previously disclosed Caswell Employment Agreement as follows: if Mr. Caswell's employment is terminated in connection with a "change of control" (as defined in the Program), he will be entitled to receive the greater of (i) the payments provided under the Caswell Employment Agreement and (ii) the payments and benefits provided under the Program. If Mr. Caswell's employment is terminated without cause, or Mr. Caswell terminates his employment for "good reason" (as defined in the Caswell Employment Amendment), Mr. Caswell will be entitled to receive: (a) a lump sum severance payment equal to six months' base salary (at his highest base salary rate during his employment with us) plus the pro-rated portion of his then-current annual target bonus, which payments are to be made to Mr. Caswell within five business days following his resignation for good reason. To the extent Mr. Caswell is considered a specified employee under Section 409A and would be entitled to a payment during the six month period beginning on Mr. Caswell's date of termination that is not otherwise excluded under Section 409A, the payment will not be made to Mr. Caswell until the earlier of the six month anniversary of Mr. Caswell's date of termination or his death. The parties to the Caswell Employment Agreement intend that the Caswell Employment Agreement comply with and be administered in accordance with Section 409A. To the extent potential payments or benefits could become subject to Section 409A, the parties shall cooperate to amend the Caswell Employment Agreement. In the event that we do not cooperate, we shall indemnify Mr. Caswell for any interest and additional tax arising from the application of Section 409A, grossed-up for any other income tax incurred by Mr. Caswell related to the indemnification. We will make such payment within ninety days of the date Mr. Caswell makes the payment of interest and/or additional tax.

A copy of the Caswell Employment Agreement is being filed as Exhibit 10.5 and is incorporated herein by reference into this Item 5.02. The foregoing description of the Caswell Employment Agreement is qualified in its entirety by reference to the full text of the Caswell Employment Agreement. A copy of the Caswell Employment Amendment is being filed as Exhibit 10.6 and is incorporated herein by reference into this Item 5.02. The foregoing description of the Caswell Employment Amendment is qualified in its entirety by reference to the full text of the Caswell Employment Amendment.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Ex. No.</u>	<u>Description</u>
10.1	Amended and Restated Income Continuity Program
10.2	First Amendment to the 1997 Equity Incentive Plan (as amended through March 22, 2006)
10.3	MAXIMUS, Inc. Deferred Compensation Plan, as amended.
10.4	First Amendment to the Executive Employment, Non-Compete and Confidentiality Agreement between us and Richard A. Montoni
10.5	Executive Employment, Non-Compete and Confidentiality Agreement between us and Bruce Caswell
10.6	First Amendment to the Executive Employment, Non-Compete and Confidentiality Agreement between us and Bruce Caswell

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**SIGNATURES**

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

MAXIMUS, Inc.

Date: November 27, 2007

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

MAXIMUS, Inc.  
INCOME CONTINUITY PROGRAM  
(As Amended and Restated Effective November 20, 2007)

Section 1 -- Definitions. The following terms shall have the meaning ascribed to them:

- (A) "Applicable Bonus" shall mean the higher of (i) the Target level bonus for the Participant or (ii) the average of the Participant's actual bonus payments for the previous three full years (or shorter if the Participant has been employed by the Company less than three years).
- (B) "Base Salary" shall mean a Participant's annual base salary in effect on the date of the Change of Control or the date of termination, whichever is higher.
- (C) "Board" shall mean the board of directors of the Company.
- (D) "Cause" shall mean (i) the Participant's conviction of a felony, or (ii) either of the following that, in each case, results in demonstrable harm to the Company's financial condition or business reputation (I) the Participant's willful malfeasance or misconduct in relation to the performance of his/her duties to the Company, or (II) the Participant's repeated willful refusal to perform his/her duties.
- (E) "Change of Control" shall mean the occurrence of any one or more of the following:
- (a) The "beneficial ownership" (as defined in Rule 13d-3 of the Exchange Act) of securities representing more than twenty-five percent (25%) of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities") is accumulated, held or acquired by a Person (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or an Affiliate thereof, or any corporation owned, directly or indirectly, by the Company's stockholders in substantially the same proportions as their ownership of stock of the Company); provided, however, that any acquisition from the Company or any acquisition pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subparagraph (c) of this definition will not be a Change of Control under this subparagraph (a), and provided further, that immediately prior to such accumulation, holding or acquisition, such Person was not a direct or indirect beneficial owner of 25% or more of the Company Voting Securities; or
- (b) Individuals who, as of the effective date of this Program, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that an individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
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(c) Consummation by the Company of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another entity (a "Business Combination"), in each case, unless immediately following such Business Combination: (i) more than 60% of the combined voting power of then outstanding voting securities entitled to vote generally in the election of directors of (A) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (B) if applicable, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries (the "Parent Corporation"), is represented, directly or indirectly, by Company Voting Securities outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of the combined voting power of the then outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) except to the extent that such ownership of the Company existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the Company's stockholders of a complete liquidation or dissolution of the Company.

However, in no event will a Change of Control be deemed to have occurred, with respect to a Participant, if the Participant is part of a purchasing group that consummates the Change of Control transaction. A Participant will be deemed "part of a purchasing group" for purposes of the preceding sentence if the Participant is an equity holder in the purchasing company or group (except: (i) passive ownership of less than 2% of the stock of the purchasing company; or (ii) ownership of equity participation in the purchasing company or group that is otherwise not significant, as determined prior to the Change of Control by a majority of the nonemployee continuing directors).

(F) "Code" shall mean the Internal Revenue Code of 1986, as amended, and, as applicable, the regulations promulgated thereunder.

(G) "Company" shall mean MAXIMUS, Inc., and, after a Change of Control, any successor or successors thereto.

(H) "Compensation" shall mean the sum of a Participant's Applicable Bonus and Base Salary.

(I) "Employee Benefits" shall mean the employee and fringe benefits and perquisites (including without limitation all medical, dental, life insurance, disability and pension (including maximum matching contributions) benefits) made available to a Participant (and his or her eligible dependents) immediately prior to a Change of Control (or the economic equivalent thereof where pension laws prohibit or restrict such benefits).

(J) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(K) "Good Reason" shall mean with respect to a Participant (i) a material decrease (or failure to increase in accordance with the terms of any employment contract) in the Participant's base salary, bonus opportunity or target long-term equity awards, (ii) a material diminution in the Participant's authority, duties, or responsibilities, (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Participant is required to report, (iv) a material diminution in the budget for which the Participant retains authority, (v) a relocation of the Participant's primary office more than thirty-five (35) miles from its current location, or (vi) the material breach by the Company of the agreement under which the Participant provides services. If one or more of the above conditions exists, the Participant must provide notice to the Company within a period not to exceed ninety (90) days of the initial existence of the condition. Upon such notice, the Company must be provided a period of thirty (30) days during which it may remedy the condition.

(L) "Gross-Up Payment" shall have the meaning ascribed to such term in Section 4.

(M) "Participant" shall mean an employee of the Company designated by the Board as an "officer" under Section 16 of the Exchange Act at the time of the Change of Control or when terminated pursuant to Section 3(B) of the Program. Once so designated, a Participant's rights hereunder may not be diminished unless (i) such Participant's position is changed such that he or she is no longer designated as an officer under Section 16 of the Exchange Act in a manner that will not permit him or her to become eligible for any payments hereunder, or (ii) such Participant's employment with the Company is terminated in a manner that will not permit him or her to become eligible for any payments hereunder.

(N) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof.

(O) "Program" shall mean this Income Continuity Program, as it may be amended from time to time.

(P) "Severance Payments" shall have the meaning ascribed to such term in Section 4.

(Q) "Total Payments" shall have the meaning ascribed to such term in Section 4.

Section 2 -- Term. This Program shall be effective as of March 21, 2006 and shall continue in effect through December 31, 2009; provided, however, that, commencing on December 31, 2009, and on each December 31 thereafter, this Program shall be automatically extended for one additional year unless, not later than October 31 of such year, the Company provides written notice to each Participant that this Program shall not be so extended. In addition, if this Program is in effect on the date of a Change of Control, then it shall continue in effect for not less than three years following such Change of Control.

Section 3 – Income Continuity. If during the term of this Program

(A) a Participant's employment with the Company is terminated by the Company without Cause, or a Participant resigns for Good Reason, in each case within 36 months following a Change of Control (or, if later, within 30 days after the lapse of the Company's right to cure the condition resulting in Good Reason), or

(B) a Participant's employment with the Company is terminated one year prior to a Change of Control at the request of a party involved in such Change of Control, or otherwise in connection with or in anticipation of a Change of Control.

then in the case of each of clauses (A) and (B) such Participant shall become entitled to the following compensation, benefits and rights, except as otherwise specified by the Chief Executive Officer of the Company with respect to a Participant at the time such Participant is designated as a Participant:

(i) A cash lump sum, payable within ten days following the date of termination, equal to the sum of: (1) any unpaid Base Salary through the date of termination, (2) any bonus earned but unpaid as of the date of termination for any previously completed year, (3) reimbursement for any unreimbursed expenses incurred by such Participant prior to the date of termination, and (4) in the case of the Company's Chief Executive Officer ("CEO"), an amount equal to 300% of his or her Compensation, and in the case of other Participants, an amount equal to 200% of such Participant's Compensation.

(ii) Any unvested Company stock options, restricted stock units or similar equity incentives held by such Participant that are outstanding on the date of termination shall be immediately vested as further described in the terms and conditions applicable to such options, restricted stock units or equity incentives.

(iii) Continued Employee Benefits, at the Company's expense, for such Participant and his/her eligible dependents for a period of 36 months in the case of the CEO and for a period of 24 months in the case of all other Participants following such Participant's date of termination, except where the provision of such Employee Benefits would result in a duplication of benefits provided by any subsequent employer. To the extent that these payments are not exempt from Section 409A under the COBRA, reimbursement, in-kind benefit, or other applicable exceptions thereunder, such payments shall be made at the time and in the amount required under the documents governing each Employee Benefit.

