Form 51-102F4

BUSINESS ACQUISITION REPORT

Item 1 - Identity of Company

1.1 Name and Address of Company

Constellation Software Inc. (“Constellation” or the “Company”)
20 Adelaide Street East, Suite 1200
Toronto, ON
M5C 2T6

1.2 Executive Officer

John Billowits, CFO
(416) 861-2279

Item 2 - Details of Acquisition

2.1 Nature of Business Acquired

Constellation acquired certain assets and liabilities of MAXIMUS Inc.’s (“Maximus”) (NYSE:MMS) Justice, Education, and Asset Solutions businesses (the “Acquired Businesses”). Maximus is a provider of government services, devoted to providing program management, consulting and information technology services. The Justice business provides a set of systems and technologies to the justice community primarily in North America and Australia. The Education business provides school administration systems to the kindergarten to grade 12 market primarily in the United States. The Asset Solutions business is a provider of technology and consulting solutions for asset and infrastructure intensive organizations primarily in the North American and United Kingdom public sectors.

2.2 Date of Acquisition

September 30th, 2008

2.3 Consideration

Total consideration for the transaction was US$40 million, including a US$35 million cash payment made at closing and a US$5 million holdback amount payable one year after closing, subject to a purchase price adjustment and claims on representations and warranties. The consideration was funded through Constellation's general operating credit facility existing at the date of acquisition.

2.4 Effect on Financial Position

Included in this report are the unaudited pro forma consolidated statements of operations for Constellation (the "Pro Forma Statements"), which are based upon the historical financial statements of Constellation and the Acquired Businesses. The Pro Forma Statements are provided for illustrative purposes only and are not intended to represent, or be indicative of, the consolidated results of operations of Constellation that would have been reported had the acquisition of the Acquired Businesses been completed as of the dates presented. Accordingly, the Pro Forma Statements should not be taken as representative of the future results of operations of the Company. Constellation's balance sheet dated as at September 30, 2008, as filed with Constellation's interim financial statements for the nine months ended September 30, 2008, includes the Acquired Businesses and is available at www.sedar.com.

The preliminary purchase price allocation ("PPA") of the Acquired Businesses used in the Pro Forma Statements is based upon Constellation's preliminary estimates, and Constellation expects to make adjustments to the preliminary PPA between the date of this report and September 30, 2009. Differences between the preliminary and final PPA could be material and, as such, may have a material impact on the Pro Forma Statements.

The Pro Forma Statements do not reflect the impact of any potential operational efficiencies, cost savings or economies of scale that Constellation may achieve with respect to the combined operations of Constellation and the Acquired Businesses. Furthermore, there are certain one time charges and corporate allocations included in the statements of operations of the Acquired Businesses which may not be representative of future costs. For example, as noted in note 3 of the audited combined financial statements of the Acquired Businesses, the results for the Acquired Businesses include allocated expenses arising from shared services and infrastructure provided by Maximus to the Acquired Businesses. These amounts totaled $7.3 million for the fiscal year ended 2007 and $7.2 million for the fiscal year ended 2008. These amounts may not be representative of the cost of similar services provided by Constellation for the dates presented or on a go forward basis.

In addition, as noted in note 14 of the audited combined financial statements of the Acquired Businesses, certain expenses relating to legal settlements and non-routine legal matters realized by the Acquired Businesses for $200,000 (2007) and $9.5 million (2008) and an outstanding contingent liability with the State of Connecticut for alleged damages of $6.2 million as noted in note 12, were not assumed by Constellation. The financial statements of the Acquired Businesses also reflected certain adjustments in the years presented relating to the reversal of revenue recognized in prior years which may not be repeated on a go forward basis.

The Pro Forma Statements should be read in conjunction with Constellation's historical financial statements and accompanying notes for its fiscal year ended December 31, 2007 and nine months ended September 30, 2008 which are available at www.sedar.com, as well as in conjunction with the audited combined financial statements of the Acquired Businesses for the year ended September 30, 2008 included herein.

2.5 Prior Valuations

None.

2.6 Parties to Transaction

The transaction is not with an informed person, associate or affiliate of Constellation.

2.7 Date of Report

December 30, 2008

Item 3 - Financial Statements

The following financial statements are included as part of this Business Acquisition Report:

a) Audited combined financial statements of the Acquired Businesses for the year ended September 30, 2008 and comparable unaudited financial statements for the year ended September 30, 2007.

b) Unaudited pro forma consolidated statements of operations for Constellation for the nine months ended September 30, 2008 and for the year-ended December 31, 2007, which are presented as if the acquisition occurred on January 1, 2008 and January 1, 2007 respectively.

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this report. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under "Risks and

Uncertainties" as described in the Company's most recently filed Management's Discussion and Analysis ("MD&A"). Although the forward looking statements contained in this report are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. The Company assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR at www.sedar.com.

FINANCIAL STATEMENTS

MAXIMUS Software Business
(Carved-Out Operations of Certain Divisions
of MAXIMUS, Inc.)
Years Ended September 30, 2008 and 2007
With Report of Independent Auditors

MAXIMUS Software Business
(Carved-Out Operations of Certain Divisions of MAXIMUS, Inc.)

Financial Statements

September 30, 2008 and 2007

Contents

Ernst & Young LLP
8484 Westpark Drive
McLean, Virginia 22102

Tel: + 1 703 747 1000
www.ey.com

Report of Independent Auditors

The Board of Directors and Shareholders of MAXIMUS, Inc.

We have audited the accompanying combined balance sheet of the MAXIMUS Software Business (the carved-out operations of certain divisions of MAXIMUS, Inc.) as of September 30, 2008, and the related combined statements of operations, changes in net parent investment and cash flows for the year ended September 30, 2008. These financial statements are the responsibility of MAXIMUS' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the MAXIMUS Software Business at September 30, 2008, and the combined results of its operations and its cash flows for the year ended September 30, 2008, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements for fiscal year 2007 were not audited by us and, accordingly, we do not express an opinion on them.

Ernst & Young LLP

December 22, 2008

MAXIMUS Software Business
(Carved-Out Operations of Certain Divisions of MAXIMUS, Inc.)

