

MAXIMUS®

2003 Summary Annual Report

Helping Government Serve the People®





MAXIMUS

MAXIMUS is a leading provider of government program management services, financial and management consulting, and information technology services. For more than 28 years, MAXIMUS has been working with state, local and federal agencies to help them improve services to their constituents.

In today's environment, as governments face a combination of budget constraints and a rising demand for assistance, they are turning to MAXIMUS to help them manage increasingly complex programs, control costs and uncover new revenue sources. We now work with over 4,000 government entities at various levels in many different capacities.

With over 5,000 employees in more than 200 offices around the world today, all of us are focused on a single mission: "Helping Government Serve the People®".

Significant Contract Win of 2003 In 2003, MAXIMUS won its largest contract in Company history. The state of California's Managed Risk Medical Insurance Board awarded MAXIMUS a five-year, \$418.4 million contract for the administration of two critical California programs: the Healthy Families and Access for Infants and Mothers, two of the most complex HMO enrollments in the nation. MAXIMUS will manage the transition of Medicaid recipients into managed health care plans. To maximize outreach efforts, MAXIMUS will direct the eligibility process, provide customer service in 11 languages and oversee a toll-free call center. The ramp-up, which involved a major system enhancement, was successfully completed in eight months and operations were launched on January 1, 2004. The program's goal: to ensure better access to quality health care, primarily for lower income women and children.

<i>(In thousands, except per share data and headcount)</i>	Year Ended September 30,		
	2001	2002	2003
INCOME STATEMENT			
Revenue	\$487,260	\$518,698	\$558,283
Income from operations	\$ 67,040	\$ 64,339	\$ 57,042
Net income	\$ 36,246	\$ 40,346	\$ 35,346
Diluted EPS	\$ 1.61	\$ 1.73	\$ 1.66
BALANCE SHEET			
Cash, cash equivalents and marketable securities	\$115,340	\$ 95,125	\$117,512
Total assets	\$347,715	\$352,090	\$415,020
Total liabilities	\$ 46,301	\$ 49,961	\$ 81,743
Total shareholders' equity	\$301,414	\$302,129	\$333,277
Working capital	\$214,466	\$185,962	\$201,320
SELECTED ADDITIONAL INFORMATION			
Net cash provided by operating activities	\$ 38,381	\$ 58,364	\$ 55,047
Headcount at September 30	4,825	5,188	5,193



David V. Mastran
Chief Executive Officer

TO OUR SHAREHOLDERS:

Fiscal 2003 brought many challenges to MAXIMUS. As state and local governments struggled to address budgetary crises, we focused on important aspects of our business—namely, pursuing new contract awards, diversifying our revenue stream, controlling costs, strengthening our financial condition, and making key management and board appointments and organizational realignments. We achieved meaningful results in each of these areas. Most notably:

- We continued to win significant contracts throughout fiscal 2003, posted record contract wins of \$992.0 million, and ended the year with a healthy backlog in excess of \$1.0 billion.
- To complement our current core business and fuel revenue growth, we accelerated expansion into several areas, including education systems with our SchoolMAX™ student information system and correctional services.
- We balanced resources with demand in areas experiencing softness, including Human Services and Management Services, where certain discretionary components of programs experienced cutbacks.
- We generated cash from operations of \$55.0 million and managed receivables within our target range. Even after repurchasing more than one million shares of our common stock in fiscal 2003, we ended the year with cash, cash equivalents and marketable securities of \$117.5 million and no long-term debt.
- We aligned our management resources and organized our business units to more effectively drive performance through better operating synergies and improved management oversight.

Despite state budget challenges, we continued to see an increasing willingness by our government clients to consider outsourcing to save money and improve the delivery of services. This heightened interest was reflected in an increased level of new business activity as our fiscal year drew to a close. As a result of these improving market trends, sales cycles also returned to more normalized levels, and we began to experience a stabilization in demand in the second half of the year. Consequently, we were pleased to end fiscal 2003 on a positive note.

FINANCIAL RESULTS

Revenue for the year was \$558.3 million, a 7.6% increase over fiscal 2002 revenue of \$518.7 million. We posted net income of \$35.3 million for fiscal 2003, compared to \$40.3 million in fiscal 2002. The year-over-year decline in net income and operating margin was primarily due to the impact of reduced government spending in certain lines of business, including the Human Services segment and the Consulting segment's Management Services practice. These declines were partially offset by continued strength in other core services, including our Financial Services Consulting practice, the Health Services segment and the Systems segment.

We again generated strong cash from operations, totaling \$55.0 million for the year, and ended fiscal 2003 in a strong financial position with cash, cash equivalents and marketable securities of \$117.5 million.

