

JACOBS ENGINEERING GROUP INC /DE/

FORM 10-K (Annual Report)

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

FORM 10-K

ANNUAL REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2008

Commission File No. 1-7463

Jacobs Engineering Group Inc.

Delaware
State of incorporation

95-4081636
IRS Employer identification number

1111 South Arroyo Parkway
Pasadena, California 91105
Address of principal executive offices

(626) 578-3500
Telephone number (including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$1 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: ☒ Yes ☐ No

Indicate by a check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. ☐ Yes ☒ No

Indicate by check-mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check-mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check-mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check-mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) ☐ Yes ☒ No

There were 122,866,079 shares of common stock outstanding as of November 21, 2008. The aggregate market value of the registrant's common equity held by non-affiliates was approximately \$9.0 billion as of March 31, 2008, based upon the last reported sales price on the New York Stock Exchange on that date.

DOCUMENTS INCORPORATED BY REFERENCE

Part III—Portions of the Registrant's definitive Proxy Statement to be issued in connection with its 2009 Annual Meeting of Shareholders.

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JACOBS ENGINEERING GROUP INC.

Fiscal 2008 Annual Report on Form 10-K

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PART I
FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements that are not based on historical fact. When used in this report, words such as “expects”, “anticipates”, “believes”, “seeks”, “estimates”, “plans”, “intends”, and similar words identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although such statements are based on management’s current estimates and expectations, and currently available competitive, financial, and economic data, forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause our actual results to differ materially from what may be inferred from the forward-looking statements. Some of the factors that could cause or contribute to such differences are listed and discussed in Item 1A— *Risk Factors* , below. Other matters that may affect our future performance relative to management’s current expectations are discussed in Item 7— *Management’s Discussion and Analysis of Financial Condition and Results of Operations* , also appearing below. The risk factors and other matters described herein are not all-inclusive, and we undertake no obligation to release publicly any revisions or updates to any forward-looking statements that are contained in this document. We encourage you to read carefully the risk factors described in other documents we file from time to time with the United States Securities and Exchange Commission (SEC).

Item 1. BUSINESS

General

We are one of the largest professional services firms in the United States. Our business focuses exclusively on providing a broad range of technical, professional, and construction services to a large number of industrial, commercial, and governmental clients around the world. We provide four broad categories of services:

- Project Services (which include engineering, design, architectural, and similar services);
- Process, Scientific, and Systems Consulting services (which includes services performed in connection with a wide variety of scientific testing, analysis, and consulting activities);
- Construction services (which encompasses traditional field construction services as well as modular construction activities, and includes direct-hire construction and construction management services); and,
- Operations and Maintenance services (which includes services performed in connection with operating large, complex facilities on behalf of clients as well as services involving process plant maintenance).

We provide our services through offices and subsidiaries located principally in North America, Europe, Asia, and Australia.

We concentrate our services on selected industry groups and markets including oil and gas exploration, production, and refining; programs for various national governments; pharmaceuticals and biotechnology; chemicals and polymers; buildings (which includes projects in the fields of health care and education as well as civic, governmental, and other buildings); infrastructure; technology and manufacturing; consumer products; and pulp and paper, among others.

Jacobs Engineering Group Inc. was incorporated under the laws of the State of Delaware on January 8, 1987. On March 4, 1987, the corporation succeeded by merger to the business and assets of Jacobs Engineering Group Inc., a California corporation that, in 1974, had succeeded to a business organized originally by our founder, Dr. Joseph J. Jacobs, in 1947. Unless the context otherwise requires, all references herein to “Jacobs” or the “Registrant” are to Jacobs Engineering Group Inc. and its predecessors, and references to the “Company”, “we”, “us” or “our” are to both Jacobs Engineering Group Inc. and its consolidated subsidiaries. The common stock of Jacobs has been publicly held since 1970 and is currently listed on the New York Stock Exchange under the trading symbol JEC.

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Business Strategy

General

There are four major components of our business strategy: safety; a relationship-based approach to client interactions; a strong focus on cost control; and an organizational structure that facilitates efficient project management and execution. Acquisitions play an important role in our business strategy as they allow us to expand on existing client relationships as well as develop new ones. Acquisitions also allow us the opportunity to leverage our cost structure across geographic areas.

Safety

Key to the success of our business strategy is our uncompromising focus on safety. Providing an injury and incident free work environment is an unequivocal condition of the relationship we have with our employees and subcontractors. It is also a paramount issue in our dealings with our clients, and our safety program is a fundamental element of our overall approach to risk management. A safe work environment is critical to our long-term success and growth. We maintain a centralized quality and safety group to help ensure that the services we provide are delivered safely and in accordance with standard work processes. Unsafe job sites and office environments increase employee turnover, increase the cost of a project to our clients, expose us to types and levels of risk that are fundamentally unacceptable, and increase our own operating costs as well. Safe job sites and office environments, on the other hand, benefit our clients, promote employee morale, and enhance the long-term relationships we have with our clients, employees, and business partners.

Relationship-Based Business Model

Our relationship-based business model is central to our sustained growth and profitability. We aggressively pursue the development of long-term affiliations and alliances with our clients. By working as a partner with our clients on their capital programs, we increase our understanding of their overall business needs as well as the unique technical requirements of their projects. This increased understanding gives us the opportunity to provide a superior value to our clients. We market all of our services to clients in connection with their projects where the scope of work required is within our expertise. By integrating and bundling our services (i.e., providing design, engineering, and construction services on the same project), we can price contracts more competitively and enhance overall profitability while delivering additional value to our clients. Our relationship-based business model also helps us more fully understand the risks inherent in the projects, which in turn allows us to better manage those risks. Our approach also provides us with opportunities to market those services our clients will need in the post start-up and commissioning phases of a plant, such as operations and maintenance services. This model, however, does not preclude us from undertaking discrete projects that do not conflict with our business strategy. We will accept and perform discrete projects for our clients if we can negotiate acceptable pricing and other contract terms and conditions.

Closely linked to our relationship-based business model is our multidomestic geographic strategy for conducting business around the world. This strategy requires us to act and operate as a local contractor in every geographic area of the world in which we do business. We believe it is important for us as a company to “be local” with respect to our network of offices and operations. Because our offices can generally sustain themselves with a base load of local work, we’re able to support our multinational clients with their cross-border capital projects. Our core clients can depend on us for assistance with their engineering and construction needs when they move projects around the world. Our multidomestic strategy also allows us to be competitive around the world to the extent we win large projects and are able to perform meaningful portions of the project utilizing local resources rather than exporting the work to other offices within the group.

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Cost Control

Our continual emphasis on cost control is an important component of our business strategy. As the global economy expands and companies providing technical, professional, and construction services are required to compete against each other across geographic boundaries, the company that can provide its clients with cost efficient solutions to their project needs has the advantage. Our attention to cost control throughout every level of our organization allows us to deliver superior technical, professional, and construction services safely, efficiently, and within the cost and time parameters our clients require.