Combined Balance Sheets

(Dollars in Thousands)

	September 30	
	2008	**2007**
		(Unaudited)
Assets		
Current assets:		
Accounts receivable – billed, net	**$ 16,341**	$ 16,079
Accounts receivable – unbilled	**16,407**	21,503
Prepaid expenses and other current assets	**581**	980
Deferred income taxes	**4,977**	1,481
Total current assets	**38,306**	40,043
Property and equipment, net	**1,171**	1,327
Capitalized software, net	**15,928**	18,710
Goodwill	**23,100**	23,100
Intangible assets, net	**657**	1,127
Other assets	**28**	53
Total assets	**$ 79,190**	$ 84,360
Liabilities and net parent investment		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 12,529**	$ 5,359
Accrued compensation and benefits	**5,031**	3,792
Deferred revenue	**23,893**	21,559
Total current liabilities	**41,453**	30,710
Deferred income taxes	**11,258**	11,573
Total liabilities	**52,711**	42,283
Commitments and contingencies *(Note 12)*		
Net parent investment		
Accumulated net contributions from parent	**26,479**	42,077
Total net parent investment	**26,479**	42,077
Total liabilities and net parent investment	**$ 79,190**	$ 84,360

See notes to combined financial statements.

MAXIMUS Software Business
(Carved-Out Operations of Certain Divisions of MAXIMUS, Inc.)

Combined Statements of Operations

(Dollars in Thousands)

	Year Ended September 30 2008	2007
		(Unaudited)
Revenue	**$ 72,243**	$ 85,432
Cost of revenue	**59,995**	65,098
Gross profit	**12,248**	20,334
Selling, general and administrative expenses	**35,133**	29,813
Legal and settlement expense *(Note 14)*	**9,538**	200
Loss before income taxes	**(32,423)**	(9,679)
Benefit for income taxes	**12,894**	3,781
Loss from operations and comprehensive loss	**$(19,529)**	$ (5,898)

See notes to combined financial statements.

MAXIMUS Software Business
(Carved-Out Operations of Certain Divisions of MAXIMUS, Inc.)

Combined Statements of Changes in Net Parent Investment

(Dollars in Thousands)

	Total Net Parent Investment
Balance at September 30, 2006 – unaudited	$ 62,831
Net loss – unaudited	(5,898)
Noncash equity-based compensation	35
Net contributions from (to) parent – unaudited	(14,891)
Balance at September 30, 2007 – unaudited	42,077
Net loss	**(19,529)**
Noncash equity-based compensation	**436**
Net contributions from (to) parent	**3,495**
Balance at September 30, 2008	**$ 26,479**

See notes to combined financial statements.

MAXIMUS Software Business
(Carved-Out Operations of Certain Divisions of MAXIMUS, Inc.)

Combined Statements of Cash Flows

(Dollars in Thousands)

	Year Ended September 30	
	2008	**2007**
		(Unaudited)
Cash flows from operating activities		
Net loss	**$(19,529)**	$ (5,898)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	**652**	715
Amortization	**5,702**	7,873
Noncash equity based compensation	**436**	35
Changes in assets and liabilities, net of effects from divestitures:		
Accounts receivable – billed	**(262)**	21,111
Accounts receivable – unbilled	**5,096**	1,434
Prepaid expenses and other current assets	**424**	(596)
Deferred income taxes	**(3,811)**	349
Accounts payable	**7,170**	(677)
Accrued compensation and benefits	**1,239**	877
Deferred revenue	**2,334**	(7,264)
Cash (used in) provided by operating activities	**(549)**	17,959
Cash flows from investing activities		
Purchases of property and equipment	**(496)**	(1,007)
Capitalized software costs	**(2,450)**	(2,061)
Cash used in investing activities	**(2,946)**	(3,068)
Cash flows from financing activities		
Net contribution from (to) parent	**3,495**	(14,891)
Cash provided by (used in) financing activities	**3,495**	(14,891)
Net change in cash and cash equivalents	**–**	–
Cash and cash equivalents, beginning of period	**–**	–
Cash and cash equivalents, end of period	**$ –**	$ –

See notes to combined financial statements.

1. Overview and Basis of Presentation

Overview

The MAXIMUS Software Business (MSB, the Business or the Company) consist of certain Divisions of MAXIMUS, Inc. (MAXIMUS or Parent). MSB provides systems products including justice, asset and education software solutions as well as systems development, design and implementation to improve the efficiency and cost-effectiveness of program administration.

The Company operates predominately in the United States. Revenue from foreign-based projects and offices was 9% and 5% for the years ended September 30, 2007 and 2008, respectively.

Basis of Presentation

The accompanying combined financial statements and related notes thereto represent the carved-out financial position, loss from operations, changes in net Parent investment and cash flows of MAXIMUS Inc.'s Justice Solutions, Asset Solutions and Education Systems divisions. The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States for the preparation of combined and carved-out financial statements. The combined financial statements have been "carved-out" from the financial statements of MAXIMUS using the historical results of operations and historical basis of the assets and liabilities of MAXIMUS that comprise MSB. The financial statements of the Company give effect to accounting and allocation policies established by MSB management for purposes of these carved-out financial statements and have been prepared on a basis that management believes to be reasonable to reflect the financial position, results of operations and cash flows of MSB's operations, including portions of MAXIMUS' corporate costs and administrative shared services. MSB's results of operations, financial position and cash flows from operations, investing and financing activities may have been materially different if it had operated as a stand-alone entity.

The Company historically has operated as part of MAXIMUS and not as a stand-alone company. Financial statements were not previously prepared for MSB as it has no separate legal status or existence. On September 30, 2008, MAXIMUS sold substantially all of the assets and liabilities associated with its Justice Solutions, Education Systems and Asset Solutions divisions, which were previously reported as part of its Systems Segment. MAXIMUS retained responsibility for certain contingencies arising from the historical contractual activity of MSB. Total consideration

1. Overview and Basis of Presentation (continued)

Basis of Presentation (continued)

for the transaction was $40 million, including a $35 million cash payment received at closing and a $5 million holdback for one year from closing, subject to a purchase price adjustment and any claims based on representations and warranties.

As a part of MAXIMUS, MSB was dependent upon MAXIMUS for all of its working capital and financing requirements. Accumulated net contributions from Parent are reflected on the combined balance sheets in lieu of cash and equity accounts. The assets and liabilities identified on the balance sheet were carved-out of accounts maintained by MAXIMUS from accounts separately maintained by division or, in the absence of separate division identification, by analysis. The most significant accounts (billed and unbilled contract receivables, fixed assets, deferred revenue, capitalized software and intangible assets) are maintained by MAXIMUS by division. Additionally, certain employee benefit obligations, insurance and balances related to certain management and shared administrative services from MAXIMUS corporate and the Systems Segment are funded from working capital and are included in the net contributions from (to) parent balance. Expenses associated with such liabilities are included in the combined statements of operations.