MAXIMUS reported a record backlog totaling \$1.06 billion at September 30, 2003. We also posted record contract wins for fiscal 2003 of \$992.0 million, which included the \$418.4 million California Healthy Families contract, compared to \$465.0 million last year. New contracts pending (awarded but unsigned) totaled \$95 million at September 30, 2003, compared to \$63 million at September 30, 2002.

Our pipeline remains healthy with sales opportunities at November 17, 2003, totaling \$988 million (consisting of \$233 million in proposals pending, \$171 million in proposals in preparation and \$584 million in RFP tracking) compared to \$899 million reported at November 18, 2002.

KEY WINS

MAXIMUS won several strategic contracts in fiscal 2003 that bear mentioning:

- The first is a \$418.4 million, five-year contract with the state of California to manage their Healthy Families Program. This is a major milestone for MAXIMUS, because it represents the single-largest contract in our history and we displaced an entrenched incumbent.
- We were also awarded a \$21.8 million health rebid from the state of Kansas to continue eligibility, administrative and marketing support for the Kansas HealthWave program. MAXIMUS has operated this program since August 1, 1998.
- On the education and systems front, MAXIMUS won a \$43.0 million contract to automate 1,000 K-12 schools in Los Angeles County with our SchoolMAX™ education software product. This represents the largest system development project in the history of MAXIMUS as we continue to seek new markets and opportunities.
- In the spring we announced two key Justice Solutions' wins, including a \$16.3 million statewide system in Massachusetts and a \$14.9 million win for a court case management system with the city of Houston.
- Kansas City, Missouri, awarded MAXIMUS a 16-month, \$11.2 million contract to lead and manage the implementation and system integration efforts of its ERP software applications.
- In the Human Services arena, we were awarded, through a competitive rebid, a three-year, \$31.5 million (USD) contract with Australia's Department of Employment and Workplace Relations.
- MAXIMUS also won a five-year, \$7.3 million contract with the Tennessee Department of Human Services to operate a full-service child support program in the 25th Judicial District.
- Our Financial Services team won a number of performance-based revenue maximization contracts with agencies in Florida, Iowa, New Hampshire, Oklahoma, Pennsylvania and Washington to identify and pursue additional federal funding.
- In addition, we were awarded performance-based contracts to provide school-based Medicaid claiming services for agencies in Mississippi, the Miami-Dade County School District and Gary, Indiana.

THE ORGANIZATION

As we moved into fiscal 2004, we made a number of key appointments and broadened the management team to add a new level of depth and expertise. Effective October 1, 2003, we organized the business to better align certain divisions with their clients and reassigned senior team members to take advantage of the experience we already have in-house. This process allows us to benefit from the leadership and knowledge of our top people.

Lynn Davenport's promotion to President and Chief Operating Officer is part of our overall succession plan. While I continue in the role of Chief Executive Officer, Lynn is responsible for the day-to-day operations of the Company and also represents MAXIMUS on the Board of Directors. Lynn came to MAXIMUS 12 years ago as a partner with Deloitte & Touche. He has served the Company in various capacities, most recently as General Manager of our Health Services and Consulting segments, which together represent more than \$300 million in annual revenue. With a career spanning more than 27 years, Lynn brings tremendous experience in health and human services program management to this position.

In the area of corporate governance, we also elected two new directors in fiscal 2003. The election of Paul Lederer and Wellington Webb, both independent directors, now gives our board an independent majority. They bring fresh insight to MAXIMUS as we navigate the strategic direction of the Company.

All of us here at MAXIMUS are energized and excited to work this year to drive revenue and increase profitability. We are especially focused on those segments that have performed below historical levels in the past year. I have spent many years growing and expanding this business with my colleagues, and I believe that all segments of our business should generate a reasonable profit, whether during flush economic times or during challenging government fiscal cycles. I also believe we have implemented the necessary plans to realize across-the-board profitability, and we are ready to take MAXIMUS to the next level.

IN CLOSING

After a challenging year, we are excited to return to a growth mode as we benefit from a healthy backlog, diversified revenue, strong financial condition and a deeper management team. These factors, along with improving macroeconomic trends, provide us with confidence in our ability to generate top- and bottom-line growth in the year ahead. I look forward to keeping you apprised of our progress.

Thank you for your continued support,



David V. Mastran
Chief Executive Officer



(left to right)
David V. Mastran
Chief Executive Officer

Lynn P. Davenport
President and
Chief Operating Officer

Richard A. Montoni
Chief Financial Officer
and Treasurer

HEALTH SERVICES

In fiscal 2003, Health Services generated approximately 29% of the Company's revenue. The group is at the forefront in designing and implementing innovative health program solutions for government clients. The group offers a comprehensive array of services through Health Operations, Health Systems and the Center for Health Dispute Resolution. In addition, MAXIMUS has health services contracts with more than two dozen states, including California, Colorado, Massachusetts, Michigan, New York, Texas and Vermont.