(iv) A lump sum, payable within ten days following the date of termination, equal to \$50,000, which is intended for outplacement and financial planning services.

(v) The amounts specified in Section 4.

(vi) All rights such Participant has to indemnification from the Company immediately prior to the Change of Control shall be retained for the maximum period permitted by applicable law, and any director's and officer's liability insurance covering such Participant immediately prior to the Change of Control shall be continued throughout the period of any applicable statute of limitations.

(vii) The Company shall reimburse a Participant for all costs and expenses, including all attorneys' fees and disbursements, incurred by such Participant in connection with any legal proceedings (including arbitration), which relate to the termination of employment or the interpretation or enforcement of any provision of this Program, where such Participant prevails in such proceeding with respect to at least one material issue. Notwithstanding the foregoing, the Company shall not be obligated to reimburse a Participant for any such costs and expenses in excess of \$500,000. Such reimbursements shall be made no later than the two and one-half months following the end of the calendar year, or if later the Company's fiscal year, during which such Participant prevails in such proceeding with respect to at least one material issue.

(C) In no event will the eligibility, compensation, benefits, and rights described above be decreased within one year before or thirty-six months after a Change of Control.

(D) Each payment made under this Program shall be considered a separate payment for purposes of Section 409A of the Code.

Section 4 -- Excise Tax Gross-Up. In the event a Participant becomes entitled to any amounts or benefits payable in connection with a Change of Control (whether or not such amounts are payable pursuant to this Program) (the "Severance Payments"), if any of such Severance Payments are subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar federal, state or local tax that may hereafter be imposed), the Company shall pay to such Participant within ten days following the date of his/her termination of employment an additional amount (the "Gross-Up Payment") such that the net amount retained by such Participant, after deduction of any Excise Tax on the Total Payments (as hereinafter defined) and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section, shall be equal to the Total Payments. For purposes of determining whether any of the Severance Payments will be subject to the Excise Tax and the amount of such Excise Tax: (a) any other payments or benefits received or to be received by such Participant in connection with a Change of Control or such Participant's termination of employment (whether pursuant to the terms of this Program or any other plan, arrangement or agreement with the Company, any entity whose actions result in a Change of Control or any entity affiliated with the Company, or such entity) (which, together with the Severance Payments, constitute the "Total Payments") shall be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "excess parachute payments" within the meaning of Section 280G of the Code shall be treated as subject to the Excise Tax, unless in the opinion of a nationally-recognized tax counsel selected by such Participant such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G of the Code, or are otherwise not subject to the Excise Tax, (b) the amount of the Total Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (i) the total amount of the Total Payments and (ii) the amount of excess parachute payments within the meaning of section 280G of the Code, and (c) the value of any non-cash benefits or any deferred payments or benefits shall be determined by a nationally-recognized accounting firm selected by such Participant in accordance with the principles of Sections 280G of the Code. For purposes of determining the amount of the Gross-Up Payment, such Participant shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of such Participant's residence on his/her date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of such Participant's employment (including by reason of any payment or benefit the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional gross-up payment in respect of such excess within ten days after the time that the amount of such excess is finally determined.

Section 5 -- No Mitigation or Offset. Except as provided in Section 3(iii), a Participant shall not be required to mitigate the amount of any payment or benefit provided for under this Program by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for hereunder be reduced by any compensation or benefits earned or received by such Participant as the result of employment by a subsequent employer, by retirement benefits, by offset against any amount claimed to be owed by such Participant to the Company or otherwise.

Section 6 -- Validity. The invalidity or unenforceability of any provision of this Program shall not affect the validity or enforceability of any other provision of this Program, which other provision shall remain in full force and effect.

Section 7 -- Withholding. All payments hereunder shall be reduced by any applicable taxes required by applicable law to be withheld by the Company.

Section 8 -- Modification or Waiver. No provision of this Program may be modified, waived or discharged, unless such waiver, modification, or discharge is agreed to in writing and signed by any Participant whose rights hereunder would be adversely affected thereby.

Section 9 -- Applicable Law. This Program shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to conflicts of laws principles thereof.

Section 10 -- No Liability. Neither the Board nor any officer of the Company shall have any liability for any decision made in good faith in interpreting, implementing or operating this Program, including without limitation, any changes made to the definition Good Reason or in identifying the Participants. The Company hereby agrees to indemnify and hold harmless each member of the Board and each officer, for (and in each case, advance) any and all costs and expenses incurred in connection with the administration, operation and implementation of the Program, including without limitation any changes made to the definition Good Reason or in identifying the Participants. No amounts paid under this Section 10 for or on account of any of the foregoing officers or directors shall be included in Compensation under this Program.

Section 11 – Arbitration. A Participant and the Company shall attempt to settle amicably through negotiation any controversy, claim or dispute between the parties arising out of or relating to this Program (a “Dispute”). If a Dispute cannot be settled by such means, the parties agree that it will be submitted to final and binding arbitration before an arbitration tribunal which is, and pursuant to arbitration procedures which are, acceptable to all parties. If the parties cannot or do not otherwise agree within 30 days of the date on which notice of a Dispute is given, any such claim shall be submitted for arbitration by the American Arbitration Association pursuant to the Commercial Arbitration Rules of the American Arbitration Association then in effect. Any arbitration shall be conducted in Virginia. Notice of demand for arbitration shall be provided in writing to the other party. The parties further intend and agree that the final decision or award of the arbitration tribunal shall be binding on the parties and their successors and fully enforceable by any court of competent jurisdiction. The facts and other information relating to any arbitration arising out of or in connection with this Agreement shall be kept confidential to the fullest extent permitted by law. In addition, each party shall bear its own expenses in connection with such arbitration unless otherwise ordered by the arbitrator.

Section 12 – Distributions to Specified Employees. Notwithstanding any provision to the contrary, to the extent the Participant is considered a specified employee under Section 409A of the Code and would be entitled to a payment during the six month period beginning on the Participant's date of termination that is not otherwise excluded under Section 409A of the Code under the exceptions for short-term deferrals, separation pay arrangements, reimbursements, in-kind distributions, or an otherwise applicable exemption, the payment will not be made to the Participant until the earlier of the six month anniversary of the Participant's date of termination or the Participant's death.

Section 13 – Section 409A of the Code. This Program is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and the interpretive guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. The Program shall be construed and interpreted in accordance with such intent. To the extent potential payments could become subject to Section 409A of the Code, the Company shall amend this Program with the goal of providing Participants with the economic benefits described herein in a manner that does not result in such tax being imposed.

**First Amendment**  
**to the**  
**MAXIMUS, Inc. 1997 Equity Incentive Plan**  
**(As Amended through March 22, 2006)**

WHEREAS, MAXIMUS, Inc. (the "Company") maintains the MAXIMUS Inc., 1997 Equity Incentive Plan, as amended through March 22, 2006 (the "Plan"); and WHEREAS, the Plan has been amended from time to time, and further amendment of the Plan now is considered desirable.

NOW, THEREFORE, by virtue and in exercise of the powers under Section 12(k) of the Plan, the undersigned officer does hereby amend the Plan, effective October 26, 2007, in the following particulars:

1. By deleting Section 7(b) of the Plan.
  2. By adding the following sentence to the end of Section 12(a) of the Plan:

"Notwithstanding the foregoing, a Participant, at any time prior to his or her death, may assign all or any portion of a vested Option (other than an Incentive Stock Option) granted to him or her to a family member or a charitable organization or Code Section 501(c) private foundation meeting the requirements of Code Section 170(c). For purposes of Section 12(a), 'family member' shall mean a Participant's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant of the Participant), a trust in which these persons (or the Participant) have more than fifty percent (50%) of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent (50%) of the voting interests. Any such transferee shall enter into a written agreement with the Company authorizing the Company to withhold shares of stock that would otherwise be delivered to such person upon an exercise of the Option to pay any federal, state, local, or other taxes that may be required to be withheld or paid in connection with such exercise, in the event that the Participant is subject to withholding taxes and does not provide for an arrangement satisfactory to the Company to assure that such taxes will be paid. In the event of such transfer, the transferee will be entitled to all of the Participant's rights with respect to the assigned portion of such Option, and such portion of the Option will continue to be subject to all of the terms, conditions, and restrictions applicable to the Option, as set forth herein and in the related Option agreement. Any such assignment will be permitted only if the Participant does not receive any consideration therefore and does not violate applicable securities laws. Any such assignment shall be evidenced by an appropriate written document executed by the Participant, and the Participant shall deliver a copy thereof to the Committee on or prior to the effective date of the assignment."
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3. By adding the following new Section 13(g) of the Plan:

"(g) *Section 409A*. To the extent any Award under the Plan creates a deferred compensation arrangement (as defined in Code Section 409A and the applicable regulations and guidance thereunder) ('Section 409A') in accordance with this Section 13(g).

(i) *Initial Deferral Elections*. The deferral of an Award or compensation otherwise payable to the Participant shall be set forth in the terms of the Award Agreement or as elected by the Participant pursuant to such rules and procedures as the Committee may establish. Any such initial deferral election by a Participant will designate a time and form of payment and shall be made at such time as provided below:

(A) A Participant may make a deferral election with respect to an Award (or compensation giving rise thereto) at any time in any calendar year preceding the year in which services giving rise to such compensation or Award are rendered.

(B) In the case of the first year in which a Participant becomes eligible to receive an Award or defer compensation under the Plan (aggregating other plans of its type as defined in Section 1.409A-1(c) of the applicable regulations), the Participant may make a deferral election within 30 days after the date the Participant becomes eligible to participate in the Plan; provided, that such election may apply only with respect to the portion of the Award or compensation attributable to services to be performed subsequent to the election.

(C) Where the grant of an Award or payment of compensation, or their vesting is conditioned upon the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months in which the Participant performs Service, a Participant may make a deferral election no later 6 months prior to the end of the applicable performance period.

(D) Where the vesting of an Award is contingent upon the Participant's continued Service for a period of no less than 13 months (or, if earlier, upon death, disability or a change in control), the Participant may make a deferral election within 30 days of receiving an Award.