The combined financial statements include allocations of certain MAXIMUS corporate expenses, including technology resources and support, finance, tax, accounting, auditing services, real estate and facility management services, human resources activities, treasury services and legal advisory services. MAXIMUS uses a centralized approach to cash management and financing of its operations. Transactions relating to the Business are accounted for through the net parent investment account of the Business. Accordingly, none of the MAXIMUS cash, cash equivalents or debt at the corporate level has been assigned to the Business in the combined financial statements.

Management believes the assumptions and allocations underlying the combined financial statements are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis that MAXIMUS and the Company consider to be a reasonable reflection of the utilization of services provided or the benefit received by the Company during the periods presented relative to the total costs incurred by MAXIMUS. However, the amounts recorded for these transactions and allocations are not necessarily representative of the amounts that would have been reflected in the financial statements had the Company been an entity that operated independently of MAXIMUS. Consequently, future

1. Overview and Basis of Presentation (continued)

Basis of Presentation (continued)

results of operations after MSB's separation from MAXIMUS will include costs and expenses incurred by MSB or its new parent company and expenses may be materially different than the Company's historical results of operations, financial position and cash flows. Accordingly, the financial statements for these periods are not indicative of the Company's future results of operations, financial position and cash flows.

See Note 3 for further information regarding the relationships with MAXIMUS.

Unaudited Financial Information

The accompanying unaudited combined balance sheet as of September 30, 2007, the combined statements of operations and cash flows for the year ended September 30, 2007, and the combined statement of changes in net parent investment for the year ended September 30, 2007, are unaudited. These unaudited combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States. In the opinion of the Company's management, the unaudited combined financial statements have been prepared on the same basis as the audited combined financial statements.

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements have been carved out from the combined financial statements of MAXIMUS using the historical results of operations and historical bases of the assets and liabilities of the MAXIMUS business that comprise MSB, and have been prepared by management in accordance with accounting principles generally accepted in the United States. All significant intra-company transactions within the Business have been eliminated except for allocations of shared costs and certain contract costs from MAXIMUS (see Note 3). MSB's result of operations, financial position and cash flows from operations, investing and financing activities may have been materially different if it had operated as a stand-alone entity.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

In fiscal 2008, approximately 56% of MSB's total revenue was derived from government agencies primarily with state and local agencies, 23% from higher education as well as primary and secondary schools, 3% from utilities and 5% from foreign sources, with the balance from commercial customers.

Revenue is generated primarily from software license fees, typically perpetual licenses, professional services consisting of consulting service engagements of varying terms and Post-contract Customer Support (PCS) with standard annual terms. For fiscal 2008, approximately 11% of revenue was generated from license revenue, 29% from fixed-price contracts, 15% from time and material arrangements and 45% from PCS.

Software license revenue is recognized in accordance with American Institute of Certified Public Accountants (AICPA) Statement of Position 97-2, *Software Revenue Recognition* (SOP 97-2), as amended by Statement of Position 98-9, *Modification of SOP 97-2, With Respect to Certain Transactions* (SOP 98-9). Software license revenue is recognized when a customer enters into a noncancelable license agreement, the software product has been delivered, there are no uncertainties surrounding product acceptance, there are no significant future performance obligations, the license fees are fixed or determinable and collection of the license fee is considered probable. Amounts received in advance of meeting these criteria are deferred and classified as deferred revenue in the accompanying combined balance sheets. As required by SOP 98-9, the Company determines the value of the software component of its multiple-element arrangements using the residual method as vendor specific objective evidence (VSOE) of fair value exists for the undelivered elements such as the support and maintenance agreements and related implementation and training services, but not for all delivered elements such as the software itself. The residual method requires revenue to be allocated to the undelivered elements based on the fair value of such elements, as indicated by VSOE. VSOE is based on the price charged when the element is sold separately. Maintenance and post-contract customer support revenue are recognized ratably over the term of the related agreements, which in most cases is one year. Revenue from software-related consulting services under time and material contracts and for training is recognized as services are performed. Revenue from other software-related contract services requiring significant modification or customization of software is recognized under the percentage-of-completion method.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Company recognizes revenue on fixed-price contracts when earned, as services are provided. For certain fixed-price contracts, primarily systems design, development and implementation, revenue is recognized based on costs incurred using estimates of total expected contract revenue and costs to be incurred in accordance with the provisions of AICPA SOP 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*. The cumulative impact of any revisions in estimated revenue and costs is recognized in the period in which the facts that give rise to the revision become known. For other fixed-price contracts, revenue is recognized on a straight-line basis unless evidence suggests that revenue is earned or obligations are fulfilled in a different pattern. With fixed-price contracts, MSB is subject to the risk of potential cost overruns. For fixed-price contracts accounted for under SOP 81-1, provisions for estimated losses on incomplete contracts are provided in full in the period in which such losses become known. Costs related to contracts may be incurred in periods prior to recognizing revenue. These costs are generally expensed. The timing of expense recognition may result in irregular profit margins.

The Company recognizes revenue on general service arrangements as work is performed and amounts are earned in accordance with the Staff Accounting Bulletin (SAB) No. 101, *Revenue Recognition in Financial Statements*, as amended by SAB No. 104, *Revenue Recognition*. MSB considers amounts to be earned once evidence of an arrangement has been obtained, services are delivered, fees are fixed or determinable and collectability is reasonably assured.

The Company recognizes revenue on performance-based contracts as such revenue becomes fixed or determinable, which generally occurs when amounts are billable to customers. For certain contracts, this may result in revenue being recognized in irregular increments.

Emerging Issues Task Force Issue No. 00-21 (EITF 00-21), *Revenue Arrangements with Multiple Deliverables*, requires contracts with multiple deliverables to be divided into separate units of accounting if certain criteria are met. The Company applies the guidance therein and recognize revenue on multiple deliverables as separate units of accounting if the criteria are met.