The Health Operations group runs large-scale government outsourced health care projects. With the addition of the California Healthy Families contract, the single-largest and most complex HMO enrollment program in the nation, MAXIMUS is now the definitive market leader in government managed care enrollments.

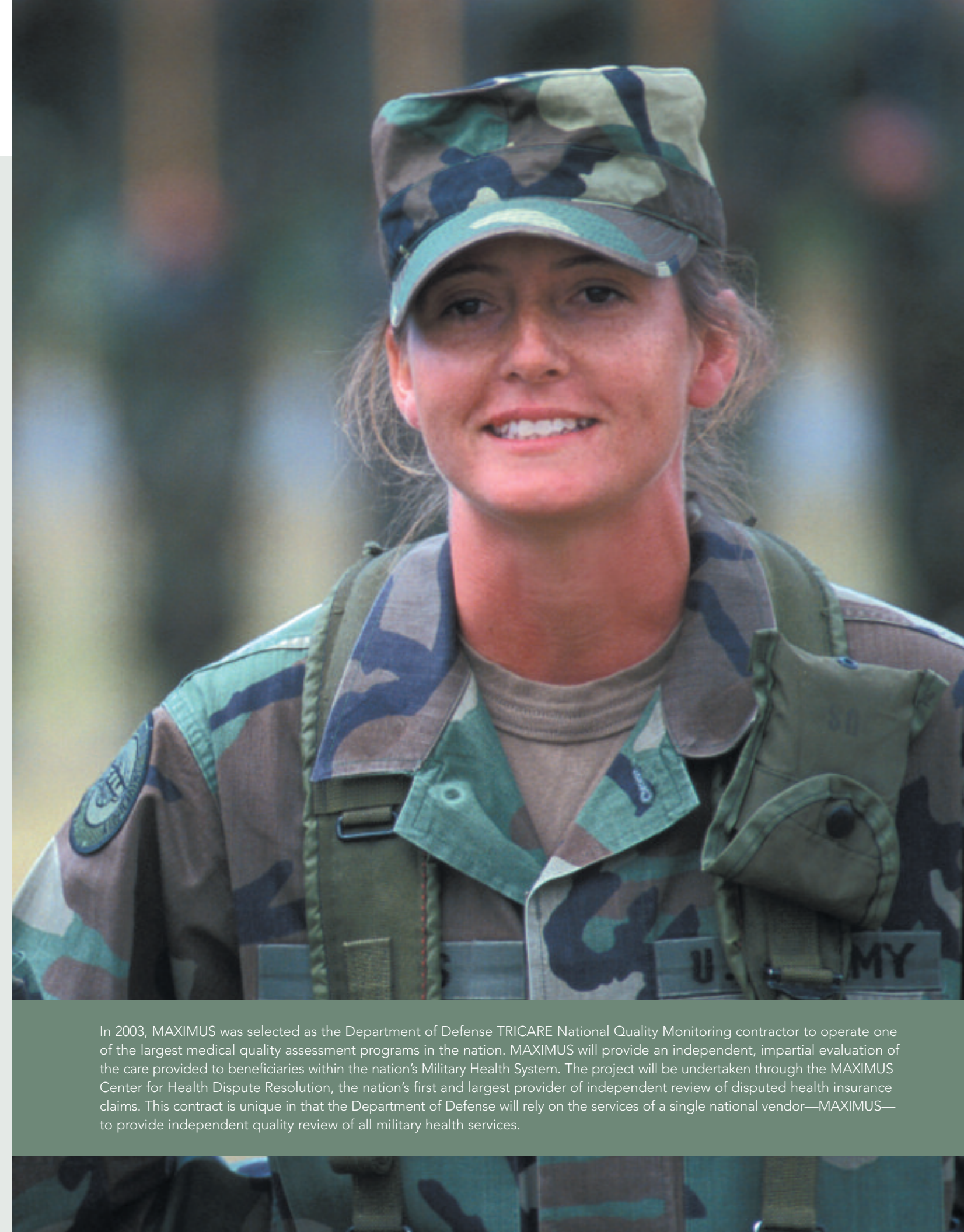
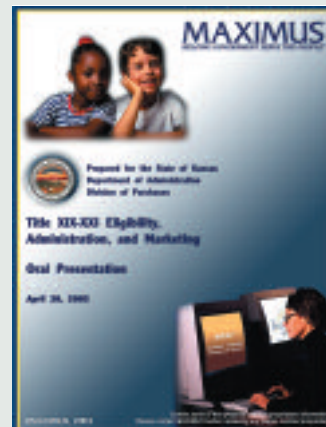
In support of our Health Operations group, our Health Systems capabilities have been a key differentiator for MAXIMUS in the marketplace, and our web-based MAXe² open architecture system has been central to our success. The MAXe² system has been implemented in several states and offers the advantages of a modern eligibility and enrollment system with integrated imaging, financial management, call center and document management capabilities. It also allows for lower total cost of ownership along with enhanced user productivity.