Organizational Structure

Our organizational structure and integrated system for delivering services is another key component of our business strategy. Our operating units generally use a matrix organizational structure whereby our project management functions are supported by the various technical engineering, design, and construction disciplines that are necessary to effectively execute long-term engineering and construction contracts. Crucial functions, such as project controls and procurement, are local to each of our major offices and serve operations by providing specialized services required by projects. In addition, we actively employ a boundaryless approach to the way we serve our clients. We do not maintain “profit centers” within the Company, nor do our operating groups compete against each other for contracts. Instead, our organizational structure encourages our operating groups to work cohesively while simultaneously helping to reduce costs and promote an efficient delivery system for all of our services.

The Role of Acquisitions in Our Business Strategy

Our relationship-based business model is a significant driver of our acquisition strategy. When we review potential acquisition targets, we are conscious of the effect the acquisition may have on our client base. We favor acquisitions that allow us to expand or enhance the range of services we provide existing clients, and/or gain access to new geographic areas in which our clients either already operate or plan to expand. By expanding into new geographic areas and adding to our existing technical and project management capabilities, we strive to position ourselves as a preferred, single-source provider of technical, professional, and construction services to our major clients. The following is a brief description of some of our key acquisitions over the past five years:

- In November 2007, we acquired Carter & Burgess, Inc. (Carter & Burgess). Headquartered in Fort Worth, Texas, Carter & Burgess was an approximately 3,200-person professional services firm providing architecture, engineering, design, and planning services to public and private sector clients operating in the fields of transportation, water, infrastructure programs, building programs, land development, and planning. The primary purpose for acquiring Carter & Burgess was to expand our infrastructure and facilities business in the U.S.
- In March 2008 we acquired a 60% interest in Zamel & Turbag Consulting Engineers (Zate). Located in Saudi Arabia, Zate was an approximately 500-person professional services firm providing engineering and construction management services to clients operating in the oil & gas, refining, and chemicals industries. The primary purpose for acquiring Zate was to expand our business in the Middle East with clients operating in those industries in the Middle East.
- In April 2007, we acquired Edwards and Kelcey, Inc. (Edwards and Kelcey). Edwards and Kelcey was a nationally recognized engineering, design, planning, and construction management firm serving public and private clients in the fields of transportation; planning/environmental; communications technology; buildings/facilities; and land development. Headquartered in Morristown, New Jersey, Edwards and Kelcey employed approximately 1,000 people in offices located primarily in the Northeastern region of the United States (U.S.). The primary purpose for acquiring Edwards and Kelcey was to expand our infrastructure business in the U.S.
- In August 2004, we acquired the Babbie Group Limited (Babbie Group). The Babbie Group was a leading provider of technical and professional services to clients in the infrastructure; facilities; environmental; defense; and governmental outsourcing markets, among others. Headquartered in

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Glasgow, Scotland, the Babbie Group employed approximately 3,500 people in offices located throughout the United Kingdom (U.K.) and Asia, with smaller operations in India and the Czech Republic. The primary purpose for acquiring the Babbie Group was to expand our infrastructure and facilities business in the U.K.

In any particular year, we will also make smaller acquisitions as opportunities arise.

Services Provided

As described above, the services we provide generally fall into the following four broad categories: Project Services; Process, Scientific, and Systems Consulting services; Construction services; and Operations and Maintenance services. The scope of services we can provide our clients, therefore, range from consulting and conceptual design services (which are often required by clients in the very early stages of a project) to complete, single-responsibility, design-build-operate contracts.

The following table sets forth our revenues from each of our four service categories for each of the last five fiscal years ended September 30 (in thousands of dollars):

	2008	2007	2006	2005	2004
Project Services	\$ 5,128,456	\$ 3,828,179	\$ 2,894,293	\$ 2,469,879	\$ 2,060,288
Process, Scientific and Systems Consulting	770,223	597,116	482,344	385,700	248,718
Construction	4,239,439	2,990,177	3,239,613	1,884,066	1,581,023
Operations and Maintenance	1,114,041	1,058,498	805,020	895,356	704,206
	<u>\$ 11,252,159</u>	<u>\$ 8,473,970</u>	<u>\$ 7,421,270</u>	<u>\$ 5,635,001</u>	<u>\$ 4,594,235</u>

Project Services

We employ all of the engineering, design, architectural, and related disciplines necessary to design and engineer modern process plants (including projects for clients in the chemicals and polymers; pharmaceuticals and biotechnology; oil & gas; refining; food and consumer products; and basic resources industries); buildings (including facilities for clients in the health care; education; and criminal justice markets, as well as other buildings for clients in the private sector); infrastructure projects (including highways, roads, bridges, and other transportation systems; water and wastewater treatment plants; water resources facilities; and other similar plants and facilities); technology and manufacturing facilities (for clients in the aerospace; automotive; defense; semiconductor; and electronics industries); consumer products manufacturing facilities; pulp and paper plants; and other facilities. We also employ many of the requisite scientific, technical, and program management capabilities necessary to provide program integration, testing, and evaluation services for clients in the defense and aerospace industries; for the U.S. Department of Defense (DoD) in support of information systems for weapons acquisition centers; for the National Aeronautics and Space Administration (NASA) for aerospace, testing, and propulsion systems and facilities; and for various agencies of the U.S. federal government in support of environmental programs.

We are capable of providing our clients with a variety of value engineering services including “safety in design”. Through safety in design we integrate best practices, hazard analysis, and risk assessment methods early in the design phase of projects, taking those steps necessary to eliminate or mitigate injury and damage during the construction, start-up, testing and commissioning, and operations phases of a project.

In the area of construction management, we provide our clients with a wide range of services as an agent for our clients. We may act as the program director, whereby we oversee, on the owner’s behalf, the complete planning, design, and construction phases of the project. Alternatively, our services may be limited to providing construction consulting.

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Also included in the category of Project Services are certain related services (such as planning, scheduling, procurement, estimating, cost engineering, project accounting, and quality and safety) necessary to support our engineering, design, construction, construction and program management, operations and maintenance, and consulting services.

Process, Scientific and Systems Consulting

We employ all of the professional and technical expertise necessary to provide a broad range of consulting services including: performing pricing studies, market analyses, and financial projections necessary in determining the feasibility of a project; performing gasoline reformulation modeling; analyzing and evaluating layout and mechanical designs for complex processing plants; analyzing automation and control systems; analyzing, designing, and executing biocontainment strategies; developing and performing process protocols with respect to the U.S. Food and Drug Administration-mandated qualification and validation requirements; providing consultation on proposed railway and airport expansion projects; and performing geological and metallurgical studies.

Also included in this service category are the revenues relating to professional and program management services required to assist clients (such as the U.S. federal government and its agencies) in a wide range of defense and aerospace related programs. Such services typically are more technical and scientific in nature than other project services we provide, and may involve such tasks as supporting the development and testing of conventional weapons systems; weapons modeling and simulations; computer systems development, maintenance, and support; evaluation and testing of mission-critical control systems; and other highly technical programs and tasks.