The most significant expense is cost of revenue, which consists primarily of project-related costs such as employee salaries and benefits, subcontractors, computer equipment and travel expenses. Management uses its judgment and experience to estimate cost of revenue expected on projects.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Management's ability to accurately predict personnel requirements, salaries and other costs as well as to effectively manage a project or achieve certain levels of performance can have a significant impact on the gross margins related to our fixed-price, performance-based and time and materials contracts. If actual costs are higher than management's estimates, profitability may be adversely affected.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at their face amount less an allowance for doubtful accounts. MSB maintains an allowance for doubtful accounts at an amount estimated to be sufficient to cover the risk of collecting less than full payment on receivables. On a regular basis the Company re-evaluates client receivables, especially receivables that are past due, and reassess our allowance for doubtful accounts based on specific client collection issues.

Property and Equipment

Property and equipment is stated at cost and depreciated using the straight-line method based on estimated useful lives between three and seven years for office furniture and equipment. Leasehold improvements are amortized over their useful life or the remaining term of the lease, whichever is shorter. Direct costs of time and material incurred for the development of application software for internal use are capitalized as property and equipment. These costs are depreciated using the straight-line method over the estimated useful life of the software, ranging from three to seven years.

Software Development Costs

Software development costs are capitalized in accordance with Statements of Financial Accounting Standards (FAS) No. 86, *Accounting for the Cost of Computer Software to be Sold, Leased, or Otherwise Marketed.* The Company capitalizes both purchased software that is ready for resale and costs incurred internally for software development projects from the time technological feasibility is established. Capitalized software development costs are reported at the lower of unamortized cost or estimated net realizable value. Upon the general release of the software to customers, capitalized software development costs for the products are amortized over the greater of the ratio of gross revenues to expected total revenues of the product or on the straight-line method of amortization over the estimated economic life of the product, which ranges from three to five years.

2. Summary of Significant Accounting Policies (continued)

Goodwill and Intangible Assets

The Company applies FAS No. 141*, Business Combinations*, and No. 142, *Goodwill and Other Intangible Assets*. Under these rules, goodwill is not amortized but is subject to annual impairment tests in accordance with FAS 142. MAXIMUS performed its annual impairment test on July 1, 2008, which indicated that no impairment of its systems segment goodwill existed as of that date. The sale of MSB triggered an additional impairment test as of September 30, 2008. Based on the sales price of MSB and the carrying value of its net assets, management has concluded that there was no impairment of goodwill as of September 30, 2008.

Intangible assets from acquisitions, which consist primarily of customer contracts and relationships, technology-based intangibles and non-competition agreements, are amortized over five to ten years, based on their estimated useful lives.

Long-Lived Assets (Excluding Goodwill)

The Company follows the provisions of FAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. FAS 144 requires long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized if the sum of the long-term undiscounted cash flows is less than the carrying amount of the long-lived assets being evaluated and a determination is made that the fair value is less than its book value. Any write-downs are treated as permanent reductions in the carrying amount of the assets. The Company believes that the carrying values of its assets as of September 30, 2008, are fully recoverable.

Income Taxes

The provision for income taxes is calculated as if MSB completed a separate tax return apart from its parent, although the Business was included in the MAXIMUS U.S. federal and state income tax returns and non-U.S. jurisdiction tax returns. Deferred tax assets and liabilities are recognized principally for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts, using currently enacted tax rates. Tax attributes utilized by the Parent are treated as transactions between MSB and the parent.

2. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

Effective October 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109*, (FIN 48). FIN 48 clarifies the accounting for uncertainty in income tax positions. FIN 48 provides that the financial statement effects of an income tax position can only be recognized when, based on the technical merits, it is "more-likely-than-not" that the position will be sustained upon examination. The cumulative effect of applying the provisions of FIN 48 was not significant to these combined financial statements.

Stock-Based Compensation

Effective October 1, 2005, the Company adopted the provisions of SFAS No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used by the Company include estimates of profits or loss on contracts in process, estimates of collectability of receivables, evaluation of asset impairment, accrual of estimated liabilities, realization of deferred tax assets and analysis performed to attribute balance sheet accounts to MSB.

Legal and Settlement Expense

Legal and settlement expense consists of costs, net of reimbursed insurance claims, related to significant legal settlements and nonroutine legal matters, including future probable legal costs estimated to be incurred in connection with those matters. Legal expenses incurred in the ordinary course of business are included in selling, general and administrative expense.

2. Summary of Significant Accounting Policies (continued)

Contingencies

From time to time, MSB is involved in legal proceedings, including contract and employment claims, in the ordinary course of business. The Company assesses the likelihood of any adverse judgments or outcomes to these contingencies as well as potential ranges of probable losses and establish reserves accordingly. The amount of reserves required may change in future periods due to new developments in each matter or changes in approach to a matter such as a change in settlement strategy.

Net Parent Investment

Accumulated net contributions from parent represent the accumulated net earnings of the Business and cash contributions to or from MAXIMUS plus noncash equity-based compensation.

3. Transactions with MAXIMUS

The combined statements of operations include direct expenses for cost of products sold, research and development, sales and general administrative as well as allocations of expenses arising from shared services and infrastructure provided by MAXIMUS to the Company. These allocated expenses include allocations for corporate and systems segment costs and shared administrative infrastructure related to legal and accounting services, employee benefits, real estate and facilities, insurance services, information technology and other corporate and infrastructure services. Also included are services received relative to hosting and other data center support services. These expenses are allocated to the Company using estimates that management considers to be a reasonable reflection of the utilization of services provided to or benefits received by the Company relative to MAXIMUS' total costs. The allocation methods include headcount; the arithmetic average of revenue, net book value of assets and salaries; actual consumption and usage of services; and others.

3. Transactions with MAXIMUS (continued)

Allocated costs included in the accompanying combined statement of operations (in thousands) are as follows:

	Year Ended December 31 2008	2007
Cost of revenue	**$ 360**	$ 728
Sales, general and administrative	**6,828**	6,597
Total allocated costs	**$ 7,188**	$ 7,325

4. Contract Receivables and Deferred Revenue

Uncompleted contracts consist of the following components (in thousands):

	Accounts Receivable – Unbilled	Deferred Revenue
September 30, 2007:		
Revenue	$ 107,520	$ 87,999
Billings	86,017	109,558
Total	$ 21,503	$ 21,559
September 30, 2008:		
Revenue	**$ 80,389**	**$ 93,633**
Billings	**63,982**	**117,526**
Total	**$ 16,407**	**$ 23,893**

Unbilled accounts receivable and deferred revenue relate primarily to contracts wherein the timing of billings to customers varies based on individual contracts and often differs from the period of revenue recognition. At September 30, 2007 and 2008, there was $2.1 million and $1.5 million, respectively, billed but not paid by customers pursuant to contractual retainage provisions. Such balances are included in billed accounts receivable in the accompanying combined balance sheets.