Through our Center for Health Dispute Resolution, MAXIMUS operates an extensive system for the independent medical review of disputed health insurance claims for federal, state and local government agencies. MAXIMUS is the national contractor for external appeals in the federal Medicare managed care program and the independent review contractor in more than 30 states. We also provide health literacy services that specialize in

producing health information that is easier to understand for low-literacy populations. Our health literacy services strive to simplify health materials and equip consumers with the information they need to make appropriate decisions about their health care.

We offer clients extensive customer service capabilities that are a significant competitive advantage in the health marketplace. Nearly 32 million U.S. citizens use a primary language other than English, and MAXIMUS possesses a unique ability to work with diverse populations in multiple languages. Our own diverse employee base allows us to deliver better customer service and to effectively communicate in multiple languages.

We continue to see future growth in the area of managed care enrollments in public health programs. For example, a number of initiatives are underway at both federal and state levels to address the needs of the chronically ill, disabled and elderly, who typically account for a disproportionate share of program costs. Increasingly, governments are looking to managed care approaches to address the resource and quality challenges presented by these populations. Our experience and widespread presence in transitioning Medicaid recipients to managed care position MAXIMUS to play a critical role in future large-scale outsourcing opportunities.



In 2003, MAXIMUS was selected as the Department of Defense TRICARE National Quality Monitoring contractor to operate one of the largest medical quality assessment programs in the nation. MAXIMUS will provide an independent, impartial evaluation of the care provided to beneficiaries within the nation's Military Health System. The project will be undertaken through the MAXIMUS Center for Health Dispute Resolution, the nation's first and largest provider of independent review of disputed health insurance claims. This contract is unique in that the Department of Defense will rely on the services of a single national vendor—MAXIMUS—to provide independent quality review of all military health services.



Human Services produced approximately 30% of our total revenue in fiscal 2003. The group specializes primarily in the administration and management of government human services programs and encompasses three core areas: Child Support, Workforce Services and Correctional Services.

MAXIMUS has a history of innovation and performance in the human services arena. Our Child Support and Workforce Services divisions continue to generate recurring revenue for the Company, with programs currently underway in 40 states.

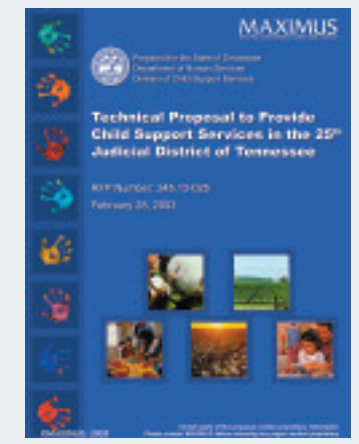
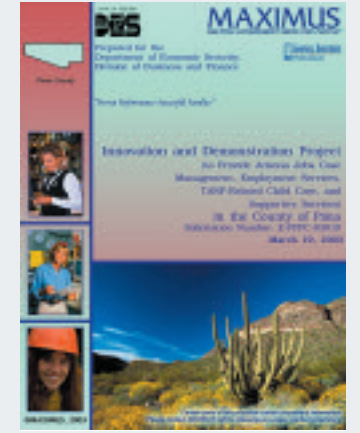
Since 1976, we have been delivering a range of child support services from case processing services and collections to systems staffing and consultation. More than a quarter of a billion dollars is collected annually by MAXIMUS on behalf of children and families across the United States. Further, in excess of one million child support cases are managed today by MAXIMUS.

Our Workforce Services division manages government workforce service programs, such as welfare-to-work, focused on helping disadvantaged individuals transition from dependence upon government assistance to employment and economic independence. MAXIMUS has more than 16 successful years of experience operating in excess of 50 workforce and Temporary Assistance for Needy Families (TANF) programs. During that time, we have helped more than 300,000 participants find meaningful employment. Our program efforts revolve around

community partnerships with employers to place people in positions at levels above the minimum wage requirements and on intensive follow-up that goes beyond placement and promotes job retention and career development.