(E) A Participant may make a deferral election in other circumstances and at such times as may be permitted under Code Section 409A and any regulations or guidance thereunder.

(ii) *Distribution Dates.* Any deferred compensation arrangement created under the Plan shall be distributed at such times as provided in the Award Agreement, which may be upon the earliest or latest of one or more of the following:

(A) A fixed date as set forth in the Award Agreement or pursuant to a Participant's election;

(B) the Participant's death;

(C) the Participant's 'Disability' as defined in Section 409A;

(D) a 'Change in Control' as defined in Section 409A;

(E) an Unforeseeable Emergency, as defined in Section 409A and implemented by the Committee;

(F) a Participant's termination of Service, or in the case of a Key Employee (as defined in Code Section 409A) six months following the Participant's termination of Service; or

(G) such other events as permitted under Code Section 409A and the regulations and guidance thereunder.

(iii) *Restrictions on Distributions.* No distribution may be made pursuant to the Plan if the Committee reasonably determines that such distribution would (A) violate Federal securities laws or other applicable law; (B) be nondeductible pursuant to Code Section 162(m); or (C) would jeopardize the Company's ability to continue as a going concern. In any such case, distribution shall be made at the earliest date at which Company determines such distribution would not trigger clauses (A), (B) or (C) above.

(iv) *Redeferrals.* The Company, in its discretion, may permit Executive to make a subsequent election to delay a distribution date, or, as applicable, to change the form distribution payments, attributable to one or more events triggering a distribution, so long as (A) such election may not take effect until at least twelve (12) months after the election is made, (B) such election defers the distribution for a period of not less than five years from the date such distribution would otherwise have been made, and (C) such election may not be made less than twelve (12) months prior to the date the distribution was to be made.

(v) *Termination of Deferred Compensation Arrangements.* In addition, the Company may in its discretion terminate the deferred compensation arrangements created under this Plan subject to the following:

(A) the arrangement may be terminated within the 30 days preceding, or 12 months following, a Change in Control provided that all payments under such arrangement are distributed in full within 12 months after termination;

(B) the arrangement may be terminated in the Company's discretion at any time provided that (1) all deferred compensation arrangements of similar type maintained by the Company are terminated, (2) all payments are made at least 12 months and no more than 24 months after the termination, and (3) the Company does not adopt a new arrangement of similar type for a period of five years following the termination of the arrangement;

(C) the arrangement may be terminated within 12 months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U.S.C. 503(b)(1)(A) provided that the payments under the arrangement are distributed by the latest of the (1) the end of the calendar year of the termination, (2) the calendar year in which such payments are fully vested, or (3) the first calendar year in which such payment is administratively practicable."

\* \* \*

IN WITNESS WHEREOF, the Company has caused this First Amendment to be executed by the undersigned duly authorized officer as of the \_\_\_\_ day of \_\_\_\_\_ 2007.

MAXIMUS, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

**MAXIMUS, INC.  
DEFERRED COMPENSATION PLAN**

**Adopted effective October 1, 2004  
Amended and Restated Effective January 1, 2005**

The MAXIMUS, INC. DEFERRED COMPENSATION PLAN (the "Plan") was originally adopted effective as of October 1, 2004, by MAXIMUS, Inc., a Virginia corporation (the "Company"), primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees of the Company. The Company amended and restated the Plan effective as of January 1, 2005 in order to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). It is intended that this Plan be exempt from the requirements of Parts II, III and IV of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") pursuant to Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. This Plan is intended to be an unfunded, nonqualified deferred compensation plan. Plan participants shall have the status of unsecured creditors of the Company with respect to the payment of Plan benefits. All amounts deferred under the Plan shall be administered to comply with Section 409A of the Code and any regulations or other interpretative authority promulgated thereunder, without regard to whether such amounts were deferred and vested before or after January 1, 2005.

**ARTICLE I**

**TITLE AND DEFINITIONS**

**1.1 Definitions.**

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

(a) "Account" or "Accounts" shall mean all of such accounts as are specifically authorized for inclusion in this Plan.

(b) "Base Salary" shall mean a Participant's annual base salary, excluding bonus, commissions, incentive and all other remuneration for services rendered to Company and prior to reduction for any salary contributions to a plan established pursuant to Section 125 of the Code or qualified pursuant to Section 401(k) of the Code.

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(c) "Beneficiary" or "Beneficiaries" shall mean the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Participant's death. No beneficiary designation shall become effective until it is filed with the Committee. Any designation shall be revocable at any time through a written instrument filed by the Participant with the Committee with or without the consent of the previous Beneficiary. No designation of a Beneficiary other than the Participant's spouse shall be valid unless consented to in writing by such spouse. If there is no such designation or if there is no surviving designated Beneficiary, then the Participant's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant's estate (which shall include either the Participant's probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Participant's estate duly appointed and acting in that capacity within 90 days after the Participant's death (or such extended period as the Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Participant's death), then Beneficiary shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Committee that they are legally entitled to receive the benefits specified hereunder. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead be paid (a) to that person's living parent(s) to act as custodian, (b) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor. Payment by Company pursuant to any unrevoked Beneficiary designation, or to the Participant's estate if no such designation exists, of all benefits owed hereunder shall terminate any and all liability of Company.

(d) "Board of Directors" or "Board" shall mean the Board of Directors of Company.

(e) "Bonuses" shall mean the bonuses earned as of the last day of the Plan Year, provided a Participant is in the employ of the Company on the last day of the Plan Year.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(g) "Committee" shall mean the Committee appointed by the Board to administer the Plan in accordance with Article VII.

(h) "Company" shall mean MAXIMUS, Inc., a Virginia corporation, and any successor organization thereto, and shall also include any subsidiary of the Company that the Committee has determined is eligible to participate in the Plan.

(i) "Company Contribution Account" shall mean the bookkeeping account maintained by Company for each Participant that is credited with an amount equal to the Company Discretionary Contribution Amount, if any, and Company Matching Contribution Amount, if any, and earnings and losses on such amounts pursuant to Section 4.2.

(j) "Company Discretionary Contribution Amount" shall mean such discretionary amount, if any, contributed by the Company for any Participant for a Plan Year. Such amount may differ, in the Committee's sole and absolute discretion, from Participant to Participant.

(k) "Company Matching Contribution Amount" shall mean such discretionary amount, if any, contributed by the Company for each Participant for a Plan Year. Such amount may differ, in the Committee's sole and absolute discretion, from Participant to Participant.

(l) "Compensation" shall mean the total amounts paid or accrued by the Company or an Affiliate to an employee as remuneration for personal services rendered during each Plan Year, including bonuses and commissions, as reported on the employee's federal income tax withholding statement or statements.

(m) "Deferral Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with amounts equal to (1) the portion of the Participant's Compensation that he or she elects to defer, (2) the Stock Units representing Restricted Stock that a Participant has deferred, and (3) earnings and losses pursuant to Section 4.1.

(n) "Designated Employees" shall mean Eligible Employees designated by the Committee as eligible to defer Restricted Stock Awards.

(o) "Disabled" means a determination by the insurer under the Company's long-term disability insurance policy that the Participant is disabled and eligible for long-term disability benefits under such policy. Notwithstanding the foregoing, should regulations or other Internal Revenue Service ("IRS") guidance be interpreted by the Committee, in its sole and absolute discretion, as not meeting the minimum requirements of Section 409A of the Code, "Disabled" under this Plan shall automatically and without further action or amendment, be determined to exist if the Participant is by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, and the Participant is receiving income replacement benefits for a period of not less than 3 months under any disability benefit plan for covered employees of the Employer.

(p) "Distributable Amount" shall mean the vested balance in the Participant's Deferral Account and Company Contribution Account.

(q) **[DELETED]**

(r) "Effective Date" shall mean the date the Plan first became effective which was October 1, 2004. The Plan was amended, effective January 1, 2005, and may be amended from time to time consistent with the requirements of Section 409A of the Code.

(s) "Eligible Employee" shall mean an employee of the Company who is a member of a select group of management and/or highly compensated employees who has been designated by the Committee, in its sole and absolute discretion, as eligible to participate in the Plan and is notified of such eligibility.

- (t) "Fund" or "Funds" shall mean one or more of the investment funds selected by the Committee pursuant to Section 3.2(b).
- (u) "Hardship Distribution" shall mean a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of his or her Dependent (as defined in Section 152(a) of the Code), loss of a Participant's property due to casualty, or other similar or extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that would constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, a Hardship Distribution may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under this Plan.
- (v) "Initial Election Period" shall mean the 30-day period prior to the Effective Date of the Plan, or the 30-day period following the time an employee shall be designated by the Company as an Eligible Employee.
- (w) "Interest Rate" shall mean, for each Fund, an amount equal to the net gain or loss on the assets of such Fund during each month.
- (x) "Participant" shall mean any Eligible Employee who becomes a Participant in this Plan in accordance with Article II.
- (y) "Payment Date" shall mean the February following the Plan Year in which termination occurs or, if elected by the Participant, at such time following an earlier "Change in Control" (as defined by Section 409A of the Code) as provided in Section 6.1(c).
- (z) "Performance Based Compensation" means any compensation which may be paid to an Eligible Employee based on services performed over a period of at least twelve (12) months, or such other definition as may be required by applicable regulations.
- (aa) "Plan" shall be The MAXIMUS, Inc. Deferred Compensation Plan.
- (bb) "Plan Year" shall be January 1 to December 31 of each year.
- (cc) "Restricted Stock" shall mean shares of Stock issued under the Restricted Stock Plan, which by its terms are subject to vesting and/or forfeiture.
- (dd) "Restricted Stock Award" shall mean any award of Restricted Stock under the Restricted Stock Plan.
- (ee) "Restricted Stock Plan" shall mean the MAXIMUS, Inc. 1997 Equity Incentive Plan.
- (ff) "Scheduled Withdrawal Date" shall mean the distribution date elected by the Participant for an in-service withdrawal of amounts from such Accounts deferred in a given Plan Year, and earnings and losses attributable thereto, as set forth on the election form for such Plan Year.