4. Contract Receivables and Deferred Revenue (continued)

In evaluating the net realizable value of accounts receivable, the Company considers such factors as current economic trends, customer credit-worthiness and changes in the customer payment terms and collection trends. Changes in the assumptions used in analyzing a specific account receivable may result in a reserve being recognized in the period in which the change occurs.

Included within unbilled accounts receivable at September 30, 2007 and 2008, was $15.4 million and $12.8 million, respectively, due from one school district. MSB's contract requires the conversion and customization of the school district's existing electronic management system to a software platform developed by MSB. The original contract entered into in June 2003 and subsequent amendments provides for this significant back-loaded billing. Although management continues to believe the full amount of these unbilled receivables will be collected, there have been disagreements with the customer related to the scope and specifications of the contract in the past and the resolution of future disputes could impact the ultimate resolution of the recognized receivable. The contract is currently scheduled to be completed by September 30, 2009.

Changes in the reserves against billed accounts receivable were as follows (in thousands):

	Year Ended September 30	
	2008	**2007**
Balance at beginning of year	**$ 1,947**	$ 692
Additions to cost and expense	**578**	1,682
Deductions	**(1,469)**	(427)
Balance at end of year	**$ 1,056**	$ 1,947

5. Property and Equipment

Property and equipment, at cost, consist of the following (in thousands):

	As of September 30 2008	2007
Office furniture and equipment	**$ 8,706**	$ 8,210
Leasehold improvements	**494**	494
	9,200	8,704
Less: Accumulated depreciation and amortization	**(8,029)**	(7,377)
Total property and equipment, net	**$ 1,171**	$ 1,327

6. Software Development Costs

Software development costs consist of the following (in thousands):

	As of September 30 2008	2007
Capitalized software development costs	**$ 48,793**	$ 46,343
Less: Accumulated amortization	**(32,865)**	(27,633)
Total software development costs, net	**$ 15,928**	$ 18,710

Capitalized software amortization expense for the years ended September 30, 2007 and 2008, was $7.4 million and $5.2 million, respectively.

7. Goodwill and Intangible Assets

MSB's goodwill reflected in these financial statements as of September 30, 2007 and 2008, was allocated to MSB based on the relative fair value of MSB to the fair value of the remaining division within the Parent's Systems Segment. The sales price of MSB of $40.0 million was used as a basis to determine the fair value of MSB as of September 30, 2008, and $23.1 million in goodwill was allocated to MSB. In accordance with FAS 142, the sale of MSB triggered the requirement for management to perform an impairment test of the recorded goodwill allocated to MSB as of September 30, 2008. Step 1 of this analysis indicated that the fair value of the MSB, which was calculated by management by adjusting the sale price of MSB by any liabilities of MSB retained by the Parent, exceeded the carrying value. As a result, management concluded that there was no goodwill impairment as of September 30, 2008.

7. Goodwill and Intangible Assets (continued)

The following table sets forth the components of intangible assets (in thousands):

	As of September 30, 2008			As of September 30, 2007		
	Cost	**Accumulated Amortization**	**Intangible Assets, Net**	**Cost**	**Accumulated Amortization**	**Intangible Assets, Net**
Non-competition agreements	**$ 300**	**$ 300**	**$ –**	$ 300	$ 300	$ –
Technology-based intangibles	**1,500**	**1,336**	**164**	1,500	1,121	379
Customer contracts and relationships	**1,775**	**1,282**	**493**	1,775	1,027	748
Total	**$ 3,575**	**$ 2,918**	**$ 657**	$ 3,575	$ 2,448	$ 1,127

Intangible assets from acquisitions are amortized over a period of five to ten years. The weighted-average amortization periods for non-competition agreements, technology-based intangibles, and customer contracts and relationships are approximately five years, five years, and ten years, respectively. The weighted-average amortization period for total intangible assets is approximately six years. The estimated amortization expense for the years ending September 30, 2009, 2010, 2011, 2012, and 2013 is $0.4 million, $0.1 million, $0.1 million, $0.1 million and none, respectively.

8. Leases

The Company leases office space under various operating leases. The terms of these leases typically provide for certain minimum payments as well as increases in lease payments based upon the operating cost of the facility and the consumer price index. Rent expense for the years ended September 30, 2007 and 2008 was $1.7 million and $1.4 million, respectively.

8. Leases (continued)

Minimum future payments under leases in effect as of September 30, 2008, are as follows (in thousands):

	Operating Leases
Year ended September 30,	
2009	$ 223
Total minimum lease payments	$ 223

9. Employee Benefit Plans and Deferred Compensation

MAXIMUS maintained 401(k) plans and other defined contribution plans for the benefit of all employees, including MSB employees, who meet certain eligibility requirements. The plans provided for MAXIMUS match, specified company contributions and/or discretionary company contributions. During the years ended September 30, 2008 and 2007, MAXIMUS contributed $0.7 million and $0.7 million to the plans, respectively, for the benefit of MSB employees.

10. Income Taxes

MSB's operating results have historically been included in MAXIMUS' combined U.S. federal and state income tax returns and non-U.S. jurisdictions tax returns. The provisions for income taxes in the combined financial statements have been determined on a separate return basis as if MSB filed its own tax returns. All tax attributes generated by MSB, as calculated on a separate return methodology not used by MAXIMUS historically, will be retained by MAXIMUS. In 2008 and 2007, MSB generated pre-tax operating losses. Such losses are utilized in the consolidated tax returns of MAXIMUS, and as a result MAXIMUS has recognized the benefit for all losses of MSB. Since the benefit has been used by the parent, there has been no valuation allowance established by MSB related to the benefit recorded. As there has been no reimbursement between MAXIMUS and MSB for such benefits taken, the income tax benefit reflected in the accompanying combined statements of income is treated as a distribution to MAXIMUS. As a result of this treatment, an income tax benefit has been included in the accompanying combined financial statements totaling $12,894 and $3,781 in 2008 and 2007, respectively.

10. Income Taxes (continued)

Effective October 1, 2007, the Company adopted the provisions of FIN 48, *Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109*. FIN 48 clarifies the accounting for uncertainty in income tax positions. FIN 48 provides that the financial statement effects of an income tax position can only be recognized when, based on the technical merits, it is "more-likely-than-not" that the position will be sustained upon examination. The Company does not believe that the carved-out operations gave rise to any material tax exposures and the Company and the Parent did not identify any issues that did not meet the recognition threshold under FIN 48 or would be impacted by the measurement guidance of FIN 48.

