

MAXIMUS INC
Form DEF 14A
January 25, 2007

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

MAXIMUS, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

11419 Sunset Hills Road

Reston, Virginia 20190

(703) 251-8500

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held March 20, 2007

The 2007 Annual Meeting of Shareholders of MAXIMUS, Inc. will be held at our corporate headquarters at 11419 Sunset Hills Road in Reston, Virginia on Tuesday, March 20, 2007 at 11:00 a.m., Eastern Time, to consider and act upon the following matters:

1. The election of three Class I Directors to serve until the 2010 Annual Meeting of Shareholders, and the election of one Class III Director to serve until the 2009 Annual Meeting of Shareholders.
2. The ratification of the appointment of Ernst & Young LLP as our independent public accountants for our 2007 fiscal year.
3. The transaction of any other business that may properly come before the meeting or any adjournment of the meeting.

Shareholders of record at the close of business on Friday, January 19, 2007 will be entitled to vote at the annual meeting or at any adjournment of the annual meeting.

Our board of directors hopes that you will attend the meeting. Whether or not you plan to attend, please complete, date, sign and return the enclosed proxy card in the accompanying envelope. Your prompt response will greatly facilitate arrangements for the meeting, and your cooperation will be appreciated.

By Order of the Board of Directors,

David R. Francis, *Secretary*

January 25, 2007

TABLE OF CONTENTS

| | Page |
|---|-------------|
| <u>General Information About Voting</u> | 1 |
| <u>Security Ownership of Management and Five Percent Owners</u> | 3 |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u> | 5 |
| <u>PROPOSAL 1 Election of Directors</u> | 5 |
| <u>Corporate Governance and the Board of Directors</u> | 9 |
| <u>Executive Officers</u> | 13 |
| <u>Report of the Compensation Committee</u> | 14 |
| <u>Compensation Committee Interlocks and Insider Participation</u> | 17 |
| <u>Executive Compensation</u> | 18 |
| <u>Certain Relationships and Related Transactions</u> | 22 |
| <u>Stock Performance Graph</u> | 23 |
| <u>PROPOSAL 2 Ratification of the Appointment of Independent Public Accountants</u> | 24 |
| <u>Audit Information</u> | 24 |
| <u>Shareholder Proposals for Our 2008 Annual Meeting of Shareholders</u> | 26 |
| <u>Other Materials</u> | 27 |

**11419 Sunset Hills Road
Reston, Virginia 20190
(703) 251-8500**

PROXY STATEMENT

Our board of directors is soliciting your proxy with the enclosed proxy card for use at the 2007 Annual Meeting of Shareholders to be held on Tuesday, March 20, 2007 and at any adjournments of the meeting. This proxy statement and accompanying proxy are first being sent or given to shareholders on or about January 25, 2007.

GENERAL INFORMATION ABOUT VOTING

Who can vote. You will be entitled to vote your shares of MAXIMUS common stock at the annual meeting if you were a shareholder of record at the close of business on January 19, 2007. As of that date, 21,663,915 shares of common stock were outstanding and entitled to one vote each at the meeting. You are entitled to one vote on each item voted on at the meeting for each share of common stock that you held on January 19, 2007.

How to vote your shares. You can vote your shares either by attending the annual meeting and voting in person or by voting by proxy. If you choose to vote by proxy, please complete, date, sign and return the enclosed proxy card. The proxies named in the enclosed proxy card (David N. Walker, David R. Hayes and David R. Francis) will vote your shares as you have instructed. You may authorize the proxies to vote your shares in favor of each of the proposals contained in this proxy statement by simply signing and returning the enclosed proxy card without indicating how your votes should be cast.

Even if you expect to attend the meeting, please complete and mail your proxy card in any case in order to assure representation of your shares. If you attend the meeting, you can always revoke your proxy by voting in person. No postage is necessary if the proxy card is mailed in the United States.

Quorum. A quorum of shareholders is required in order to transact business at the annual meeting. A majority of the outstanding shares of common stock entitled to vote must be present at the meeting, either in person or by proxy, to constitute a quorum.

Number of votes required. The number of votes required to approve each of the proposals that are scheduled to be presented at the meeting is as follows:

| Proposal | Required Vote |
|---|---|
| • Election of directors | For each nominee, a plurality of the votes cast are for such nominee. |
| • Ratification of the board's selection of independent public accountants | A majority of the votes cast are for ratification. |

Abstentions and broker non-votes. A broker non-vote occurs when a broker cannot vote a customer's shares registered in the broker's name because the customer did not send the broker instructions on how to vote on the matter. If the broker does not have instructions *and* is barred by law or applicable rules from exercising its discretionary voting authority in the particular matter, then the shares will not be voted on the matter, resulting in a broker non-vote. Abstentions and broker non-votes will not count as votes cast in the election of directors or in the

vote on ratifying the board's selection of independent public accountants. Therefore, abstentions and broker non-votes will have no effect on the voting on these matters at the meeting.