We continue to explore new areas where we can provide valuable services to state and local governments. In 2003, we acquired a correctional services company, which provides a full range of products and services, and collected and disbursed nearly \$24 million in fines, surcharges and victim restitution for our clients—at no cost to the taxpayer. Correctional Services serves more than 200 courts and agencies and has supervised more than 40,000 probationers, all lower-risk felony and misdemeanor offenders. Our 90% probation completion rate is two to three times higher than public agency rates.

We see Correctional Services as a new avenue for growth, and it also complements our other service offerings in the justice area.



In October 2003, MAXIMUS not only celebrated the five-year anniversary and success of a Workforce Services job placement program for the state of Delaware, but also won a strategic rebid on the contract and an expansion of the program. Governor Ruth Ann Minner recognized our exceptional performance at a special ceremony honoring people who have successfully made the transition from welfare to work. In her remarks, the governor praised the MAXIMUS mission of "Helping Government Serve the People®," and noted that there was no higher calling. Since the program's inception, MAXIMUS has placed more than 2,800 job seekers in unsubsidized employment with a focus on finding them positions with long-term potential.

FINANCIAL SERVICES

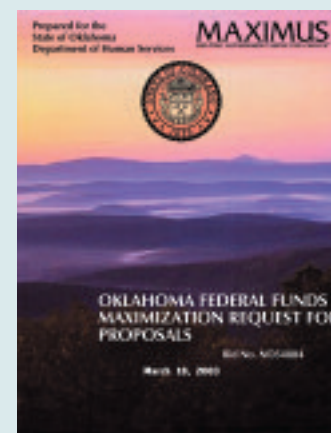
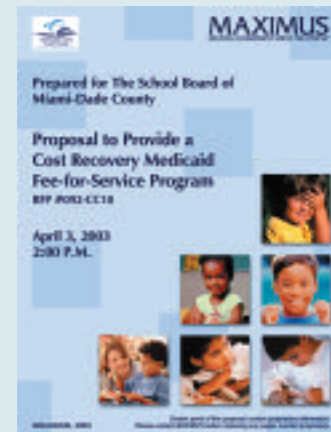
The Financial Services segment was a solid performer for MAXIMUS in fiscal 2003, with product offerings such as Revenue Services, Cost Services, Education (school-based claiming) and Child Welfare consulting continuing to be in high demand. These services directly benefit financially challenged states, local governments and school districts as they are able to uncover new revenue sources, enhance existing revenue streams and effectively reduce the true cost of doing business.

Nearly every state and local government across the country is experiencing financial difficulties and is increasingly interested in finding new or alternative revenue sources. Even as budgets are strained, the demand for social services and much-needed assistance for lower income families has grown in the face of unemployment. The need for the financial services we offer government is an important growth area for the Company.

To date, MAXIMUS has recovered much-needed funds for state and local government agencies from the federal government. Today, we have 24 statewide revenue contracts, including new contracts in 2003 with Florida, Iowa, New Hampshire, Oklahoma, Pennsylvania and Washington. Our scope of services ranges from basic processing, such as making sure claims are being submitted and resubmitted to the appropriate agencies, to complex case reviews and financial analysis of reimbursements between federal and state governments. The process yields results. In Kansas, for example, we have produced \$170 million in new federal revenue for the state, and in South Carolina \$130 million.

We also provide school-based claiming services to over 1,600 school districts to ensure that schools receive the appropriate Medicaid-funded disbursements for children with special needs and learning disabilities. This division primarily offers four types of educational services, including revenue enhancement, cost reduction, compliance and educational services.

In addition to our revenue-generating service portfolio, our Child Welfare services help states, counties and community-based child welfare agencies improve care for children and their families. MAXIMUS works with child welfare agencies to achieve full compliance with federal regulations to build the necessary child welfare infrastructure so that core functions, such as eligibility determination, rate setting, contracting, licensing, case tracking and quality assurance, are effectively executed.



In 1996, MAXIMUS began work on a revenue maximization program for the state of Wisconsin. Since then, the Company has produced over \$130 million in new federal dollars for the state's Department of Health and Family Services through case review, policy and procedural changes, revised cost allocation plans, and recovered payments from the federal Medicaid and Medicare programs. With virtually every state facing budget shortfalls, the overall market for these services remains robust.



With the passage of the No Child Left Behind Act in 2001, the staff of the U.S. Department of Education is taking on a new set of roles. They have to make the transition from being data collectors to being data analysts focused on school performance and results. In 2003, MAXIMUS won a contract with the department to help manage that shift. MAXIMUS is developing a road map, designing an organizational development strategy and surveying department employees' needs to help guide the transition.