The provision for income taxes differs from that which would have resulted from the use of the federal statutory income tax rates primarily as a result of the provision for various state income taxes.

Deferred income taxes reflect the net effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The significant components of deferred tax assets and deferred tax liabilities included on the combined balance sheets (in thousands) are:

	Year Ended September 30	
	2008	**2007**
Deferred tax asset (liability) – current		
Employee benefits	**$ 615**	$ 611
Accruals	**988**	79
Deferred revenue	**9,438**	8,516
Allowance for doubtful accounts	**417**	769
Accounts receivable – unbilled	**(6,481)**	(8,494)
Net deferred tax asset (liability) – current	**$ 4,977**	$ 1,481
Deferred tax asset (liability) – noncurrent		
Depreciation, amortization and other	**$ 640**	$ 569
Intangibles	**(5,606)**	(4,752)
Capitalized software	**(6,292)**	(7,390)
Net deferred tax asset (liability) – noncurrent	**$(11,258)**	$(11,573)

11. Shareholders' Equity

Stock-Based Compensation

The management of MSB was eligible to participate in both a stock option and Restricted Stock Unit plan of MAXIMUS. The expense associated with MSB employees eligible to participate in these plans are allocated to MSB in the accompanying combined financial statements.

Stock options are granted at exercise prices equal to the fair market value of MAXIMUS' common stock at the date of grant. Stock options generally vest ratably over a period of four years, and beginning in fiscal 2005, expire six years after date of grant. Options issued prior to fiscal 2005 expire ten years after date of grant and upon termination of employment, which occurred subsequent to September 30, 2008, as a result of the sale of MSB. For the fiscal years ended September 30, 2007 and 2008, compensation expense related to MSB employee stock options was $0.0 million and $0.1 million, respectively.

MAXIMUS also issues Restricted Stock Units (RSUs) to officers, employees and directors of the Company under its 1997 Equity Incentive Plan (Plan). Generally, these RSUs vest ratably over six years with full vesting upon the sixth anniversary of the date of grant provided, however, that the vesting will accelerate if MAXIMUS meets certain earnings targets determined by the Board of Directors. RSUs are forfeited upon termination of employment, which occurred subsequent to September 30, 2008, as a result of the sale of MSB. The fair value of the RSUs, based on MAXIMUS' stock price at the grant date, is expensed over the vesting period. For the fiscal years ended September 30, 2007 and 2008, compensation expense recognized related to RSUs was $0.0 million and $0.4 million, respectively.

Effective October 1, 2005, the Company adopted the provisions of SFAS No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method. Under the modified-prospective-transition method, compensation cost recognized in the fiscal year ended September 30, 2006, included (i) compensation cost for all stock-based payments granted prior to but not yet vested as of October 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (ii) compensation cost for all share-based payments granted subsequent to October 1, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). Results for prior periods have not been restated.

12. Commitments and Contingencies

Litigation

The Company is involved in various legal proceedings, including contract and employment claims, in the ordinary course of its business. The matters reported on below involve significant pending or potential claims against us.

a. In November 2007, MAXIMUS was sued by the State of Connecticut in the Superior Court in the Judicial District of Hartford. MAXIMUS had entered into a contract in 2003 with the Connecticut Department of Information Technology to update the State's criminal justice information system. The State claims that MAXIMUS breached its contract and also alleges negligence and breach of the implied warranty of fitness for a particular purpose. MAXIMUS has sued its primary subcontractor on the effort (ATS Corporation), which abandoned the project before completing its obligations. Although the State did not specify damages in its complaint, it demanded payment of alleged damages of approximately $6.2 million in a letter sent to the Company in September 2007. The Company denies that it has breached its contract with the State. The Company recorded a charge of $0.2 million and $2.5 million classified in legal and settlement expense during the years ended September 30, 2007 and 2008, respectively. In connection with the sale of MSB, MAXIMUS retains all liabilities associated with this matter.

b. In 2003, MAXIMUS contracted to provide an integrated case management system and related services for a certain city. The city alleged that the Company failed to satisfy various contractual requirements, and the Company denied those allegations. In the interest of avoiding the costs, risks and distraction of litigation, the parties agreed to a mutual termination of the contract and settlement of the claims. Under the terms of the settlement, MAXIMUS paid the city $5.0 million and forgave outstanding accounts receivable of $2.0 million. Accordingly, the Company recorded a charge of $7.0 million classified in legal and settlement expense during the year ended September 30, 2008. In connection with the sale of MSB, MAXIMUS retains all liabilities associated with this matter.

The accompanying combined balance sheet as of September 30, 2008, reflects approximately $7.5 million in legal and settlement expenses, for which any continuing liability has been retained by MAXIMUS in conjunction with the sale of MSB.

13. Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which is effective for fiscal years beginning after November 15, 2007, which is the Company's 2009 fiscal year. SFAS No. 157 defines fair value, establishes a market-based framework or hierarchy for measuring fair value and expands disclosures about fair value measurements. The new standard is applicable whenever another accounting pronouncement requires or permits assets and liabilities to be measured at fair value, with limited exceptions. We are in the process of reviewing and evaluating SFAS No. 157, and therefore, the ultimate impact of its adoption is not yet known.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115*, which is effective in fiscal years beginning after November 15, 2007, which is the Company's 2009 fiscal year. SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. We are in the process of reviewing and evaluating SFAS No. 159, and therefore, the ultimate impact of its adoption is not yet known.

In December 2007, the FASB issued SFAS No. 141 (revised) (SFAS 141(R)), *Business Combinations*, which is effective for business combinations entered into in fiscal years beginning on or after December 15, 2008, which is the Company's 2010 fiscal year. Early adoption of the standard is prohibited. Under SFAS 141(R), more transactions will be recorded as business combinations, as it changes the definitions of a business, which would no longer be required to be self-sustaining or revenue generating, and a business combination, which would include combinations that occur by contract alone or due to changes in substantive participation rights, such as a lapse in minority veto rights. Certain acquired contingencies will be recorded initially at fair value on the acquisition date. After the acquisition, if new information is available, contingent liabilities will be measured at the higher of the likely amount to be paid and the acquisition-date fair value. Contingent assets will be measured subsequently at the lower of the current estimated future amount to be realized and the acquisition-date fair value. Transaction and restructuring costs generally will be expensed as incurred. In partial acquisitions, companies generally will record 100% of the assets and liabilities at fair value, including goodwill. This will likely result in higher related depreciation and amortization charges in subsequent periods than under the current standard. SFAS 141(R) will only impact us if we acquire businesses subsequent to the effective date of the standard.