Construction

We provide traditional field construction services to private and public sector clients in virtually all of the industry groups and markets to which we provide project services. In the area of environmental remediation and restoration, we provide environmental remedial construction services for a variety of public and private sector clients. We also provide many of our clients with modular construction technology. Our modular construction technology is an advanced form of engineering and design, off-site fabrication and assembly, and field erection. It provides our clients with an alternative approach to traditional methods of engineering and construction, which can compress and shorten the construction schedule, reduce risk, and lower costs.

Historically, our field construction activities were focused primarily on those construction projects for which we perform much of the related engineering and design work. By focusing our construction efforts on such projects, we minimize the risks associated with constructing complex plants and facilities based on designs prepared by third parties. The financial risk to us of constructing complex plants and facilities based on designs prepared by third parties may be particularly significant on fixed-price contracts; therefore, we generally avoid this type of project. However, we will pursue construction-only projects when we can negotiate pricing and other contract terms we deem acceptable and which results in a fair return for the degree of risk we assume.

Operations and Maintenance (O&M)

O&M generally refers to all of the tasks required to operate and maintain large, complex facilities on behalf of clients. We can provide key management and support services over all aspects of the operations of a facility, including managing subcontractors and other on-site personnel. Within the environmental area, O&M often includes engineering and technical support services as well as program management services necessary to remediate contaminated sites. Within the aerospace and defense areas, O&M often requires us to provide the management and technical support services necessary to operate and maintain engine test facilities, weapons integration, and high-tech simulation and verification centers. Such O&M contracts also frequently require us to provide facilities management and maintenance services; utilities operations and maintenance services; property management and disposition services; and construction support services.

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O&M also includes process plant maintenance services, which generally involves all of the tasks required to keep a process plant (typically a refinery or chemical plant) in day-to-day operation. Such tasks could include the repair and replacement of pumps, piping, heat exchangers, and other equipment as well as “turnaround” work, which involves major refurbishment that can only be performed when the plant is shut down. Since shutdowns are expensive to the owners of the plant, turnaround work often requires maximizing the number of skilled craft personnel who can work efficiently on a project on a 24-hours-per-day, seven-days-per-week basis. We use sophisticated computer scheduling and programming to complete turnaround projects quickly, and we maintain contact with a large pool of skilled craft personnel we can hire as needed on maintenance and turnaround projects.

Although the gross profit margins that we realize from O&M services are generally lower than those associated with the other services we provide, the costs to support maintenance activities are also generally lower. Furthermore, we view O&M contracts as presenting a lower financial risk to us as compared to some of the other services we provide because O&M contracts are normally cost-reimbursable in nature. Additionally, although engineering and construction projects may be of a short-term nature, O&M services often result in long-term relationships with clients. For example, we have been providing maintenance services at several major process plants within the U.S. for several decades. This aspect of maintenance services greatly reduces the selling costs in respect of such services.

Financial Information About Segments

Although we describe our business in this Annual Report on Form 10-K in terms of the services we provide, the markets in which our clients operate, and the geographic areas in which we operate, we have concluded that our operations may be aggregated into one reportable segment pursuant to the U.S. Financial Accounting Standards Board’s Statement of Financial Accounting Standards No. 131— *Disclosures about Segments of an Enterprise and Related Information* . In making this determination, we considered various economic characteristics of our operations including: the nature of the services we provide, our internal processes for delivering those services, and the types of customers we have. In addition to the discussion that follows, please refer to Note 14— *Segment Information* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

There is a high degree of similarity of the workforces among our service categories. For example, engineering and design services (i.e., services provided by persons who are degreed and in certain circumstances licensed, such as engineers, architects, scientists, and economists) exist in all four service categories. In addition, there is a high degree of similarity among a significant component of the workforces we employ to perform construction and O&M projects. In providing construction and O&M services, we employ a large number of skilled craft labor personnel. These may include welders, pipe fitters, electricians, crane operators, and other personnel who work on very large capital projects (in the case of projects classified within the construction services category) or on smaller capital projects (in the case of maintenance projects classified within the O&M services category).

Our operating units use a matrix organizational structure. Our results, therefore, are dependent on groups representing technical disciplines (e.g., electrical engineering, mechanical engineering, cost engineering, etc.) supporting project management personnel (who maintain the relationship between us and our clients, and who are ultimately responsible for delivering projects to our clients safely, on time, and on budget). Additionally, all of our operating regions and divisions use common tools, policies, and procedures to manage and run their respective units. These include project review meetings, project performance evaluations, and project execution plans.

The use of technology throughout our organization is highly uniform. Whether it is PC-based computer aided design and drafting (CADD) applications used by our engineering and design staff, or PC-based modeling programs used by the scientific and consulting staff, or PC-based scheduling, estimating, and cost control applications used by home-office personnel in support of our construction and maintenance activities, all of the service categories described above are equally affected by changes in technology as they occur in the economy at large.

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Furthermore, the types of information and internal reports used by management to monitor performance, evaluate results of operations, allocate resources, and otherwise manage the business support a single reportable segment. Accordingly, based on these similarities, we have concluded that our operations may be aggregated into one reportable segment for purposes of the disclosure included in this Annual Report on Form 10-K.

Industry Groups and Markets

We provide our services to clients that operate in the following industry groups and markets: energy and refining—downstream; long-term programs for various national governments, including the U.S.; chemicals and polymers; oil and gas—upstream; pharmaceuticals and biotechnology; infrastructure; buildings; and other, general industrial and consumer businesses and markets (such as technology and manufacturing; pulp and paper; food and consumer products; and mining and minerals). We believe these industry groups and markets have sufficient common needs to permit cross-utilization of our resources which helps to mitigate the negative effects of a downturn in a single industry.

The following table sets forth our revenues from each of the various industry groups and markets in which our clients operate for each of the last five fiscal years ended September 30 (in thousands of dollars):

	2008	2007	2006	2005	2004
Energy & Refining—Downstream	\$ 3,687,798	\$ 2,520,064	\$ 2,255,928	\$ 1,637,675	\$ 991,403
National Government Programs	1,976,184	1,500,007	1,259,361	1,160,664	1,051,016
Chemicals and Polymers	1,409,868	1,238,350	1,124,254	737,872	559,733
Oil & Gas—Upstream	1,102,743	890,943	546,663	319,796	279,065
Pharmaceuticals and Biotechnology	978,867	756,178	678,989	514,836	713,566
Infrastructure	935,333	681,367	546,999	464,400	304,977
Buildings	708,081	437,122	395,190	462,147	354,742
Industrial and Other	453,285	449,939	613,886	337,611	339,733
	<u>\$ 11,252,159</u>	<u>\$ 8,473,970</u>	<u>\$ 7,421,270</u>	<u>\$ 5,635,001</u>	<u>\$ 4,594,235</u>

Energy & Refining—Downstream

We provide full-service engineering, design, modular fabrication, construction, construction management, and asset management and maintenance services to our clients in the energy & refining industries throughout the world. We also provide a broad range of consulting services to our clients including process assessments, facility appraisals, feasibility studies, technology evaluations, project finance structuring and support, and multi-client subscription services. Typical projects range in size from several million dollars to multi-billion dollar facilities and include new design and construction, revamps or expansions of existing plants, turnarounds, upgrades of individual process units within refineries, and maintenance services.