Discretionary voting by proxies on other matters. Aside from the election of directors and the ratification of the board's selection of independent public accountants, we do not know of any other proposal that may be presented at the 2007 Annual Meeting. However, if another matter is properly presented at the meeting, the persons named in the accompanying proxy card will exercise their discretion in voting on the matter.

How you may revoke your proxy. You may revoke the authority granted by your executed proxy card at any time before we exercise it by notifying our Corporate Secretary in writing, by executing a new proxy card bearing a later date and delivering the new executed proxy card to our Corporate Secretary, or by voting in person at the annual meeting.

Expenses of solicitation. We will bear all costs of soliciting proxies. We will request that brokers, custodians and fiduciaries forward proxy soliciting material to the beneficial owners of stock held in their names, for which we will reimburse their out-of-pocket expenses. In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone and/or personal interviews.

Shareholders sharing the same surname and address. In some cases, shareholders holding their shares in a brokerage or bank account who share the same surname and address and have not given contrary instructions are receiving only one copy of our annual report and proxy statement. This practice is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources. If you would like to have additional copies of our annual report and/or proxy statement mailed to you, please call or write us at our principal executive offices, 11419 Sunset Hills Road, Reston, Virginia 20190, Attn: Director of Investor Relations, telephone: (800) 368-2152. If you want to receive separate copies of the proxy statement or annual report to shareholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder.

SECURITY OWNERSHIP OF MANAGEMENT AND FIVE PERCENT OWNERS

The following table shows the number of shares of our common stock beneficially owned as of January 1, 2007 (unless otherwise indicated), by (i) the only persons known by us to own more than five percent of our outstanding shares of common stock, (ii) our directors and the nominees for director, (iii) the current and former executive officers named in the Summary Compensation Table contained in this proxy statement and (iv) all of our current directors and executive officers as a group.

The number of shares beneficially owned by each holder is based upon the rules of the Securities and Exchange Commission (SEC). Under SEC rules, beneficial ownership includes any shares over which a person has sole or shared voting or investment power, as well as shares which the person has the right to acquire within 60 days by exercising any stock option or other right and shares of restricted stock that will vest with 60 days. Accordingly, this table includes shares that each person has the right to acquire on or before March 2, 2007. Unless otherwise indicated, to the best of our knowledge, each person has sole investment and voting power (or shares that power with his or her spouse) over the shares in the table. By including in the table shares that he or she might be deemed beneficially to own under SEC rules, a holder does not admit beneficial ownership of those shares for any other purpose.

To compute the percentage ownership of any shareholder or group of shareholders in the following table, the total number of shares deemed outstanding includes 21,652,230 shares that were outstanding on January 1, 2007, plus any shares that holder or group of holders could acquire upon exercising any options held by that holder or group of holders that are exercisable on or before March 2, 2007.

| Beneficial Owner | Shares of Common Stock Beneficially Owned | | Percent | |
|--|--|-----|---------|---|
| | Shares | | | |
| JANA Partners LLC 200 Park Avenue, Suite 3300 New York, New York 10166 | 3,171,470 | (1) | 14.6 | % |
| Morgan Stanley 1585 Broadway New York, New York 10036 | 1,785,017 | (2) | 8.2 | % |
| Royce & Associates, LLC 1414 Avenue of the Americas New York, New York 10019 | 1,707,700 | (3) | 7.9 | % |
| Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109 | 1,639,377 | (4) | 7.6 | % |
| Barrow, Hanley, Mewhinney & Strauss, Inc. 2200 Ross Ave, Suite 3100 Dallas, TX 75201 | 1,497,300 | (5) | 6.9 | % |
| T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, Maryland 21202 | 1,422,900 | (6) | 6.6 | % |

| Beneficial Owner | Shares of Common Stock Beneficially Owned | | |
|-------------------------|--|----------------|----------------|
| | Shares | Percent | Percent |
| Russell A. Beliveau | 82,045 | (7) | * |
| John F. Boyer | 80,752 | (8) | * |
| Bruce L. Caswell | 38,500 | (8) | * |
| Lynn P. Davenport | 0 | (9) | * |
| John J. Haley | 34,297 | (10) | * |
| Paul R. Lederer | 26,038 | (10) | * |
| Richard A. Montoni | | | |