13. Recent Accounting Pronouncements (continued)

Concurrent with the issuance of SFAS 141(R), the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, which is effective for fiscal years beginning on or after December 15, 2008, which is the Company's 2010 fiscal year. Early adoption of the standard is prohibited. This statement will be applied prospectively as of October 1, 2009, except for the presentation and disclosure requirements. The standard changes the accounting and reporting for minority interests and requires the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. It also requires that the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income. We are in the process of reviewing and evaluating SFAS No. 160, and therefore, the ultimate impact of its adoption is not yet known.

14. Legal and Settlement Expense

Legal and settlement expense consists of costs, net of reimbursed insurance claims, related to significant legal settlements and nonroutine legal matters, including future probable legal costs estimated to be incurred in connection with those matters. Legal expenses incurred in the ordinary course of business are included in selling, general and administrative expense.

The following table sets forth the matters that represent legal and settlement expense (dollars in thousands):

	Year Ended September 30	
	2008	**2007**
State of Connecticut	**$ 2,563**	$ 200
Integrated case management for a certain city	**6,975**	–
Total	**$ 9,538**	$ 200

See Note 12 for additional information.

15. Basis of Accounting

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States. On September 30, 2008, the parent sold MSB to a Canadian company. In the opinion of the MSB's management, there are no material adjustments necessary to conform these combined financial statements to accounting principles generally accepted in Canada.

Pro Forma Consolidated Statement of Operations
(In U.S. dollars)

CONSTELLATION SOFTWARE INC.

For the nine month period ended September 30, 2008 and
for the year ended December 31, 2007
(Unaudited)

CONSTELLATION SOFTWARE INC.

Pro Forma Consolidated Statements of Operations
For the nine months ended September 30, 2008
(In thousands of U.S. dollars, except per share amounts)
(unaudited)

	Constellation Software Inc.	Acquired Businesses of MAXIMUS, Inc.	Pro Forma Adjustments	Note	Pro Forma
Revenue	$ 232,135	$ 51,257	-		$ 283,392
Cost of revenue	86,974	27,383	-		114,357
	145,161	23,874	-		169,035
Research and development	34,813	16,274	(3,965)	(3a)	47,122
Sales and marketing	26,812	10,229	-		37,041
General and administration	41,389	22,411	-		63,800
Depreciation	2,509	493	-		3,002
	105,523	49,407	(3,965)		150,965
Income (loss) before the undernoted	39,638	(25,533)	3,965		18,070
Amortization of intangible assets	27,006	353	7,165	(3b)	34,524
Gain on sale of short-term investments, marketable securities and other assets	(9)	-	-		(9)
Loss on held for trading investments related to mark to market adjustments	134	-	-		134
Interest expense, net	517	-	1,129	(3c)	1,646
Foreign exchange gain	(487)	-	-		(487)
Income (loss) before income taxes	12,477	(25,886)	(4,329)		(17,738)
Income taxes (recovery)					
Current	4,035	(10,294)	8,675	(3d,e)	2,416
Future	(2,582)	-	(9,364)	(3e,f)	(11,946)
	1,453	(10,294)	(689)		(9,531)
Net Income (loss)	$ 11,024	$ (15,592)	$ (3,639)		$ (8,207)
Income (loss) per share:					
Basic					$ (0.39)
Diluted					(0.39)
Weighted average number of shares outstanding					
Basic					21,130
Diluted					21,192
Outstanding at the end of the period					21,192

CONSTELLATION SOFTWARE INC.

Pro Forma Consolidated Statements of Operations
For the year ended December 31, 2007
(In thousands of U.S. dollars, except per share amounts)
(unaudited)

	Constellation Software Inc.	Acquired Businesses of MAXIMUS Inc.	Pro Forma Adjustments	Note	Pro Forma
Revenue	$ 243,023	$ 85,432	-		328,455
Cost of revenue	92,113	44,677	-		136,790
	150,910	40,755	-		191,665
Research and development	36,965	20,310	(7,405)	(3a)	49,870
Sales and marketing	28,666	13,645	-		42,311
General and administration	44,127	15,295	-		59,422
Depreciation	3,117	715	-		3,832
	112,875	49,965	(7,405)		155,435
Income (loss) before the undernoted	38,035	(9,210)	7,405		36,230
Amortization of intangible assets	22,364	469	9,555	(3b)	32,388
Other expenses	14	-	-		14
Gain on sale of short-term investments, marketable securities and other assets	(1,369)	-	-		(1,369)
Interest expense (income), net	(508)	-	1,505	(3c)	997
Foreign exchange loss	2,466	-	-		2,466
Income (loss) before income taxes	15,068	(9,679)	(3,655)		1,734
Income taxes (recovery)					
Current	4,273	(3,781)	1,950	(3d,e)	2,442
Future	(315)	-	(2,454)	(3e,f)	(2,769)
	3,958	(3,781)	(503)		(326)
Net Income (loss)	$ 11,110	$ (5,898)	$ (3,152)		$ 2,060
Income (loss) per share:					
Basic					$ 0.10
Diluted					$ 0.10
Weighted average number of shares outstanding					
Basic					21,110
Diluted					21,192
Outstanding at the end of the period					21,192

1. Basis of Presentation

The accompanying unaudited pro forma consolidated statements of operations of Constellation Software Inc ("Constellation") for the year ended December 31, 2007 and the nine months ended September 30, 2008 have been prepared to give effect to the acquisition of the Justice, Education, and Asset Solutions businesses (the “Acquired Businesses”) of MAXIMUS, Inc. ("Maximus") as if it had occurred at January 1, 2008 and January 1, 2007 respectively.

The unaudited pro forma consolidated statements of operations have been prepared using the following information:

(a) Unaudited interim consolidated financial statements of Constellation as at and for the nine month period ended September 30, 2008;

(b) Audited financial statements of Constellation as at and for the year ended December 31, 2007;

(c) Audited combined financial statements of the Acquired Businesses as at and for the fiscal year ended September 30, 2008;

(d) Unaudited combined financial statements of the Acquired Businesses as at and for the year ended September 30, 2007; and

(e) Unaudited interim combined statement of operations of the Acquired Businesses as at and for the nine month period ended June 30, 2008.