(gg) "Specified Employee" means any Participant who would be considered a "Specified Employee" as the term is defined in Section 409A(a)(2)(B)(i) of the Code.

(hh) "Stock Unit" shall mean a bookkeeping entry representing a right to receive a share of MAXIMUS, Inc. common stock on a date determined in accordance with this Plan and pursuant to the terms and conditions of this Plan and the Restricted Stock Plan.

(ii) "Trust" shall mean the legal entity created by the Trust Agreement.

(jj) "Trust Agreement" shall mean the agreement between the Company and the Trustee that establishes a trust to hold and manage the assets contributed by the Company in connection with the Plan.

(kk) "Trustee" shall mean First American Trust, FSB or any other one or more individuals or organizations that the Company may enter into a Trust Agreement as trustee(s), and any duly appointed successors.

## ARTICLE II

### PARTICIPATION

#### 2.1 Commencement of Participation.

An Eligible Employee shall become a Participant in the Plan for a Plan Year by (a) electing to defer all or a portion of his or her Compensation for such Plan Year in accordance with Section 3.1, by completing all required applications for life insurance (as determined by Committee in its discretion), or (b) electing to defer the receipt of Restricted Stock that has not vested.

#### 2.2 Cessation of Participation.

Active participation in the Plan shall end when a Participant's terminates employment with the Company for any reason or at such time as a Participant is notified by the Committee, pursuant to Section 2.3, below, that he or she is no longer eligible to participate in the Plan. Upon termination of employment or eligibility, a Participant shall remain an inactive Participant in the Plan until all of the amounts to which he or she is entitled under this Plan have been paid in full.

#### 2.3 Cessation of Eligibility.

The Committee may at any time, in its sole discretion, notify any Participant that he or she is not eligible to participate in the Plan, or is not eligible for Company Discretionary Contribution Amounts in any Plan Year.

## ARTICLE III

### DEFERRAL ELECTIONS

#### 3.1 Elections to Defer Compensation.

(a) Initial Election Period. Subject to the provisions of Article II, each Eligible Employee may elect to defer Compensation by filing with the Committee an election that conforms to the requirements of this Section 3.1, on a form provided by the Committee, no later than the last day of his or her Initial Election Period. Notwithstanding the foregoing, the Initial Election Period for deferrals of Performance Based Compensation may be different than that for other deferrals and may end on a period no later than six (6) months prior to the end of the performance period for which services are to be rendered.

(b) General Rule. The amount of Compensation which an Eligible Employee may elect to defer is such Compensation earned on or after the time at which the Eligible Employee elects to defer in accordance with Sections 1.1(l) and 3.1(a) and shall be a percentage which shall not exceed 80% of the Eligible Employee's Base Salary and 100% of the Eligible Employee's Compensation other than Base Salary, provided that the total amount deferred by a Participant shall be limited in any calendar year, if necessary, to satisfy Social Security Tax (including Medicare), income tax, employment tax, all garnishments or other amounts required to be withheld by applicable law or court order and employee benefit plan withholding requirements as determined in the sole and absolute discretion of the Committee. The minimum contribution which may be made in any Plan Year by an Eligible Employee shall not be less than \$5,000, provided such minimum contribution can be satisfied from any element of Compensation.

(c) Deferral of Restricted Stock. A Designated Employee may elect to defer all or a portion of Restricted Stock awarded pursuant to a Restricted Stock Award and receive a credit of Stock Units. Any such deferral election must be made in a time period designated by the Committee from time to time and in accordance with Sections 3.1(d) and (e). No minimum annual deferral election applies to the deferral of Restricted Stock.

(d) Duration of Compensation Deferral Election. An Eligible Employee's initial election to defer Compensation must be made prior to the Effective Date and is to be effective with respect to Compensation received after such deferral election is processed. An election shall remain in effect for each successive Plan Year unless the Participant changes such an election during an appropriate enrollment period. A Participant may increase, decrease or terminate a deferral election with respect to Compensation for any subsequent Plan Year by filing a new election during any enrollment period (which shall be such period as specified by the Committee which ends no later than the last day of the preceding Plan Year) which election shall be effective on the first day of the next following Plan Year or in the case of Performance Based Compensation, no later than six (6) months prior to the end of the performance period for which services are to be rendered. In the case of an employee who becomes an Eligible Employee after the Effective Date, such Eligible Employee shall have 30 days from the date he or she is notified he or she has become an Eligible Employee to make an Initial Election with respect to Compensation earned following the Initial Election period. Such election shall be for the remainder of the Plan Year, in the event the Plan Year has commenced.

(e) Elections other than Elections during the Initial Election Period. Subject to the limitations of Section 3.1(b), (c) (d) above, any Eligible Employee who has terminated a prior Compensation deferral election may elect to again defer Compensation, by filing an election, on a form provided by the Committee, to defer Compensation and/or Restricted Stock as described in Sections 3.1(b) and (c) above. An election to defer Compensation and/or Restricted Stock must be filed in a timely manner in accordance with Section 3.1(c) and (d).

### 3.2 Investment Elections.

(a) At the time of making the deferral elections described in Section 3.1, the Participant shall designate, on a form provided by the Committee, the types of investment funds in which the Participant's Account will be deemed to be invested for purposes of determining the amount of earnings to be credited to that Account. In making the designation pursuant to this Section 3.2, the Participant may specify that all or any multiple of his or her Account be deemed to be invested, in whole percentage increments, in one or more of the types of investment funds provided under the Plan as communicated from time to time by the Committee. Effective as of the next business day, a Participant may change the designation made under this Section 3.2 by filing an election, on a form provided by the Committee, at any time. If a Participant fails to elect a type of fund under this Section 3.2, he or she shall be deemed to have elected the Money Market type of investment fund.

(b) Although the Participant may designate the type of investments, the Committee shall not be bound by such designation. The Committee shall select from time to time, in its sole and absolute discretion, commercially available investments of each of the types communicated by the Committee to the Participant pursuant to Section 3.2(a) above to be the Funds. The Interest Rate of each such commercially available investment fund shall be used to determine the amount of earnings or losses to be credited to Participant's Account under Article IV.

(c) If any portion of a Participant's Account is credited with Stock Units, then the Participant shall not be permitted to select any other investment fund with respect to such Stock Units, and distributions of such Stock Units shall only be in the form of Company common stock and shall be settled solely out of the Restricted Stock Plan. In the event of a corporate transaction involving the Company's common stock, such Stock Units will be substituted and settled with an equivalent form of consideration provided under the Restricted Stock Plan pursuant to such transaction, which, if cash, will be deemed invested during the deferral period pursuant to the Participant's investment elections under Section 3.2(a).

#### ARTICLE IV

##### **DEFERRAL ACCOUNTS AND TRUST FUNDING**

###### 4.1 Deferral Accounts.

The Committee shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be further divided into separate subaccounts ("investment fund subaccounts"), each of which corresponds to an investment fund elected by the Participant pursuant to Section 3.2(a) and/or a Stock Unit subaccount, if applicable. A Participant's Deferral Account shall be credited as follows:

(a) On the business day that amounts are withheld and deferred from a Participant's Compensation, the Committee shall credit the investment fund subaccounts of the Participant's Deferral Account with an amount equal to Compensation deferred by the Participant in accordance with the Participant's election under Section 3.2(a); that is, the portion of the Participant's deferred Compensation that the Participant has elected to be deemed to be invested in a certain type of investment fund shall be credited to the investment fund subaccount corresponding to that investment fund;

(b) Each business day, each investment fund subaccount of a Participant's Deferral Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such investment fund subaccount as of the prior day plus contributions credited that day to the investment fund subaccount by the Interest Rate for the corresponding fund selected by the Company pursuant to Section 3.2(b). The value of any Stock Unit subaccount shall reflect only the current fair market value of the Company's common stock underlying such Stock Units.

(c) In the event that a Participant elects for a given Plan Year's deferral of Compensation to have a Scheduled Withdrawal Date, all amounts attributed to the deferral of Compensation for such Plan Year shall be accounted for in a manner which allows separate accounting for the deferral of Compensation and investment gains and losses associated with such Plan Year's deferral of Compensation.

#### 4.2 Company Contribution Account.

The Committee shall establish and maintain a Company Contribution Account for each Participant under the Plan. Each Participant's Company Contribution Account shall be further divided into separate investment fund subaccounts corresponding to the investment fund elected by the Participant pursuant to Section 3.2(a). A Participant's Company Contribution Account shall be credited as follows:

(a) On the business day of any Company Discretionary Contribution Amount or Company Matching Contribution Amount, the Committee shall credit the investment fund subaccounts of the Participant's Company Contribution Account with an amount equal to the Company Discretionary Contribution Amount, if any, applicable to that Participant, that is, the proportion of the Company Discretionary Contribution Amount, if any, or Company Matching Contribution Amount, if any, which the Participant elected to be deemed to be invested in a certain type of investment fund shall be credited to the corresponding investment fund subaccount; and

(b) Each business day, each investment fund subaccount of a Participant's Company Contribution Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such investment fund subaccount as of the prior day plus contributions credited that day to the investment fund subaccount by the Interest Rate for the corresponding Fund selected by the Company pursuant to Section 3.2(b).

#### 4.3 Trust Funding.

The Company has created a Trust with the Trustee. The Company shall cause the Trust to be funded each year. The Company shall contribute to the Trust (1) an amount equal to the amount deferred by each Participant; (2) the aggregate amount of Company Discretionary Contribution Amounts; and (3) the aggregate amount of Company Matching Contribution Amounts for the Plan Year.

Although the principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan Participants and Beneficiaries as set forth therein, neither the Participants nor their Beneficiaries shall have any preferred claim on, or any beneficial ownership in, any assets of the Trust prior to the time such assets are paid to the Participants or Beneficiaries as benefits and all rights created under this Plan shall be unsecured contractual rights of Plan Participants and Beneficiaries against the Company. Any assets held in the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of insolvency as defined in Section 3.2 of the Trust.