Substantial investment in new and expanded refinery capacity is occurring in North America, the Middle East, and Asia to handle heavier crudes, add value at source, respond to growth in regional consumption and changes in feedstock price and availability, and produce a different product slate to respond to the changing requirements for diesel and gasoline. We support such capital investments through our network of offices and are routinely sharing engineering work with our offices in India to reduce design costs on large projects. Our offices in North America and Europe, in particular, continue to be involved with very large projects that upgrade Canadian crudes (upgraders).

Government regulations continue to influence the need for project services by our clients in the refining industry and we believe new regulations, such as off-road Ultra Low Sulfur Diesel, and new ambient air quality standards for ozone and particulates will drive new investment requirements in the industry over the next several years. We are a market leader in such regulatory-based projects including our proprietary sulfur removal technologies (SUPERCLAUS[®] and EUROCLAUS[®]).

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Our modular construction capabilities, asset management and maintenance services, and formal client alliances help differentiate us to our clients operating in this industry group. Many projects involve revamping existing processing units or adding new processes to an existing refinery. As a result of the close proximity of processing units in these refineries, using modular construction can decrease congestion at the construction site and can also provide safety, cost, and project execution benefits in remote locations.

We also include power generation and cogeneration projects in this industry group. We provide technical assistance, project management, design, engineering, procurement, construction and construction management, and maintenance services for power generating units within our clients' process facilities, as well as to clients operating in the power generation and supply industry. Typical projects include simple and combined cycle power projects, cogeneration power plants, aeroderivative and industrial gas turbines, and emergency power generation stations.

Oil & Gas—Upstream

We provide full-service engineering, design, construction, modular fabrication, maintenance, and construction management services to our clients in the upstream areas of oil and gas exploration and production. We also provide a broad range of consulting services to our clients including process assessments, facility appraisals, feasibility studies, technology evaluations, project finance structuring and support, and multi-client subscription services. Many of our upstream projects are in North America, Europe and Saudi Arabia and include offshore platforms, heavy oil processing (such as oil sands thermal extraction projects); oil recovery through steam injection; and gas treating, gas gathering, and gas storage projects including extraction of commercially valuable elements of the gas stream.

Typical projects involve the design and construction of projects that recover oil and gas, and may include oil thermal recovery facilities by either in-situ means (steam injection or steam assisted gravity drainage) or above-ground oil sands mining, upgraders, pipelines, gas plants, etc. Projects have grown in size during the past five years to an average size that exceeds \$500 million in total installed costs as clients have found benefits from economies of scale. These large projects may involve many of our offices and normally include our Mumbai, India, office as a value-added center to reduce client costs.

A relatively new area of focus for us is offshore production, where we are actively pursuing project opportunities in engineering and design of topside facilities. Higher energy prices and reduced traditional reserves are driving the development of new reserves and the enhanced recovery from existing ones. We are actively supporting our clients in these initiatives in North America, Europe, the Middle East, and Asia.

As part of our commitment to this market, we acquired the majority ownership of Zate, a 400-person firm in Saudi Arabia, bringing a strong local presence in the Middle East and a center of excellence for long distance pipelines.

National Government Programs

We categorize our National Government Programs as generally relating to environmental programs, aerospace and defense programs, or building programs.

Environmental Programs

We provide environmental investigation, restoration, engineering, construction, and site operations and maintenance services to a number of United States federal government agencies, including the Department of Energy (DOE) and the DoD. We are also providing these services to support the government of the United Kingdom in its nuclear sites decommissioning program through the Nuclear Decommissioning Authority (NDA). This is a growing market and we are well-placed to capitalize on it, having won a number of major framework contracts in 2008 at the two highest-hazard sites.

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Our projects include hazardous and nuclear waste management and site cleanup and closure—with many of these projects for the U.S. federal government spanning over ten years. Our projects within this market generally relate to all major federal and state environmental statutes, with particular emphasis on the Comprehensive Environmental Response Compensation and Liability Act and the Resource Conservation and Recovery Act. As part of our environmental restoration work, we provide support in such areas as underground storage tank removal, contaminated soil and water remediation, and long-term groundwater monitoring. Our environmental consulting services include air quality planning and permitting, water quality compliance, environmental conservation studies, pollution prevention assessments, and compliance with the National Environmental Policy Act.

We also design, build, install, operate, and maintain various types of soil and groundwater cleanup systems at multiple project locations across the United States and its territories for the United States Army Corps of Engineers and the United States Air Force Center for Environmental Excellence (AFCEE). Typical projects also include the preparation of feasibility studies and performance of remedial investigations, engineering, design, and remediation services on several national programs. As an extension of our environmental support to AFCEE, we also serve AFCEE's clients with execution of capital projects involving sustainment, repair, and modernization of military facilities and infrastructure.

As a differentiating aspect of our support to clients, we provide asset management services in the form of infrastructure operations and maintenance. This is an integral part of our services for the DOE at the Oak Ridge Environmental Management sites and at the Argonne National Laboratory. Asset management also includes building closures that involve deactivation, decommissioning, and demolition of government facilities.

Aerospace and Defense Programs

We provide support to aerodynamic, propulsion, and space facilities and systems for government clients such as the DoD and NASA at more than a dozen test centers across the continental United States and for the Ministry of Defence in the United Kingdom. This support includes military systems acquisition management and strategic planning; operations and maintenance of test facilities, test ranges, space launch facilities, and space chambers; test and evaluation in computer, laboratory, facility, and range environments; test facility computer systems instrumentation and diagnostics; and test facility design and build. We also provide systems engineering and integration of complex weapons and space systems as well as hardware and software design of complex flight and ground systems. We support and maintain enterprise information systems for government and commercial clients worldwide, ranging from the operation of complex computational networks to the development and validation of specific software applications.

We have provided advanced technology engineering services to the DoD for more than 60 years and currently support defense programs in dozens of locations within the United States and internationally. In addition to operating and maintaining several DoD test centers, our support includes services such as aerodynamic testing of next-generation fighter aircraft; propulsion testing for space programs; testing of the U.S. Army's next-generation ground mobile weapon systems; and acquisition support for weapons systems such as air-to-air missile systems and precision guided smart weapons for high-value targets. We also support the acquisition and development of systems and equipment for Special Operations Forces as well as the development of biological, chemical, and nuclear detection and protection systems. Furthermore, we support the DoD in a number of information technology programs including network design, integration, and support; command and control technology; development and sustainment of databases and customized applications; and security solutions.

We provide a broad range of engineering, science, and technical support services to eight NASA sites, delivering support to virtually every major space program including the International Space Station; space shuttle recertification; space observatories; aerospace transportation systems; space propulsion systems; advanced materials research; and advanced research and development activities such as protein crystal growth experiments for the development of new drugs and vaccines. We also provide operations and maintenance services for NASA aerospace and propulsion research test facilities. We play an integral role in ensuring that the launch vehicles and propulsion systems of the future support NASA's new exploration vision.