Management Services provides a diverse array of traditional management consulting services to governments and other entities. The segment encompasses Technology Services, Management Solutions and Asset Services.

The MAXIMUS Technology Services division is a national leader in providing strategic management and information technology consulting services to government agencies. The Technology Services team has

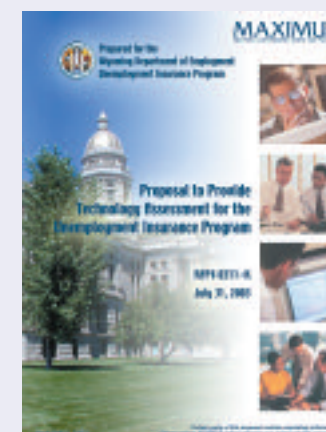
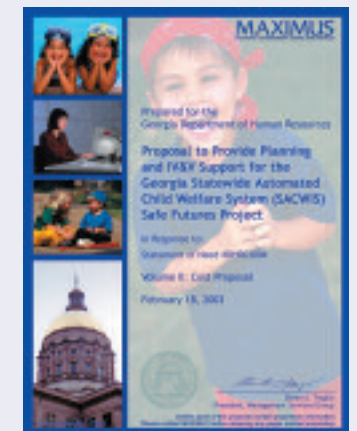
assisted clients in planning, procuring and implementing information systems in multiple projects across numerous states. The division's services include business process transformation, change management and the appropriate application of information technology to improve service delivery. The primary focus is on the application of standards-based project management, quality assurance, and independent verification and validation services to assist our clients in successfully managing the development, implementation and deployment of large automated systems.

MAXIMUS provides a wide range of consulting services to state and local government agencies, schools and universities, and the federal government via our Management Solutions division. This division has a particular concentration on management studies, activity-based management and costing, human resources consulting, organization development assessment, executive recruitment and airport operations, which is a particular area for growth. MAXIMUS is the leading provider in retail concessions planning, development and management projects for a variety of airports throughout the United States, including contracts with Chicago's Midway Airport and the Newark International Airport. In addition, we offer our airport clients facility planning and development.

We also have a number of management studies contracts underway with county fire and police departments across the nation aimed at evaluating the efficiency and effectiveness of their services. MAXIMUS also caters to government agencies with numerous contracts in the area of activity-based costing and management services, which help determine the cost of providing various goods and services to their constituents. These include contracts at the federal level with the General Services Administration and the Department of Education.

Through Asset Services, MAXIMUS provides support services to hundreds of school systems and universities, as well as government agencies, in assisting with asset valuation, inventory control and the management of assets. Most of these efforts provide support in the area of risk management.

In 2003, we created a new Federal Services division within the Management Services segment to explore opportunities and build on our experience in the federal sector. In the year ahead, we will seek to grow this new division.



SYSTEMS SERVICES

The MAXIMUS Systems group is a market leader in providing government agencies with information technology solutions across a number of critical government service areas including: asset management, criminal justice and courts, enterprise resource planning (ERP), K-12 and higher education, health and human services, security and privacy, and e-government.

In the area of asset management, we provide software products to manage vehicle fleets, mass transit systems and government facilities. As a leader in the field, MAXIMUS has contracts with many of the major cities in the United States. We have significant contracts in several large metropolitan areas, including Los Angeles, New York, Chicago Transit and the Massachusetts Bay Transportation Authority.

Our ERP Solutions division provides software applications services for state and local jurisdictions, schools and universities. In 2003, we successfully implemented statewide systems in North Dakota and Oklahoma. We achieved a series of wins in this area in 2003, including e-procurement contracts, a growing market for us given increasing shifts to online procurement at the state level.

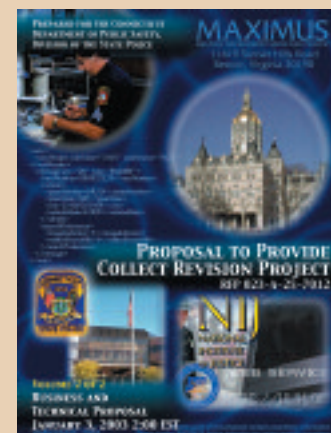
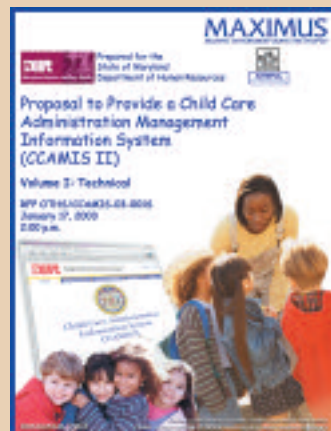
We see opportunities for continuing growth in Education Solutions. Due to the federal No Child Left Behind program, states have a rising need for sophisticated information systems, such as our SchoolMAX™ offering, to handle the demands of new, more stringent reporting requirements. As an example, MAXIMUS is implementing a Student Information System for the Los Angeles Unified School district, the second largest in the country.