The assets of the Plan and Trust shall never inure to the benefit of the Company and the same shall be held for the exclusive purpose of providing benefits to Participants and their Beneficiaries and for deferring reasonable expenses of administering the Plan and Trust.

#### ARTICLE V

##### VESTING

A Participant shall be 100% vested in his or her Deferral Account. A Participant shall be vested in any Company Discretionary Contribution Amount and/or Company Matching Contribution Amount, and the Interest thereon, in accordance with the schedule specified by the Committee in its sole discretion at such time any such contribution is made. A Participant shall be vested in any Stock Units under the Plan in accordance with the terms and conditions of the Participant's Restricted Stock Award.

#### ARTICLE VI

##### DISTRIBUTIONS

###### 6.1 Distribution of Deferred Compensation and Discretionary Company Contributions.

(a) Distribution Without Scheduled Withdrawal Date. In the case of a Participant who terminates employment with Company, or is determined to have become Disabled, and has an Account balance of \$25,000 or more, the Distributable Amount shall be paid to the Participant (and after his or her death to his or her Beneficiary) in a lump sum on the Participant's Payment Date. An optional form of benefit may be elected by the Participant, on the form provided by Company, during his or her Initial Election Period of substantially equal annual installments over two (2) to twenty (20) years beginning on the Participant's Payment Date.

A Participant may amend his or her form of distribution election from a single lump sum to installments by filing an amended election at least twelve (12) months in advance of the date the Participant terminates employment with the Company. The amended new distribution date must be in a Plan Year five (5) years after the date the Participant terminates employment with the Company. No amendment may accelerate the date that any distribution would be made from the Plan.

In the case of a Participant who terminates employment with Company, or is determined to have become Disabled, and has an Account balance of less than \$25,000, the Distributable Amount shall be paid to the Participant (and after his or her death to his or her Beneficiary) in a lump sum distribution on the Participant's Payment Date.

The Participant's Account shall continue to be credited with earnings pursuant to Section 4.1 of the Plan until all amounts credited to his or her Account under the Plan have been distributed.

(b) Distribution With Scheduled Withdrawal Date. In the case of a Participant who has elected a Scheduled Withdrawal Date for a distribution while still in the employ of the Company, such Participant shall receive his or her Distributable Amount, but only with respect to those deferrals of Compensation, vested Matching Contribution Amounts and vested Company Discretionary Contribution Amounts, if any, and earnings on such deferrals of Compensation, Matching Contribution Amounts and Company Discretionary Contribution Amounts as shall have been elected by the Participant to be subject to the Scheduled Withdrawal Date in accordance with Section 1.1(ee) of the Plan. A Participant's Scheduled Withdrawal Date with respect to deferrals of Compensation, Matching Contribution Amounts and Company Discretionary Contribution Amounts deferred in a given Plan Year can be no earlier than two years from the last day of the Plan Year for which the deferrals of Compensation, Matching Contribution Amounts and Company Discretionary Contribution Amounts are made. A Participant's Scheduled Withdrawal Date with respect to the deferral of Stock Units in a given Plan Year can be no earlier than (a) two years from the last day of the Plan Year for which the deferral of Stock Units was made and (b) two years from the vesting date of the Restricted Stock Award. A Participant may extend the Scheduled Withdrawal Date for any Plan Year, provided such extension occurs at least one year before the Scheduled Withdrawal Date and is for a period of not less than five years from the Scheduled Withdrawal Date. The Participant shall have the right to modify any Scheduled Withdrawal Date one time. In the event a Participant terminates employment with Company prior to a Scheduled Withdrawal Date, other than by reason of death, the portion of the Participant's Account associated with a Scheduled Withdrawal Date, which has not occurred prior to such termination, shall be distributed in the manner selected for Termination.

(c) Distribution for Termination of Employment due to Death. In the case of the death of a Participant while employed by the Company, the Participant's account balance shall be distributed to the Participant's Beneficiary in a lump sum following the end of the calendar quarter in which the receipt of confirmation of death has been received.

(d) Post-Termination Death Benefit. In the event a Participant dies after his or her termination of employment and still has a vested balance in his or her Account, the vested balance of such Account shall continue to be paid in annual installments for the remainder of the period in accordance with the election previously made by the Participant.

(e) Change in Control. A Participant may elect, at such times and in such manner as permitted by the Company, to receive a lump sum distribution of his or her entire Account balance in the event of a subsequent Change in Control (as defined by Section 409A of the Code). Such payment shall be made in the month following the month in which such Change in Control occurs; provided, however, that if the Change in Control occurs in the 2007 calendar year, any such distribution be made in February 2008.

6.2 [DELETED]

### 6.3 Hardship Distribution.

A Participant shall be permitted to elect a Hardship Distribution from his or her vested Accounts in accordance with Section 1.2(u) of the Plan prior to the Payment Date, subject to the following restrictions:

- (a) The election to take a Hardship Distribution shall be made by filing a form provided by and filed with Committee prior to the end of any calendar month.
- (b) The Committee shall have made a determination that the requested distribution constitutes a Hardship Distribution in accordance with Section 1.2(u) of the Plan.
- (c) The amount determined by the Committee as a Hardship Distribution shall be paid in a single cash lump sum as soon as practicable after the end of the calendar month in which the Hardship Distribution election is made and approved by the Committee.
- (d) If a Participant receives a Hardship Distribution, the Participant will be ineligible to participate in the Plan for the balance of the Plan Year and the following Plan Year.

### 6.4 Inability to Locate Participant.

In the event that the Committee is unable to locate a Participant or Beneficiary within two years following the required Payment Date, the amount allocated to the Participant's Deferral Account shall be forfeited. If, after such forfeiture, the Participant or Beneficiary later claims such benefit, such benefit shall be reinstated without interest or earnings.

### 6.5 Limitation on Distributions to Covered Employees.

Notwithstanding any other provision of this Article VI in the event that the Participant is a "covered employee" as that term is defined in section 162(m)(3) of the Code, or would be a covered employee if benefits were distributed in accordance with his or her distribution election or early withdrawal request, the maximum amount which may be distributed from the Participant's Account in any Plan Year shall not exceed one million dollars (\$1,000,000) less the amount of compensation paid to the Participant in such Plan Year which is not "performance-based" (as defined in Code section 162(m)(4)(C)), which amount shall be reasonably determined by the Committee at the time of the proposed distribution. Any amount which is not distributed to the Participant in a Plan Year as a result of this limitation shall be distributed to the Participant in the next Plan Year, subject to compliance with the foregoing limitations set forth in this Section 6.5.

### 6.6 Specified Employees.

In the event of a distribution to a Specified Employee based upon such individual's termination of employment with the Company, no distributions will be made, irrespective of any deferral election to the contrary, before the date which is six (6) months after the date of termination of employment, or if earlier the date of the death of the Specified Employee.

6.7 Withholding.

There shall be deducted from each payment made under the Plan or any other Compensation payable to the Participant (or Beneficiary) all taxes that are required to be withheld by the Company in respect to such payment or this Plan. The Company shall have the right to reduce any payment (or compensation) by the amount of cash sufficient to provide the amount of said taxes.

6.8 Termination of Employment.

For purposes of this Plan, a Participant shall be deemed to have terminated from employment with the Company when such Participant has experienced a 'separation from service' under Code Section 409A.

**ARTICLE VII**

**ADMINISTRATION**

7.1 Committee.

The Committee shall be appointed by, and serve at the pleasure of, the Board of Directors. The number of members comprising the Committee shall be determined by the Board, which may from time to time vary the number of members. A member of the Committee may resign by delivering a written notice of resignation to the Board. The Board may remove any member by delivering a certified copy of its resolution of removal to such member. Vacancies in the membership of the Committee shall be filled promptly by the Board.

7.2 Committee Action.

The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by all members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. The Chairman or any other member or members of the Committee designated by the Chairman may execute any certificate or other written direction on behalf of the Committee.

7.3 Powers and Duties of the Committee.

(a) Committee Powers and Responsibilities. The Committee shall have complete control of the administration of the Plan herein set forth with all powers necessary to enable it properly to carry out its duties in that respect. Not in limitation, but in amplification of the foregoing, the Committee shall have the power and authority to:

- (1) Construe the Plan and Trust Agreement to determine all questions that shall arise as to interpretations of the Plan's provisions including determination of which individuals are Eligible Employees and the determination of the amounts credited to a Participant's Account, and the appropriate timing and method of benefit payments;
- (2) Establish reasonable rules and procedures which shall be applied in a uniform and nondiscriminatory manner with respect to elections, the establishment of Accounts and Subaccounts, and all other discretionary provisions of the Plan;
- (3) Establish the rules and procedures by which the Plan will operate that are consistent with the terms of the Plan documents;
- (4) Establish the rules and procedures by which the Plan shall determine and pay installment distributions and in-service distributions;
- (5) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;
- (6) Compile and maintain all records it determines to be necessary, appropriate or convenient in connection with the administration of the Plan;
- (7) Adopt amendments to the Plan document which are deemed necessary or desirable to facilitate administration of the Plan and/or to bring these documents into compliance with all applicable laws and regulations, provided that the Committee shall not have the authority to adopt any Plan amendment that will result in substantially increased costs to the Company unless such amendment is contingent upon ratification by the Board before becoming effective;
- (8) Employ such persons or organizations to render service or perform services with respect to the administrative responsibilities of the Committee under the Plan as the Committee determines to be necessary and appropriate, including but not limited to attorneys, accountants, and benefit, financial and administrative consultants;
- (9) Select, review and retain or change the investment which are used for determining the Interest Rate under the Plan;
- (10) Direct the investment of the assets of the Trust;
- (11) Review the performance of the Trustee with respect to the Trustee's duties, responsibilities and obligations under the Plan and the Trust Agreement; and
- (12) Take such other action as may be necessary or appropriate to the management and investment of the Plan assets.

7.4 Construction and Interpretation.

The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretations or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. The Committee shall administer such terms and provisions in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the Plan.