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Buildings Programs

We provide a wide range of advance planning, architectural, engineering, construction management, program management, and design-build services to agencies such as the U.S. Federal Aviation Administration (FAA); the U.S. General Services Administration (GSA); the United States Departments of State, Treasury, Agriculture, and Defense; and the Army National Guard among others. In the United Kingdom, we are leading the Custodial Services' project management delivery program to upgrade the U.K. prison stock, as well as certain security-led programs such as upgrading works to the Palace of Westminster and selected Regional Police Authorities.

Typical projects include renovating and modernizing terminal radar control centers, air traffic control towers, and other facilities for the FAA; planning and design services for Internal Revenue Service offices and customer service centers nationwide; and planning, design, and program management services in connection with certain homeland security initiatives for the GSA and the Department of Homeland Security.

We are providing planning, design, design-build construction, and program management services to the DoD on military family housing; quality of life projects; training, maintenance, and readiness facilities; and command and control centers as well as military facilities supporting the DoD's global re-basing program, the 2005 Base Realignment and Closure program, and the transformation initiatives of the various military services.

Chemicals and Polymers

We provide technical consulting, project finance consulting, facility appraisal, market analysis, and business consulting services as well as fully-integrated engineering, procurement, construction, and construction management services to our clients operating in the chemicals and polymers industries. Our services guide and assist our chemical clients with their projects from the early concept phase to a constructed and operating chemical facility.

The chemicals and polymers markets are showing modest growth after an extended flat period and continue to be an essential part of our diversified business. The types of projects we execute for our clients in these industries include feedstock synthesis, chemical synthesis, and polymerization, and include high-pressure processes to produce industrial chemicals and low-pressure multi-product processes to produce specialty and fine chemicals. We have extensive knowledge of, and experience with, advanced polymerization reactions and state-of-the-art, post-reactor processing techniques to help bring new products and new facilities to market quickly and economically. An area of focus, due to rising feedstock costs, is gasification to produce the feeds for chemicals and fertilizers. Our involvement in these early studies positions us to help owners capitalize on return on investment opportunities by streamlining work processes and optimizing existing plant layouts for future expansions.

Expansions and revamps are attracting investments in North America and Europe. A large volume of new investment also is occurring in the Middle East and Asia due to both low feedstock cost and rapidly growing local markets. To respond to this market, we have enhanced or expanded our process design packages, front-end engineering and design (FEED) packages, and our project management capabilities in existing offices and newly acquired companies. Recent capital projects in the Middle East and Asia are also using alternative feedstocks to natural gas, such as naphtha, and are moving from producing primary petrochemicals to the higher-added-value secondary petrochemicals.

Our clients in this sector focus on safety, reliability, and maintainability to keep operating costs down. To support this initiative, we apply best practices on capital and maintenance work by leveraging synergy and resources within our alliances and partnerships, which in some cases involve more than 25 chemical facilities for one owner. As these multi-site relationships increase in magnitude, the range of services we provide broadens and varies from providing on-site engineering services to completing an entire capital improvement program.

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Another important aspect of serving our clients in the chemicals and polymers business is in the area of field services. We have contracts with major chemical producers worldwide to provide construction, on-site maintenance, and turnaround activities. Many of these contracts are evergreen in nature, with relationships extending over many years due to our focus on safety, value, and client satisfaction. Like the refining industry, we provide maintenance services to our clients in the chemicals industry and have also established numerous formal alliances.

Pharmaceuticals and Biotechnology

We provide a broad range of services to our clients in the pharmaceuticals and biotechnology industries including consulting, master planning, programming, feasibility studies, engineering, preliminary and detailed design, procurement, construction, construction management, commissioning, qualification, validation, and maintenance. We also provide single-point engineering, procurement, construction management, and validation (EPCMV) project delivery enabling us to execute the industry's largest capital programs on a single-responsibility basis. We serve clients throughout North America, Europe, and Asia.

Typical projects for clients in these industries include laboratories, research and development facilities, pilot plants, bulk active pharmaceutical ingredient production facilities, full-scale biotechnology production facilities, and secondary manufacturing facilities. In addition to regulatory compliance issues, state-of-the-art technology and expertise are critical to our clients in these industries. Such technology and knowledge encompasses containment, barrier technology, locally controlled environments, process and building systems automation, and off-the-site design and fabrication of process and building modules.

We continue to enhance our 3-D CADD capabilities, project controls, and automation capabilities as well as other technological aspects of our EPCMV services. This enables us to better serve our clients and to ensure that projects transition from their conceptual design phase through engineering, construction, start-up, commissioning, and validation phases as economically and efficiently as possible.

As companies in the pharmaceuticals industry continue to experience pressure to decrease product time-to-market, reduce costs, and increase return on investment, the types of services we provide have grown over the years to include modular construction as well as consulting and strategic planning to help our clients complete capital projects faster and more efficiently. We are also leaders in applying LEAN manufacturing techniques to capital project execution. As an example, we increased our efforts to integrate commissioning and validation services, helping reduce the amount of time required to introduce a new drug into the marketplace.

As new product discovery and development drives capital spending, our multidomestic structure as well as formal alliances and preferred provider agreements with numerous clients enhances our ability to act as a program partner, helps clients effectively manage their strategic investments, and deliver their capital programs.

Infrastructure

We provide a broad range of life-cycle services including planning, design, consulting, engineering, design-build, and construction and program management services to our clients engaged in civil construction projects throughout North America, Europe, the Middle East, and Asia. Our strength in this industry segment includes projects in transportation, aviation, and water infrastructure.

Representative clients include national government agencies and departments in the U.S. and U.K., state departments of transportation, other regional and local agencies, and private industry freight transport firms. In addition to our major markets in the U.S. and the U.K., we are developing our skills in the growing markets in the Middle East and Asia. We have deepened our resource and geographic reach through acquisitions in the U.S. and developing regional centers in the United Arab Emirates and India, including our recent minority investment in Consulting Engineering Services (India) Private Limited, a major infrastructure service provider in India and the Oman.

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Transportation infrastructure development and rehabilitation is a core competency of our infrastructure business. By integrating a broad range of professional disciplines, we provide comprehensive services for transportation facilities and systems to include alternative delivery and public-private ventures infrastructure-related enterprise management. Typical projects include highway, bridge, transit, tunnel/underground, airport, railroad, intermodal facility, maritime, and lock and dam projects where our interdisciplinary teams work independently or as an extension of agency staff. We help shape this market by providing program advisory services related to tolling and public-private partnerships that result in improving mobility within a region's existing infrastructure with limited traditional transportation funding.

Our aviation business has strengthened with the acquisition of new companies in the U.S. We have a long history of serving county, municipal, regional, and international airports as well as air carriers and military installations. While the industry has faced pressure over recent years, our knowledge of landside design and technology, developing sustainability (green) programs, and our depth and breadth of expertise help our airport clients streamline operations and reduce operating and maintenance costs.