The Enterprise Solutions division's security and privacy practice had a string of major contract wins in 2003. MAXIMUS has developed a smartcard identification system that stores biometric information,

which is an important development given rising national security concerns. Recent contract wins in this area include the Department of the Treasury, the World Bank, the Transportation Security Administration and the federal buildings in New York City under the General Services Administration.

In addition, our ability to tailor our commercial-off-the-shelf (COTS) products also gives us a competitive advantage, as we provide clients with proven application solutions tailored to their specifications. This capability has enabled us to move from being a small regional provider for specific markets—such as county court systems—to becoming a national provider of software for court systems nationwide.

We've also made strategic investments in a web-based, open architecture Java™ 2 Enterprise Edition (J2EE™)* framework that allows us to develop applications quickly and cost efficiently. Our J2EE framework provides a foundation for developing customized solutions that provide clients with greater scalability and flexibility. It has broad applications and has become a leading differentiator for us across other business lines.



As more court systems move to a paperless workflow environment, they're turning to MAXIMUS, a leader in justice solutions software. In fiscal 2003, MAXIMUS won more than \$34 million in Justice Solutions contracts, including a \$14 million contract with the city of Houston Municipal Court. One of the nation's largest, Houston's court system handles a million cases a year. The city's aim is to create a case management system that's closely integrated with other justice agencies, including the Houston Police Department. Our integrated suite of products include CourtView®, a comprehensive court case management system that is easily adapted to individual jurisdictions.

* J2EE and Java are trademarks of Sun Microsystems.

MAXIMUS, Inc.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	September 30,	
	2002	2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 94,965	\$117,372
Restricted cash	—	3,653
Marketable securities	160	140
Accounts receivable—billed, net	108,074	117,857
Accounts receivable—unbilled	25,102	26,277
Deferred income taxes	—	3,410
Prepaid expenses and other current assets	7,123	7,063
Total current assets	235,424	275,772
Property and equipment, net	25,406	26,217
Software development costs, net	14,116	14,683
Deferred contract costs	—	7,283
Goodwill	68,812	81,757
Intangible assets, net	6,540	7,212
Other assets	1,792	2,096
Total assets	\$352,090	\$415,020
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,867	\$ 21,578
Accrued compensation and benefits	19,726	23,219
Deferred revenue	12,939	22,356
Income taxes payable	2,325	2,837
Deferred income taxes	1,811	—
Current portion of capital lease obligations	284	809
Other accrued liabilities	1,510	3,653
Total current liabilities	49,462	74,452
Capital lease obligations, less current portion	269	3,821
Deferred income taxes	—	2,745
Other long-term liabilities	230	725
Total liabilities	49,961	81,743
Shareholders' equity:		
Common stock, no par value; 60,000,000 shares authorized; 21,509,444 and 21,200,197 shares issued and outstanding at September 30, 2002 and 2003, at stated amount, respectively	150,298	146,219
Accumulated other comprehensive income (loss), net	24	(95)
Retained earnings	151,807	187,153
Total shareholders' equity	302,129	333,277
Total liabilities and shareholders' equity	\$352,090	\$415,020

These financial statements should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 19, 2003.

MAXIMUS, Inc.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	Year Ended September 30,		
	2001	2002	2003
Revenue	\$487,260	\$518,698	\$558,283
Cost of revenue	335,827	357,036	391,707
Gross profit	151,433	161,662	166,576
Selling, general and administrative expenses	78,796	96,013	107,406
Non-cash equity based compensation	—	342	939
Amortization of acquisition-related intangibles	5,597	968	1,189
Income from operations	67,040	64,339	57,042
Interest and other income, net	1,511	3,100	1,381
Income before income taxes	68,551	67,439	58,423
Provision for income taxes	28,449	27,093	23,077
Income before cumulative effect of accounting change	40,102	40,346	35,346
Cumulative effect of accounting change, net of \$2,735 tax benefit	(3,856)	—	—
Net income	\$ 36,246	\$ 40,346	\$ 35,346
Basic earnings per share:			
Before cumulative effect of accounting change	\$ 1.85	\$ 1.78	\$ 1.68
Cumulative effect of accounting change	(.18)	—	—
Basic earnings per share	\$ 1.67	\$ 1.78	\$ 1.68
Diluted earnings per share:			
Before cumulative effect of accounting change	\$ 1.78	\$ 1.73	\$ 1.66
Cumulative effect of accounting change	(.17)	—	—
Diluted earnings per share	\$ 1.61	\$ 1.73	\$ 1.66
Weighted average shares outstanding:			
Basic	21,702	22,675	20,999
Diluted	22,512	23,287	21,335

These financial statements should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 19, 2003.