7.5 Information.

To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the Compensation of all Participants, their death or other events that cause termination of their participation in this Plan, and such other pertinent facts as the Committee may require.

7.6 Compensation, Expenses and Indemnity.

(a) The members of the Committee shall serve without compensation for their services hereunder.

(b) The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

(c) To the extent permitted by applicable state law, the Company shall indemnify and hold harmless the Committee and each member thereof, the Board of Directors and any delegate of the Committee who is an employee of the Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

7.7 Quarterly Statements.

Under procedures established by the Committee, a Participant shall receive a statement with respect to such Participant's Accounts on a quarterly basis.

7.8 Disputes.

(a) Claim.

A person who believes that he or she is being denied a benefit to which he or she is entitled under this Plan (hereinafter referred to as "Claimant") must file a written request for such benefit with the Company, setting forth his or her claim. The request must be addressed to the President of the Company at its then principal place of business.

(b) Claim Decision.

Upon receipt of a claim, the Company shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Company may, however, extend the reply period for an additional ninety (90) days for special circumstances.

If the claim is denied in whole or in part, the Company shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (A) the specified reason or reasons for such denial; (B) the specific reference to pertinent provisions of this Plan on which such denial is based; (C) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or such information is necessary; (D) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and (E) the time limits for requesting a review under subsection (c).

(c) Request For Review.

Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Committee review the determination of the Company. Such request must be addressed to the Secretary of the Company, at its then principal place of business. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Committee. If the Claimant does not request a review within such sixty (60) day period, he or she shall be barred and estopped from challenging the Company's determination.

(d) Review of Decision.

Within sixty (60) days after the Committee's receipt of a request for review, after considering all materials presented by the Claimant, the Committee will inform the Participant in writing, in a manner calculated to be understood by the Claimant, the decision setting forth the specific reasons for the decision containing specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Committee will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review. No further legal action may be initiated claiming benefits under this Plan until the claims procedures set forth in this Article VII are completed.

7.9 Plan Amendment.

This Plan may be amended by the Company at any time in its sole discretion. Additionally, the Plan may be amended upon an action of the members of the Committee subject to the provisions in Section 7.3. However, no amendment may be made that alters the nature of an election or benefit distribution election or which would reduce the amount credited to a Participant's Account on the date of such amendment, unless such amendment is made pursuant to Section 8.9 of the Plan to comply with changes in applicable law.

7.10 Plan Termination.

The Company reserves the right to terminate the Plan in its entirety by an action of the Board at any time upon fifteen (15) days notice to the Participants. The termination of the Plan shall automatically revoke all outstanding deferral elections. If the Plan is terminated, all benefits shall continue to be paid in the form and at the times previously elected by the Participants, unless at the time of such distribution Section 409A of the Code, or other applicable IRS guidance, would authorize the distribution in a lump sum of all Plan benefits. Any amounts remaining in the Trust after all benefits have been paid shall revert to the Company.

## ARTICLE VIII

### MISCELLANEOUS

#### 8.1 Unsecured General Creditor.

Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors. It is the intention of the Company that this Plan be unfunded for purposes of the Code and for purposes of Title 1 of the ERISA.

#### 8.2 Restriction Against Assignment.

The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, sell, transfer, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, commute, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

#### 8.3 Governing Law.

This Plan shall be construed, governed and administered in accordance with the laws of the State in which the Company is incorporated, except where pre-empted by ERISA.

#### 8.4 Receipt or Release.

Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee and the Company. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

#### 8.5 Payments on Behalf of Persons Under Incapacity.

In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Committee and the Company.

#### 8.6 Limitation of Rights and Employment Relationship

Neither the establishment of the Plan and Trust nor any modification thereof, nor the creating of any fund or account, nor the payment of any benefits shall be construed as giving to any Participant, or Beneficiary or other person any legal or equitable right against the Company or the trustee of the Trust except as provided in the Plan and Trust; and in no event shall the terms of employment of any Employee or Participant be modified or in any way be affected by the provisions of the Plan and Trust.

#### 8.7 Successors.

This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Participant and his or her heirs, executors, administrators and legal representatives.

#### 8.8 Attorneys' Fees.

If the Company, the Participant, any Beneficiary, and/or a successor in interest to any of the foregoing, brings legal action to enforce any of the provisions of this Plan, the prevailing party in such legal action shall be reimbursed by the other party, the prevailing party's costs of such legal action including, without limitation, reasonable fees of attorneys, accountants and similar advisors and expert witnesses.

#### 8.9 Severability.

If any provision of this Plan is held to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of this Plan, and the Plan shall be construed and enforced as if such provision had not been included. In addition, if such provision is invalid, illegal or unenforceable due to changes in applicable law, the Company may amend the Plan, without the consent and without providing any advance notice to any Participant, as may be necessary or desirable to comply with changes in the applicable law or financial accounting of deferred compensation plans.

#### 8.10 Shareholder Rights.

A Participant shall have no rights as a shareholder with respect to any Stock Units which may be credited by the Company to the Plan. Notwithstanding the foregoing, Stock Units allocated to a Participant's Account shall be entitled to receive such Stock Units prorata portion of any cash dividend declared by the Company with respect to the shares of the Company's common stock underlying such Stock Units. The Committee shall instruct the Trustee, in the Committee's sole and absolute discretion, on how to vote, or not vote, any shares of Company common stock which may actually be allocated to the Trust and nothing contained in this Plan shall be construed as permitting the Participant to vote any such shares of Company common stock held by the Trust.

8.11 Headings.

Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

8.12 Section 409A of the Code.

This Plan is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and the interpretative guidance thereunder. The Plan shall be construed and interpreted in accordance with such intent.

**MAXIMUS, INC.  
DEFERRED COMPENSATION PLAN**

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**FIRST AMENDMENT TO THE  
EXECUTIVE EMPLOYMENT, NON-COMPETE  
AND CONFIDENTIALITY AGREEMENT**

THIS FIRST AMENDMENT TO THE EXECUTIVE EMPLOYMENT, NON-COMPETE AND CONFIDENTIALITY AGREEMENT ("Amendment") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by and between Richard A. Montoni (the "Executive") and MAXIMUS, Inc., a Virginia corporation with its principal place of business in Reston, Virginia (the "Corporation") and provides as follows:

WHEREAS, on or about April 24, 2006, the Corporation and Executive entered into an Employment Agreement; and

WHEREAS, the parties desire to amend the Employment Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended as set forth in this Amendment.

NOW, THEREFORE, in consideration of these premises and intending to be legally bound, the parties agree as follows:

1. Section 1.4 is hereby deleted in its entirety and substituted with the following:

"Severance. The parties agree that in the event the Corporation terminates the Executive's employment without Cause or the Executive terminates the employment for "Good Reason" (as defined in the Income Continuity Plan) prior to the expiration of the Scheduled Term, the Executive shall be entitled to the following:

(a) Benefits, at the Corporation's expense, as provided under Section 1.2 for the greater of the remainder of the Scheduled Term or twelve (12) months. To the extent that these payments are not exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the 'Code') under the COBRA, reimbursement, in-kind benefit, or other applicable exceptions thereunder, such payments shall be made at the time and in the amount required under the documents governing each such benefit;

(b) Vesting of stock options and Restricted Stock Units; and

(c) a lump sum, payable within 30 days following termination of employment, equal to the greater of (i) Base Salary for the remainder of the Scheduled Term or (ii) two times the sum of the Executive's Base Salary plus the lesser of his target bonus or previous year's actual bonus, which lump sum shall be considered a separate payment for purposes of Section 409A of the Code. If the Executive's employment termination occurs in connection with a Change in Control, the Executive shall be entitled to receive such payments and benefits as provided under the Income Continuity Plan, and this Section 1.4 shall not apply."

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2. The second sentence of Section 1.5 is deleted and substituted with the following:

"If any law or the terms of any plan document (or related agreement) prevents the Corporation from treating the Executive as remaining in employment with the Corporation continuously during this period, the Corporation, within 60 days after the Executive terminates employment, shall pay or provide to the executive an amount equal to the difference between (a) and (b), where (a) and (b) are determined as follows:

(a) The payments or benefits the Executive would have received or been entitled to if the Executive had remained in employment with the Corporation continuously during the period beginning March 18, 2002 through the Effective Date; and

(b) The payments or benefits the Executive actually received or is entitled to under applicable law and the terms of the applicable plan documents."

3. A new Section 4.12 is hereby added to the Employment Agreement as follows:

"Distributions to Specified Employees. Notwithstanding any provision to the contrary, to the extent the Executive is considered a specified employee under Section 409A of the Code and would be entitled to a payment during the six month period beginning on the Executive's date of termination that is not otherwise excluded under Section 409A of the Code under the exceptions for short-term deferrals, separation pay arrangements, reimbursements, in-kind distributions, or an otherwise applicable exemption, the payment will not be made to the Executive until the earlier of the six month anniversary of the Executive's date of termination or the Executive's death."

4. A new Section 4.13 is hereby added to the Employment Agreement as follows:

"Section 409A of the Code. It is the intention of the parties that this Agreement comply with and be administered in accordance with Section 409A of the Code and the interpretive guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. The Agreement shall be construed and interpreted in accordance with such intent. To the extent such potential payments or benefits could become subject to such Section, the parties shall cooperate to amend this Agreement with the goal of giving the Executive the economic benefits described herein in a manner that does not result in such tax being imposed. In the event that the Company does not so cooperate, the Company shall indemnify the Executive for any interest and additional tax arising from the application of Section 409A of the Code, grossed-up for any other income tax incurred by Executive related to the indemnification (i.e., indemnification of such additional income tax), assuming the highest marginal income tax rates apply to any taxable indemnification. Any indemnification payment shall be made within ninety (90) days of the date Executive makes payment of the interest and/or additional tax."

\* \* \*

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of the date first above written.