In water infrastructure programs, we help public and private sector clients develop and rehabilitate critical water resource systems. By integrating water, wastewater, air quality, and hazardous waste remediation experience we provide these clients with the comprehensive expertise needed to deliver complex programs. We provide planning, design, design-build, and program and construction management services to diverse clients that include regional wastewater treatment agencies, manufacturers and power generators, local water suppliers, and military agencies. We continue to develop water/wastewater conveyance systems and water resources management projects. We have developed micro-tunneling (trenchless technology) as a primary service and successfully applied this specialized process to such projects as water and utility distribution systems and pipelines.

Buildings

We provide strategic consulting, planning, architectural, engineering, and project and construction management services for a diversified client base encompassing both the public and private sectors throughout the United States, many parts of Europe, and the Middle East. Our full range of project management, design and construction activities relate to institutional, government, and corporate buildings as well as other specialized facilities, including projects at many of the world's leading medical and research centers and universities as well as unique and technically complex buildings and campuses.

We focus our efforts and resources in markets where capital spending initiatives drive demand and where changes and advances in technology require innovative, value adding solutions. Typical projects include large, multi-year government building programs in the U.S. and Europe; major primary and secondary education capital improvement programs; state, and local government courts and correctional facilities; and hospitals and health & research facilities (including projects at many of the world's leading medical and research centers). Advancing technologies require highly-specialized buildings in the fields of medical research, nano science, biotechnology, and laser sciences, and we offer total integrated design and construction management solutions to these projects, many of which are world leaders in their function. An additional area of specialization includes the design and management of large, national, roll-out store and distribution center programs for some of the largest retailers in the United States.

Our broad range of services includes design and construction-related services for new construction as well as providing expansion, renovation, and refurbishment of existing facilities. Specialized capabilities in this industry group include energy and power master planning, design, and commissioning services. Building types include office and corporate headquarters buildings; aviation terminals and hangars; mission-critical facilities; municipal and civic facilities; retail; mixed-use and commercial centers; private sector healthcare and education facilities; and recreation complexes including certain high-profile entertainment facilities.

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Of particular significance is our success in applying our diversified technical skill base to both public and private sector clients requiring complete program management. Such contracts typically involve providing technical, professional, and construction services over multiple years to clients with whom we have long-standing relationships and tenure of successful service, including alliance or framework programs. We also provide integrated facility management services for which we (often through joint ventures with third parties) assume full responsibility for the ongoing operations and maintenance of entire commercial or industrial complexes on behalf of the client.

Industrial and Other

We provide a broad range of services to our technology and manufacturing; pulp and paper; food and consumer products; and basic resources clients.

Technology and Manufacturing

We provide a broad range of project services for a variety of technology, manufacturing, and test facilities. This area includes projects involving highly complex test facilities for clients in the aerospace and automotive industries. Typical projects range from conceptual design and feasibility studies to complete design-build programs of aero-acoustic wind tunnels; engine test facilities; acoustic enclosures; transmission test stands; powertrain, environmental, emissions, altitude, and electromagnetic compatibility test facilities; in-line and end-of-line component test stands; and computer-based measurement and control systems. We are a leader in providing support to automotive manufacturers and component suppliers for the supply of testing services and the management of test assets, with test facility operations and maintenance contracts and usage agreements in place with Ford Motor Company, General Motors, and the United States Air Force at Wright-Patterson Air Force Base. We also provide a range of engineering, construction, operation, and maintenance services for advanced research facilities, including facilities supporting research in fusion and fission energy, nanoscale materials, and high-powered lasers and x-rays, to support important research activities in the U.S., Europe, and the U.K.

We also provide design, engineering, procurement, construction, and construction management services for a variety of clients in the semiconductor industry. Typical projects range from on-site plant engineering and tool hook-ups to multi-million dollar state-of-the-art wafer fabrication and crystal growing facilities used to produce solar energy cells, microprocessors for computers and other consumer electronic devices. Projects in the semiconductor industry are more complex than many other commercial facilities, requiring a greater emphasis on cleanroom and similar high-end technologies.

Pulp and Paper

We provide a broad range of consulting, engineering, procurement, construction, construction management, and maintenance services to our clients in the pulp and paper industry, both in the United States and around the world. The pulp and paper industry has been consolidating for many years, leaving a refined client base with increased assets and highly focused market strategies. Several of the traditional pulp and paper clients are emerging as major consumer product companies. These clients have created new opportunities for us in non-traditional areas such as wall board plants and facilities that manufacture diapers and feminine care products.

Like certain other markets, we have established formal alliances with leaders in the pulp and paper industry. Such alliances allow us to expand the types of services we provide our clients and enable us to improve the overall quality, consistency, and value of our services under the highest of expectations for confidentiality.

With a strategy of expanding our geographic presence into areas where our clients intend to build facilities, our pulp and paper capability now extends to our offices in the United Kingdom, France, Spain, Italy, and Mexico. Typical projects for our clients in this industry range from small mill projects to complex, multi-million-dollar paper machine rebuilds, mill expansions, and the construction of new facilities.

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Pulp and paper projects encompass many areas of a mill, including pulping and bleaching, papermaking, chemical recovery, material handling, effluent treatment, and power and steam generation. In the area of papermaking, our expertise includes tissue and towel, coated and uncoated fine papers, newsprint, and linerboard. Our expertise and skill set also include the converting and packaging of paper products for distribution and consumer use. We have been instrumental in designing and installing state-of-the-art facilities for recycled fiber, de-inking, and pulp bleaching.

Chemical recovery and power generation are also integral components of the papermaking process. We have broad experience in these areas and apply our expertise in the engineering and construction of such facilities for many of our clients.

A significant portion of our work is assisting our clients with their compliance with environmental regulations and standards that affect the pulp and paper industry. We monitor all of the key environmental regulations affecting our clients and offer services including compliance studies, permitting support, and design of pollution control systems. We also provide complete permitting services in support of all of our projects, including associated air modeling. In addition, we provide compliance services regarding air pollutant standards and hazardous air pollutant emission limits from industrial boilers for many of our clients.

Other

Included in this category are projects not classified into any of the other industry and market categories. This includes projects for clients operating in the food and consumer products industries as well as basic resources (such as mining and minerals).

Backlog

For information regarding our backlog, refer to Item 7.— *Management's Discussion and Analysis of Financial Condition and Results of Operations* , below.

Significant Customers

The following table sets forth the percentage of total revenues earned directly or indirectly from agencies of the U.S. federal government for each of the last five fiscal years ended September 30:

2008	2007	2006	2005	2004
16.8%	16.6%	16.4%	21.2%	22.3%

It is rare for a commercial customer to contribute 10% or more of the Company's total revenue. On occasion, however, we will perform a number of field services projects for a single customer in the same fiscal year which, primarily because of the amount of pass-through costs (discussed below) that is included in revenue, will cause total revenue from that customer to exceed 10% of total consolidated revenues. For the fiscal year ended September 30, 2006 revenues earned from Valero Energy Corporation accounted for 10.2% of total consolidated revenues.

Financial Information About Geographic Areas

Selected financial information regarding the geographic areas in which we operate is included in Note 14— *Segment Information* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K and is incorporated herein by reference.