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Year Ended September 30,		
	2001	2002	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 36,246	\$ 40,346	\$ 35,346
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	2,941	3,653	6,249
Amortization	7,139	3,631	4,981
Deferred income taxes	525	2,661	(2,310)
Cumulative effect of accounting change	3,856	—	—
Non-cash equity based compensation	—	342	939
Tax benefit from option exercises	3,651	1,829	1,756
Changes in assets and liabilities, net of effects from acquisitions:			
Accounts receivable—billed	(16,209)	12,792	(8,354)
Accounts receivable—unbilled	2,973	(4,666)	(1,176)
Prepaid expenses and other current assets	868	(489)	(355)
Deferred contract costs	—	—	(3,051)
Other assets	(478)	217	59
Accounts payable	24	(2,515)	9,965
Accrued compensation and benefits	851	252	2,631
Deferred revenue	(4,893)	(208)	9,004
Income taxes payable	991	1,111	512
Other liabilities	(104)	(592)	(1,149)
Net cash provided by operating activities	38,381	58,364	55,047
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of businesses, net of cash acquired	(2,900)	(23,706)	(14,715)
Purchases of property and equipment	(5,069)	(7,850)	(6,825)
Capitalization of software development costs	(6,078)	(5,063)	(4,359)
Decrease (increase) in marketable securities	134	1,093	(34)
Decrease in other assets due to reduction of notes receivable	833	114	222
Net cash used in investing activities	(13,080)	(35,412)	(25,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from follow-on stock offering	31,680	—	—
Employee stock transactions	20,896	8,998	15,170
Repurchases of common stock	—	(50,842)	(21,944)
Net payments on borrowings	(744)	(251)	(155)
Net cash provided by (used in) financing activities	51,832	(42,095)	(6,929)
Net increase (decrease) in cash and cash equivalents	77,133	(19,143)	22,407
Cash and cash equivalents, beginning of period	36,975	114,108	94,965
Cash and cash equivalents, end of period	\$114,108	\$ 94,965	\$117,372

These financial statements should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 19, 2003.

CORPORATE INFORMATION

HEADQUARTERS

MAXIMUS, Inc.
11419 Sunset Hills Road
Reston, Virginia 20190
703.251.8500
www.maximus.com

COMMON STOCK

New York Stock Exchange: MMS

MMS
LISTED
NYSE

INDEPENDENT AUDITORS

Ernst & Young, LLP
8484 Westpark Drive
McLean, Virginia 22101
703.747.1000

TRANSFER AGENT & REGISTRAR

American Stock Transfer & Trust Company
59 Maiden Lane
New York, New York 10038
212.936.5100

FORWARD-LOOKING STATEMENTS

This Summary Annual Report to shareholders contains forward-looking statements, including statements about our confidence and strategies and our expectations about revenue, results of operations, profitability, current and future contracts, market opportunities, market demand or acceptance of our products and services. Any statements contained in this Summary Annual Report to shareholders which are not statements of historical fact may be forward-looking statements. The words “could,” “estimate,” “future,” “intend,” “may,” “opportunity,” “potential,” “project,” “will,” “believes,” “anticipates,” “plans,” “expect,” and similar expressions are intended to identify forward-looking statements. Our actual results may differ materially from those indicated by such forward-looking statements because of a number of risks, uncertainties and other factors. Examples of these risks, uncertainties and other factors include reliance on government customers, risks associated with government contracting, risks involved in managing government projects, political developments and legal, economic, and other risks detailed in Exhibit 99.1 to our Annual Report on Form 10-K.

DIRECTORS

DIRECTORS

Peter B. Pond
Chairman of the Board

David V. Mastran
Chief Executive Officer and Director

Lynn P. Davenport
President, Chief Operating Officer and Director

Russell A. Beliveau
Director

John J. Haley
Director

Paul R. Lederer
Director

Marilyn R. Seymann
Director

James R. Thompson, Jr.
Director

Wellington E. Webb
Director

MAXIMUS BOARD OF DIRECTORS



James R. Thompson, Jr.
Director



Peter B. Pond
Chairman of the Board



David V. Mastran
Chief Executive Officer and Director



Marilyn R. Seymann
Director



Paul R. Lederer
Director



Russell A. Beliveau
Director



Lynn P. Davenport
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John J. Haley
Director



Wellington E. Webb
Director



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