**EXECUTIVE**

**MAXIMUS, Inc.**

\_\_\_\_\_  
Richard A. Montoni

By \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_

**EXECUTIVE EMPLOYMENT, NON-COMPETE  
AND CONFIDENTIALITY AGREEMENT**

THIS EXECUTIVE EMPLOYMENT, NON-COMPETE AND CONFIDENTIALITY AGREEMENT ("Agreement"), is entered into as of the date set forth on the signature page, by and between **Bruce Caswell** (the "Executive") and MAXIMUS, Inc., a Virginia corporation with its principal place of business in Reston, Virginia (the "Corporation") with reference to the following:

WHEREAS, the parties believe the Executive possesses the experience and capabilities to provide valuable service on behalf of the Corporation; and

WHEREAS, the Corporation desires to employ the Executive as **Group President** of the MAXIMUS **Family Services Group**; and

WHEREAS, the Executive desires to be employed by the Corporation at the salary, benefits and other terms and conditions specified herein.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Employment.

1.1 Duties. The Corporation hereby employs the Executive, and the Executive hereby accepts such employment, to serve as the Group President of the MAXIMUS Family Services Group. The Executive hereby represents and warrants that he is in good health and capable of performing the services required hereunder. The Executive shall perform such services and duties as are appropriate to such office or delegated to the Executive by his supervisor. During the term of this Agreement, the Executive shall be a full-time employee of the Corporation and shall devote such time and attention to the discharge of his duties as may be necessary and appropriate to accomplish and complete such duties.

1.2 Compensation.

(a) Salary. As compensation for performance of his obligations hereunder, the Corporation shall pay the Executive an annual salary of not less than \$350,000, such salary to be reviewed annually beginning on or about September 30, 2005.

(b) Signing Bonus. Executive will receive a signing bonus of \$35,000 on or about his first day of employment. Executive agrees to repay a prorated portion of the signing bonus to the Corporation if, during the first 12 months of this Agreement, he terminates his employment for any reason or the Corporation terminates his employment for cause.

(c) Year-End Bonus. The Executive will participate in the Corporation's annual bonus program, with any awards dependent on the performance of the Executive and the Corporation. Executive's annual "target" bonus will be 30% of his annual base salary, but his actual bonus may be higher or lower based upon his and the Corporation's achievement of specified goals and objectives. The goals and objectives that govern Executive's annual bonus determination will be agreed upon in writing by Executive and the Corporation within 30 days following the start of each year.

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(d) Stock Options. Upon the Effective Date the Executive shall be awarded a non-qualified option to acquire 50,000 shares of MAXIMUS Common Stock in accordance with the MAXIMUS 1997 Equity Incentive Plan. On the succeeding first through third anniversaries of the Effective Date, the Executive will receive non-qualified option grants to purchase MAXIMUS stock in the amounts of not less than 50,000, 20,000, and 20,000 shares respectively. All option grants shall have a strike price equal to the New York Stock Exchange closing price of MAXIMUS Common Stock as of the trading day immediately preceding the date of grant, a four-year vesting schedule, a ten-year term and such other terms and conditions as are included in the standard MAXIMUS Stock Option Agreement which will be subsequently executed by the parties. The Executive shall also be awarded 3,000 restricted stock units (RSUs) upon the Effective Date. The RSUs will vest in equal installments over a six-year term, subject to possible acceleration in accordance with the terms of the RSU Award Program. The Executive shall also be eligible to participate in stock option, RSU, and similar plans as currently exist or may be established by the Corporation from time to time.

(e) Vacation, Insurance, Expenses, Etc. The Executive shall be entitled to 20 days accrual paid vacation per year, and such benefits, health, disability and life insurance and other benefits and expense reimbursements in a manner consistent with the Corporation's past practices and as are provided to executives at a similar level.

(f) Indemnity. Except to the extent the Board of Directors determines that the Executive violated the law or acted in bad faith or except as otherwise prohibited by law, the Corporation shall indemnify and hold harmless Executive from and against any and all claims, damages, expenses (including, but not limited to, attorneys' fees and litigation and court costs), costs, and/or liabilities incurred or suffered by Executive that are based upon or arise out of any acts or omissions, or alleged acts or omissions, by Executive during his employment with the Corporation.

1.3 Non-Involvement In Certain Activities. Prior to his employment by the Corporation, Executive was involved in two procurements for eligibility services in Florida and Texas on behalf of his former employer (the "Procurements"), and the Corporation is currently involved in the Procurements as well. Neither Executive nor the Corporation wishes to have Executive utilize or disclose any proprietary information or trade secrets of his former employer in the course of his employment with the Corporation, and in furtherance of that desire, the parties agree that (i) the Corporation shall not request nor require that Executive be involved in any way with its work on the Procurements, (ii) Executive shall not become involved in any way with the Corporation's work on the Procurements, and (iii) the Corporation shall issue to all of its employees who are involved in any way with its work on the Procurements written instructions that they are not to discuss, share any information concerning, or seek any information concerning, the Procurements with/from Executive. Executive and the Corporation agree that in the event that the nature, circumstances or timing of the Procurements changes then Executive shall discuss the changed circumstances with outside counsel to the Company to determine whether Executive may no longer have confidential or proprietary information relating to the Procurements. In the event that outside counsel determines that Executive does not have confidential or proprietary information relating to the Procurements, then the Corporation may request that Executive be involved in the Procurements. However, the foregoing shall not prohibit the Corporation from assigning the Executive to work on any programs or contracts that the Corporation may be awarded as a result of the Procurements, so long as the Executive does not share confidential information of his previous employer.

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1.4 Term; Termination Without Severance. The term of the employment agreement set forth in this Section 1 shall be for a period commencing at the Effective Date and continuing for two (2) years thereafter (the "Scheduled Term") provided that this Agreement shall terminate:

(a) by mutual written consent of the parties;

(b) upon Executive's death or inability, by reason of physical or mental impairment; to perform substantially all of Executive's duties as contemplated herein for a continuous period of 120 days or more; or

(c) by the Corporation for cause, which shall mean the Executive's (i) breach of any material duty or obligation hereunder, (ii) intentional or grossly negligent misconduct that is materially injurious to the Corporation, (iii) willful failure to follow the reasonable directions of the Executive's supervisor, or (iv) failure to carry out his duties in a professional manner consistent with the standards of his profession and position; provided, however, that subsections (i), (iii) and (iv) of this paragraph are contingent upon the Corporation providing 30 days' written notice to Executive and Executive's failure to correct such breach, failure to follow instructions or failure to carry out his duties, as applicable.

Upon any termination of employment under this Section 1.4, neither party shall have any further obligation to the other pursuant to this Section 1, but such termination shall have no effect on the obligations of the parties under other provisions of this Agreement.

"Effective Date" means the date Executive commences work for the Corporation, which the parties anticipate will occur on or before October 1, 2004.

1.5 Termination By Executive For Good Reason. In the event that the Corporation terminates the Executive without cause or the Executive resigns from his employment with the Corporation for Good Reason (as defined below), Executive shall be entitled to receive a lump sum severance payment equal to six months' base salary (at Executive's highest base salary rate during his employment with the Corporation) plus the pro-rated portion of Executive's then-current annual "target" bonus. The severance payment described in the previous sentence will be paid to Executive within five business days following his resignation for Good Reason.

For purposes of this Agreement, "Good Reason" means any of the following conditions, which condition(s) remain(s) in effect 30 days after written notice from the Executive to the Corporation of such condition(s):

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(a) a decrease in Executive's existing base salary or annual "target" bonus percentage, and/or a material decrease in any of his employee benefits; provided that such decrease is not applicable to all officers of the Corporation;

(b) a material diminution in Executive's authority, responsibilities or duties (however, this clause shall not apply in the event of a reorganization of the company or a change in reporting relationships so long as the Executive's authority, responsibilities or duties are not materially diminished thereby);

(c) the relocation of Executive's work place for the Corporation as of the Effective Date to a location that is not agreed to in writing by Executive; or

(d) any failure by any successor to the Corporation to expressly assume, in writing, the Corporation's obligations and liabilities under this Agreement.

1.6 Accelerated Vesting of Stock Options Upon Change of Control. In the event there is a change of control of the Corporation such that the unvested stock options of the Corporation's executive officers are accelerated, then the vesting of the unvested stock options of the Executive shall be accelerated as well.

1.7 Renewal of Agreement. At the end of the Scheduled Term, this Agreement shall automatically renew on a month-to-month basis (the "Renewal Term") on the terms and conditions set forth herein, unless one of the parties hereto has given the other party written notice prior to the end of the Scheduled Term or any Renewal Term of his/its desire not to have the Renewal Term take effect. If such notice is given by the Corporation to Executive, Executive shall be entitled to receive all of the severance benefits described in Section 1.5 at the end of the Scheduled Term.

## 2. Non-Competition.

### 2.1 Prohibited Activities.

(a) In the event that Executive resigns from the Corporation other than for Good Reason, the Executive agrees that, during his employment with the Corporation and for a period of two (2) years after the termination of such employment, the Executive will not engage in any Unethical Behavior which may adversely affect the Corporation. For the purpose of this Section 2.1, "Unethical Behavior" is defined as:

(i) any attempt, successful or unsuccessful, by the Executive to divert any existing or pending contracts or subcontracts from the Corporation to any other firm, whether or not affiliated with the Executive;

(ii) any attempt, successful or unsuccessful, by the Executive, to solicit the business of any clients of the Corporation in the areas of business for which Executive has had responsibility (so long as such clients were clients of the Corporation during Executive's employment with the Corporation);

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(iii) any attempt, successful or unsuccessful, by the Executive to offer his services, or to influence any other employee of the Corporation to offer their services, to any firm to compete against the Corporation in the areas of business for which Executive had responsibility; or

(iv) any attempt, successful or unsuccessful, by the Executive to employ or offer employment to, or cause any other person to employ or offer employment to any other employee of the Corporation that is under the supervision of Executive.

(b) The Executive shall notify any new employer, partner, association or any other firm or corporation actually or potentially in competition with the Corporation with whom the Executive shall become associated in any capacity whatsoever of the provisions of this Section 2 and the Executive agrees that the Corporation may give such notice to such firm, corporation or other person.