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Contracts

While there is considerable variation in the pricing provisions of the contracts we undertake, our contracts generally fall into three broad categories: cost-reimbursable, fixed-price, and guaranteed maximum price. The following table sets forth the percentages of total revenues represented by these types of contracts for each of the last five fiscal years ended September 30:

	2008	2007	2006	2005	2004
Cost-reimbursable	86%	88%	90%	85%	83%
Fixed-price	12	10	9	13	15
Guaranteed maximum price	2	2	1	2	2

In accordance with industry practice, most of our contracts (including those with the U.S. federal government) are subject to termination at the discretion of the client. In such situations, our contracts typically provide for reimbursement of costs incurred and payment of fees earned through the date of termination.

When we are directly responsible for engineering, design, procurement, and construction of a project or the maintenance of a client's plant or facility, we reflect the costs of materials, equipment, and subcontracts in both revenues and costs. On other projects, where the client elects to pay for such items directly and we have no associated responsibility for such items, these amounts are not reflected in either revenues or costs. The following table sets forth the approximate amount of such pass-through costs included in revenues for each of the last five fiscal years ended September 30 (in thousands of dollars):

2008	2007	2006	2005	2004
\$3,517.4	\$ 2,746.7	\$ 2,680.7	\$ 1,535.5	\$ 1,165.7

Cost-Reimbursable Contracts

Cost-reimbursable contracts generally provide for reimbursement of costs incurred plus an amount of profit. The profit element may be in the form of a simple mark-up applied to the labor costs incurred or it may be in the form of a fee, or a combination of a mark-up and a fee. The fee element can also take several forms. The fee may be a fixed amount as specified in the contract; it may be an amount based on a percentage of the costs incurred; or it may be an incentive fee based on targets, milestones, or performance factors defined in the contract. In general, we prefer cost-reimbursable contracts because we believe the primary reason for awarding a contract to us should be our technical expertise and professional qualifications rather than price.

Fixed-Price Contracts

Fixed-price contracts include both "lump sum bid" contracts and "negotiated fixed-price" contracts. Under lump sum bid contracts, we are required to bid against other contractors based on specifications the client furnishes. This type of pricing presents certain inherent risks, including the possibility of ambiguities in the specifications received, problems with new technologies, and economic and other changes that may occur over the contract period. Additionally, it is not unusual for lump sum bid contracts to lead to an adversarial relationship with clients, which is contrary to our relationship-based business model. Accordingly, lump sum bid contracts are not our preferred form of contract. Under a negotiated fixed-price contract, we are selected as the contractor first and then we negotiate a price with our client. Negotiated fixed-price contracts frequently exist in single-responsibility arrangements where we perform some portion of the work before negotiating the total price of the project. Thus, although both types of contracts involve a firm price for the client, the lump sum bid contract provides the greater degree of risk to us. However, because of economies that may be realized during the contract term, both negotiated fixed-price and lump sum bid contracts may offer greater profit potential than other types of contracts. Over the past five years, most of our fixed-price work has been either negotiated fixed-price contracts or lump sum bid contracts for project services, rather than turn-key construction.

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Guaranteed Maximum Price Contracts

Guaranteed maximum price contracts are performed in the same manner as cost-reimbursable contracts; however, the total actual cost plus the fee cannot exceed the guaranteed price negotiated with the client. If the total actual cost of the contract exceeds the guaranteed maximum price, then we will bear at least some, if not all, of the excess. In those cases where the total actual cost and fee are less than the guaranteed price, we will often share the savings on a predetermined basis with the client. These contracts are not our preferred form of contract because they often contribute to an adversarial relationship with clients, which is contrary to our relationship-based business model.

Competition

For information regarding the competitive conditions in our business, please refer to Item 1A— *Risk Factors* , below.

Employees

At September 30, 2008, we had approximately 43,700 full-time, staff employees (including contract staff). Additionally, as of September 30, 2008, there were approximately 13,400 persons employed in the field on a project basis. The number of field employees varies in relation to the number and size of the maintenance and construction projects in progress at any particular time.

Available Information

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room located at 100 F Street N.E., Washington, D.C., 20549. In order to obtain information about the operation of the Public Reference Room, a person may call the SEC at 1-800-732-0330. The SEC also maintains a site on the Internet that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC's website is <http://www.sec.gov>. You may also read and download the various reports we file with, or furnish to, the SEC free of charge from our website, <http://www.jacobs.com>.

Item 1A. RISK FACTORS

Construction and maintenance sites are inherently dangerous workplaces. If we fail to maintain safe work sites, we can be exposed to significant financial losses as well as civil and criminal liabilities.

Construction and maintenance sites often put our employees and others in close proximity with large pieces of mechanized equipment, moving vehicles, chemical and manufacturing processes, and highly regulated materials. On many sites we are responsible for safety and, accordingly, must implement safety procedures. If we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may become injured. This could result in financial losses, which could have a material adverse impact on our business, financial condition, and results of operations.

In addition, our projects can involve the handling of hazardous and other highly regulated materials, which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. We are also subject to regulations dealing with occupational health and safety. Although we maintain functional groups whose primary purpose is to ensure we implement effective health, safety, and environmental (HSE) work procedures throughout our organization, including construction sites and maintenance sites, the failure to comply with such regulations could subject us to liability.

Our safety record is critical to our reputation. Many of our clients require that we meet certain safety criteria to be eligible to bid for contracts and many contracts provide for automatic termination or forfeiture of some or all of our contract fees or profit in the event we fail to meet certain measures. As a result, our failure to maintain adequate safety standards could result in reduced profitability or the loss of projects or clients, which could have a material adverse impact on our business, financial condition and results of operations.

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Negative conditions in the credit markets could impair our ability to operate our business and implement our acquisition strategy

Although we finance much of our operations using cash provided by operations, we depend on the availability of credit to grow our business and to help fund business acquisitions. In addition, from time to time our clients depend of the availability of credit to help finance their capital projects. Due to the continuing instability of the credit markets in the U.S. and abroad, the availability of credit has continued to tighten in spite of government efforts to increase liquidity and hold or reduce interest rates. In addition, we are subject to the risk that the counterparties to our credit agreements may go bankrupt if they suffer catastrophic demand on their liquidity that will prevent them from fulfilling their contractual obligations to us. This situation may inhibit our growth and could negatively impact our clients' ability to fund their projects, resulting in our loss of revenues.

We routinely enter into contracts with counterparties (including vendors, suppliers, and subcontractors) that may be negatively impacted by recent events in the credit markets. If those counterparties are unable to perform their obligations to us or our clients, we may be required to provide additional services or make alternate arrangements with other parties to ensure adequate performance and delivery of services to our clients. These circumstances could also lead to disputes and litigation with our partners or clients, which could impact our reputation, business, financial condition, and results of operations.

In addition, we typically bill our clients for our services in arrears and are, therefore, subject to our clients delaying or failing to pay our invoices. In weak economic environments, we may experience increased delays and failures due to, among other reasons, a diminution in our clients' access to the credit markets. If one or more clients delays in paying or fail to pay us a significant amount of our outstanding receivables, it could have an adverse effect on our liquidity, results of operations, and financial condition. Additional discussion of some of the risks associated with the current economic downturn can be found in Item 7— *Management's Discussion and Analysis of Financial Condition and Results of Operations* , below.