The unaudited pro forma consolidated statement of operations for the nine months ended September 30, 2008 has been constructed from the unaudited interim consolidated statement of operations of Constellation for the nine months ended September 30, 2008 and the unaudited interim combined statement of operations of the Acquired Businesses for the nine months ended June 30, 2008. The unaudited pro forma consolidated statement of operations for the year ended December 31, 2007 has been constructed from the audited statement of operations of Constellation for the year ended December 31, 2007 and the unaudited combined statement of operations of the Acquired Businesses for the year ended September 30, 2007.

The statements of operations for the Acquired Businesses were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). As noted in note 15 of the combined financial statements of the Acquired Businesses, there are no material differences that exist between U.S. and Canadian GAAP in relation to these statements. As a result, no material changes to the combined financial statements were required in order for Constellation to prepare the unaudited pro forma consolidated statements of operations in accordance with Canadian GAAP. The accounting policies used in the preparation of the unaudited pro forma consolidated statements of operations are consistent with those used by Constellation in the preparation of its audited consolidated financial statements for the fiscal year ended December 31, 2007 and the unaudited interim consolidated financial statements for the nine month period ended September 30, 2008.

The unaudited pro forma consolidated statements of operations do not include any anticipated financial benefits from such items as costs savings arising from the acquisition. The unaudited pro forma consolidated statements of operations are not necessarily indicative of the results of operations that would have resulted had the acquisition been effected on the dates indicated, or the results that may be obtained in the future. In the preparation of the unaudited pro forma consolidated statements of operations, the purchase price consideration has been allocated to the fair value of the assets and liabilities purchased. The allocation of the purchase price has not been finalized as of the date of preparation of these pro forma consolidated statements of operations. The allocation is based on a preliminary purchase price allocation and is subject to change, and these changes may be material.

(In thousands of U.S. dollars)

The pro forma consolidated statements of operations were prepared to conform with the presentation of the statements of operations included in Constellation's annual and interim filings and do not conform with the presentation of the combined financial statements of the Acquired Businesses as presented in this Business Acquisition Report. Specifically, there was a decrease in cost of revenue due to the reclassification of certain expenses to research and development and depreciation of capital assets. In addition, selling, general and administrative expenses and legal and settlement expense as disclosed in the combined financial statements were allocated between sales and marketing, general and administrative expenses, and depreciation of capital assets with all of the above adjustments being made to conform with Constellation's presentation in its annual and interim filings.

The unaudited pro forma consolidated statements of operations should be read in conjunction with the historical financial statements and notes thereto of Constellation (available on SEDAR at www.sedar.com) and the combined financial statements of the Acquired Businesses included elsewhere in the Business Acquisition Report.

2. Purchase Price Allocation

On September 30, 2008, Constellation acquired substantially all of the assets of MAXIMUS, Inc.'s Justice, Education, and Asset Solutions businesses for aggregate cash consideration of $35,000 plus cash holdbacks of $5,000 resulting in total consideration of $40,000. The holdbacks are payable over a one-year period and are adjusted for any claims under the representations and warranties of the agreement. Transaction costs associated with this acquisition are estimated to be $200. The acquisition has been accounted for using the purchase method of accounting. The final purchase price allocation may result in a different allocation for tangible and intangible assets than that presented in the pro forma consolidated statements of operations and this difference may be material. The following table summarizes the aggregate preliminary estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:		
Current assets	$	19,626
Property and equipment		1,171
Technology assets		34,041
Customer assets		16,080
		70,918
Liabilities assumed:		
Current liabilities		7,331
Deferred revenue		23,387
		30,718
Total purchase price consideration	$	40,200

3. Pro forma assumptions and adjustments

Certain adjustments have been reflected in these unaudited pro forma consolidated statements of operations to illustrate the effects of purchase accounting where the impact could be reasonably estimated.

The unaudited pro forma consolidated statements of operations for the nine months ended September 30, 2008 and the year ended December 31, 2007 include the following adjustments:

(a) A decrease in research and development expenses of $3,965 for the nine months ended September 30, 2008 and $7,405 for the year ended December 31, 2007 to eliminate the amortization of development costs capitalized in prior periods. This adjustment was made as the fair value of these capitalized development costs was determined to be zero as part of the preliminary purchase price allocation and therefore no associated amortization should be recognized in the respective periods.

(b) An increase in amortization of intangible assets of $7,165 for the nine months ended September 30, 2008 and $9,555 as at the year ended December 31, 2007 to adjust for the fair value of the acquired intangible assets determined as part of the purchase price allocation. The intangible assets are being amortized on a straight-line basis over 5 years.

The unaudited pro forma consolidated statements of operations reflect only a preliminary allocation of tangible assets, liabilities, goodwill and other intangible assets as the Company has only recently acquired the Acquired Businesses. The preliminary allocation is subject to change and these changes may be material.

(c) An increase in interest expense of $1,129 for the nine months ended September 30, 2008 and $1,505 for the year ended December 31, 2007 to reflect the impact of additional debt incurred to finance the acquisition of the Acquired Businesses. The facility bears a variable interest rate and is due in full on April 28, 2011.

(d) A decrease in current income tax expense of $395 for the nine months ended September 30, 2008 and $527 for the year ended December 31, 2007 to reflect the tax effect of the interest expense incurred on the additional debt to finance the acquisition. Tax expense was calculated using a statutory rate of 35%.

(e) An increase in current income tax expense of $9,070 for the nine months ended September 30, 2008 and $2,477 for the year ended December 31, 2007, as well as an increase in future income tax recovery of $9,112 for the nine months ended September 30, 2008 and $1,849 for the year ended December 31, 2007.

As noted in note 10 of the combined financial statements of the Acquired Businesses, an income tax benefit was realized in both 2007 and 2008 relating to losses generated by the Acquired Businesses and utilized in the consolidated tax returns of Maximus. Constellation has made adjustments to reflect how such losses would be utilized by Constellation in both the current and future periods had the acquisition occurred at January 1, 2008 and January 1, 2007 respectively. Given the size of the losses incurred, an adjustment has also been made reclassifying some of the current income tax recovery to the future for the losses which could not be utilized in the periods presented.

(f) An increase in future income tax recovery of $252 for the nine months ended September 30, 2008 and $605 for the year ended December 31, 2007 to reflect the timing differences between the amortization period of the intangible assets acquired between financial reporting and tax purposes.