## 2.2 Business Opportunities; Conflicts of Interest; Other Employment and Activities of the Executive.

(a) The Executive agrees promptly to advise the Corporation of, and provide the Corporation with an opportunity to pursue, all business opportunities that reasonably relate to the present business conducted by the Corporation.

(b) The Executive, in his capacity as an employee of the Corporation, shall not engage in any business with any member of the Executive's immediate family or with any person or business entity in which the Executive or any member of the Executive's immediate family has any ownership interest or financial interest, unless and until the Executive has first fully disclosed such interest to and received written consent from the Chief Executive Officer. As used herein, the term "immediate family" means the Executive's spouse, natural or adopted children, parents or siblings and the term "financial interest" means any relationship with such person or business entity that may monetarily benefit the Executive or member of the Executive's immediate family, including any lending relationship or the guarantying of any obligations of such person or business entity by the Executive or member of his immediate family. Provided, however, that the restrictions set forth in this subsection shall not apply to (i) Executive's personal/family investment activities, and (ii) Executive's participation in the business activities of Sherwood Forest Coffee Company, Ltd. including, but not limited to, his role as a director and advisor to that entity so long as they do not compete with the business of the Corporation, interfere with the Corporation's business operations, divert resources away from the Corporation or take the Executive's time away from the Corporation.

(c) The parties hereto agree that the Executive may, consistent with this Section 2.2, receive and retain speaking fees, referral fees from business opportunities not accepted by the Corporation, and fees from outside business activities and opportunities of the Executive consented to by the Chief Executive Officer.

3. Confidentiality. The Executive agrees that the Corporation's books, records, files and all other non-public information relating to the Corporation, its business, clients and employees are proprietary in nature and contain trade secrets and shall be held in strict confidence by the Executive, and shall not, either during the term of this Agreement or after the termination hereof, be used by Executive or disclosed by Executive, directly or indirectly, to any third party, except to the extent such use or disclosure is in furtherance of the Corporation's business or required by court order or other legal process. The trade secrets or other proprietary or confidential information referred to in the prior sentence includes, without limitation, all proposals to clients or potential clients, contracts, client or potential client lists, fee policies, financial information, administration or marketing practices or procedures and all other information regarding the business of the Corporation and its clients not generally known to the public.

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4. Miscellaneous.

4.1 Notices. All notices, requests, demands or other communications provided for in this Agreement shall be in writing and shall be delivered by hand, sent prepaid by overnight delivery service or sent by the United States mail, certified, postage prepaid, return receipt request, to the following:

If to the Corporation:

MAXIMUS, Inc.  
11419 Sunset Hills Road  
Reston, Virginia 20190  
Attention: General Counsel

If to the Executive:

Bruce L. Caswell  
10312 Kensington Parkway  
Kensington, MD 20895

Any notice, request, demand or other communication delivered or sent in the foregoing manner shall be deemed given or made (as the case may be) upon the earliest of (i) the date it is actually received, (ii) the business-day after the day on which it is delivered by hand, (iii) the business day after the day on which it is properly delivered to Federal Express (or a comparable overnight delivery service), or (iv) the third business day after the date on which it is deposited in the United States mail. Either party may change its address by notifying the other party of the new address in any manner permitted by this paragraph.

4.2 Remedies. The parties agree and acknowledge that any violation by the Executive of the terms hereof may result in irreparable injury and damage to the Corporation or its clients, which will not adequately be compensable in monetary damages, that the Corporation will have no adequate remedy at law therefore, and that the Corporation may obtain such preliminary, temporary or permanent mandatory or restraining injunctions, orders or decrees as may be necessary to protect it against, or on account of, any breach of the provisions contained in this Agreement.

4.3 No Obligation of Continued Employment. The Executive understands that this Agreement does not create an obligation on the part of the Corporation to continue the Executive's employment with the Corporation after the termination of this Agreement. However, it is the present intention that the Executive remain employed by the Corporation following the expiration of this agreement, assuming a mutually satisfactory working arrangement.

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4.4 Benefit; Assignment. This Agreement shall bind and inure to the benefit of the parties and their respective personal representatives, heirs, successors and assigns, provided this Agreement may not be assigned by either party without the consent of the other, except that the Corporation may assign this Agreement in connection with the merger, consolidation or sale of all or substantially all of its business or assets.

4.5 Entire Agreement. This Agreement supersedes all prior agreements, written or oral, with respect to the subject matter of this Agreement.

4.6 Severability. In the event that any one or more of the provisions contained herein shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and all other provisions shall remain in full force and effect. If any of the provisions of this Agreement is held to be excessively broad, it shall be reformed and construed by limiting and reducing it so as to be enforceable to the maximum extent permitted by law.

4.7 Waivers. No delay or omission by the Corporation or Executive in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Corporation or the Executive on any occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

4.8 Captions. The captions of the various sections and paragraphs of this Agreement have been inserted only for the purpose of convenience; such captions are not a part of this Agreement and shall not be deemed in any manner to modify, explain, enlarge or restrict any of the provisions of this Agreement.

4.9 Governing Law. This Agreement shall in all events and for all purposes be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia.

4.10 Amendments. No changes to this Agreement shall be binding unless in writing and signed by both the parties.

4.11 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one instrument.

4.12 Survival. Sections ~~4.4~~, 2.1 and 3 shall survive the expiration or earlier termination of this Agreement in accordance with their terms.

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THE EXECUTIVE HAS READ ALL OF THE PROVISIONS OF THIS AGREEMENT AND THE EXECUTIVE UNDERSTANDS, AND AGREES TO, EACH OF SUCH PROVISIONS. THE EXECUTIVE UNDERSTANDS THAT THIS AGREEMENT MAY AFFECT THE EXECUTIVE'S RIGHT TO ACCEPT EMPLOYMENT WITH OTHER COMPANIES SUBSEQUENT TO THE EXECUTIVE'S EMPLOYMENT WITH THE CORPORATION.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

EXECUTIVE

MAXIMUS, Inc.

\_\_\_\_\_  
Bruce Caswell

By

\_\_\_\_\_  
Lynn Davenport  
Chief Operating Officer

\_\_\_\_\_  
Date

**FIRST AMENDMENT TO THE  
EXECUTIVE EMPLOYMENT, NON-COMPETE  
AND CONFIDENTIALITY AGREEMENT**

THIS FIRST AMENDMENT TO THE EXECUTIVE EMPLOYMENT, NON-COMPETE AND CONFIDENTIALITY AGREEMENT ("Amendment") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by and between Bruce Caswell (the "Executive") and MAXIMUS, Inc., a Virginia corporation with its principal place of business in Reston, Virginia (the "Corporation") and provides as follows:

WHEREAS, on or about October 1, 2004, the Corporation and Executive entered into an Employment Agreement; and

WHEREAS, the parties desire to amend the Employment Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended as set forth in this Amendment.

NOW, THEREFORE, in consideration of these premises and intending to be legally bound, the parties agree as follows:

1. Section 1.5 is hereby deleted in its entirety and substituted with the following:

" 1.5 Termination With Severance. In the event the Corporation terminates Executive without cause or Executive resigns from his employment with the Corporation for Good Reason (as defined below), Executive shall be entitled to receive a lump sum severance equal to six months' base salary (at Executive's highest base salary rate during his employment with the Corporation) plus the pro-rated portion of Executive's then-current annual 'target' bonus. The severance payment described in the previous sentence will be paid to Executive within five business days following his termination without Cause or resignation for Good Reason. If Executive's employment termination occurs in connection with a Change in Control (as defined in the Income Continuity Program), Executive shall be entitled to receive the greater of: (i) the benefits provided under this Agreement or (ii) the benefits provided under the Income Continuity Program.

For purposes of this Agreement, 'Good Reason' means any of the following conditions: (i) a material decrease in Executive's existing base salary or annual 'target' bonus percentage, and/or a material decrease in any of his employee benefits; provided that such decrease is not applicable to all officers of the Corporation, (ii) a material diminution in Executive's authority, duties, or responsibilities, (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Executive is required to report, (iv) a material diminution in the budget for which Executive retains authority, (v) a relocation of the Executive's primary office more than thirty-five (35) miles from its current location, or (vi) the material breach by the Corporation of the agreement under which Executive provides services. If one or more of the above conditions exists, Executive must provide notice to the Corporation within a period not to exceed ninety (90) days of the initial existence of the condition. Upon such notice, the Corporation must be provided a period of thirty (30) days during which it may remedy the condition."

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2. A new Section 4.13 is hereby added to the Employment Agreement as follows:

"Distributions to Specified Employees. Notwithstanding any provision to the contrary, to the extent the Executive is considered a specified employee under Section 409A of the Internal Revenue Code of 1986, as amended (the 'Code') and would be entitled to a payment during the six month period beginning on the Executive's date of termination that is not otherwise excluded under Section 409A of the Code under the exceptions for short-term deferrals, separation pay arrangements, reimbursements, in-kind distributions, or an otherwise applicable exemption, the payment will not be made to the Executive until the earlier of the six month anniversary of the Executive's date of termination or the Executive's death."

3. A new Section 4.14 is hereby added to the Employment Agreement as follows:

"Section 409A of the Code. It is the intention of the parties that this Agreement comply with and be administered in accordance with Section 409A of the Code and the interpretive guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. The Agreement shall be construed and interpreted in accordance with such intent. To the extent such potential payments or benefits could become subject to such Section, the parties shall cooperate to amend this Agreement with the goal of giving the Executive the economic benefits described herein in a manner that does not result in such tax being imposed. In the event that the Corporation does not so cooperate, the Corporation shall indemnify the Executive for any interest and additional tax arising from the application of Section 409A of the Code, grossed-up for any other income tax incurred by Executive related to the indemnification (i.e., indemnification of such additional income tax), assuming the highest marginal income tax rates apply to any taxable indemnification. Any indemnification payment shall be made within ninety (90) days of the date Executive makes payment of the interest and/or additional tax."

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of the date first above written.

**EXECUTIVE**

**MAXIMUS, Inc.**

\_\_\_\_\_  
Bruce Caswell

By \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_