Our continued success is dependent upon our ability to hire and retain qualified personnel.

The success of our business is dependent upon our ability to attract and retain personnel, including engineers, architects, designers, craft personnel, and corporate management professionals who have the required experience and expertise. There is intense demand for these employees. In certain geographic areas, for example, we may not be able to satisfy the demand for our services because of our inability to successfully hire and retain qualified craft personnel. In addition, as some of our key personnel approach retirement age, we also need to have appropriate succession plans in place and to successfully implement such plans. If we cannot attract and retain qualified personnel or effectively implement appropriate succession plans, it could have a material adverse effect on our business, financial condition, and results of operations.

The outcome of pending and future claims and litigation could have a material adverse effect on our business, financial condition, and results of operations.

The nature of our business sometimes results in clients, subcontractors, and vendors presenting claims to us for, among other things, recovery of costs related to certain projects. Similarly, we occasionally present change orders and other claims to our clients, subcontractors, and vendors. If we fail to document properly the nature of our claims and change orders or are otherwise unsuccessful in negotiating reasonable settlements with our clients, subcontractors, and vendors, we could incur cost overruns and reduced profits. Additionally, irrespective of how well we document the nature of our claims and change orders, the cost to prosecute and defend claims and change orders can be significant. In many of our contracts with clients, subcontractors, and vendors, we agree to retain or assume potential liabilities for damages, penalties, losses, and other exposures relating to projects that could result in claims that greatly exceed the anticipated profits relating to those contracts and that could, if significant enough, have a material adverse effect on our business, financial condition, and results of operations. We are also subject to claims for not fulfilling guarantees relating to, among other things, project schedules, and plant performance.

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In addition, we become a party to litigation in the normal course of business. Most litigation with which we are involved as a defendant relates to workers' compensation, personal injury, environmental, employment/labor, professional liability, and similar matters. Such lawsuits may relate to current or completed projects and may be brought by our clients as well as those who use or reside near our clients' projects. If a lawsuit is determined contrary to our interests, it could have a material adverse effect on our business, financial condition, and results of operations.

We maintain insurance coverage for various aspects of our business and operations. Our insurance programs have varying coverage limits and maximums. In addition, we have elected to retain a portion of losses that may occur through the use of various deductibles, limits, and retentions under these programs. As a result, we may be subject to future liability for which we are only partially insured, or completely uninsured. Our insurers are subject to business risk. One or more of our insurers may be unable to fulfill their insurance obligations due to insolvency or otherwise. To the extent we are not insured against a loss or our insurer fails to provide coverage, our financial condition and results of operations could be negatively impacted, which impact could be material.

Our business is vulnerable to the cyclical nature of the markets in which our clients operate and dependent on the timing and funding of new awards.

We provide technical, professional, and construction services to clients operating in a number of markets including oil and gas exploration, production, and refining; programs for various national governments, including the U.S. federal government; chemicals and polymers; pharmaceuticals and biotechnology; infrastructure; buildings; and other, general industrial and consumer businesses and markets (such as technology and manufacturing; pulp and paper; food and consumer products; and mining and minerals). These markets and the resulting demand for our services have been, and we expect will continue to be, cyclical and subject to significant fluctuations due to a variety of factors beyond our control, including economic conditions and changes in client spending.

During economic slowdowns, many of our clients may face considerable budget shortfalls or may delay capital spending, which may decrease the overall demand for our services. For example, a decrease in state tax revenue as well as other economic declines may result in lower state and local government spending. Our clients may also find it more difficult to raise capital in the future due to substantial limitations on the availability of credit and other uncertainties in the municipal and general credit markets. In addition, our clients may also demand better pricing terms and their ability to pay our invoices in a timely manner may be affected by an increasingly weakened economy. Our business has traditionally lagged recoveries in the general economy and, therefore, may not recover as quickly as the economy at large. If the economy weakens further or government spending is reduced, then our revenues, net income and overall financial condition may deteriorate.

Regardless of economic or market conditions, investment decisions by our customers may vary by location or as a result of other factors like the availability of labor or relative construction cost. Because we are dependent on the timing and funding of new awards, we are therefore vulnerable to changes in our clients' markets and investment decisions. As a result, our past results have varied considerably and may continue to vary depending upon the demand for future projects in the markets and the locations in which we operate.

Fluctuations in commodity prices may affect our customer's investment decisions and therefore subject us to risks of cancellation, delays in existing work, or changes in the timing and funding of new awards.

Commodity prices can affect our customers in a number of ways. Some of our customers produce commodity products such as fertilizers, oil and gas, or copper. Fluctuations in price can have a direct effect on our customers' profitability and cash flow and, therefore, their willingness to continue to invest or make new capital investments. Commodity prices also strongly affect the costs of projects. Rising commodity prices can negatively impact the potential returns on investments that are planned, as well as those in progress. As a result of either or both of these factors, our customers may defer new investment or cancel or delay existing projects. Cancellations and delays have affected our past results and may continue to do so in significant and unpredictable ways.

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Contracts with the U.S. federal government and other governments and their agencies pose additional risks relating to future funding and compliance.

Contracts with the U.S. federal government and other governments and their agencies are subject to various uncertainties, restrictions, and regulations including oversight audits by various government authorities and profit and cost controls. Government contracts are also exposed to uncertainties associated with funding. Contracts with the U.S. federal government, for example, are subject to the uncertainties of Congressional funding. Governments are typically under no obligation to maintain funding at any specific level, and funds for government programs may even be eliminated. As a result, our government clients may terminate our contracts for convenience or decide not to renew our contracts with little or no prior notice. Since government contracts represent a significant percentage of our revenues (those with the U.S. federal government represented approximately 16.8% of our total revenue in fiscal 2008), the loss of such contracts could have a material adverse impact on our business, financial condition, and results of operations.

In addition, government contracts are subject to specific procurement regulations and a variety of other socio-economic requirements. For example, for contracts with the U.S. federal government, we must comply with the Federal Acquisition Regulation, the Truth in Negotiations Act, the Cost Accounting Standards, the Service Contract Act, and DoD security regulations. We must also comply with various other government regulations and requirements as well as various statutes related to employment practices, environmental protection, recordkeeping, and accounting. Government contracts also contain terms that expose us to heightened levels of risk and potential liability than non-government contracts. This includes, for example, unlimited indemnification obligations.

We also are subject to government audits, investigations, and proceedings, and so-called “qui tam” actions brought by individuals or the government under the U.S. Federal False Claims Act or under similar state and local laws. For example, government agencies routinely review and audit government contractors to determine whether allowable costs are in accordance with applicable regulations.

If we violate a rule or regulation, fail to comply with a contractual or other requirement or do not satisfy an audit, a variety of penalties can be imposed including monetary damages and criminal and civil penalties. In addition, our government contracts could be terminated, we could be suspended or debarred from government contract work, or payment of our costs could be disallowed. Any of these actions could harm our reputation and could have a material adverse impact on our business, financial condition, and results of operations.

We bear the risk of cost overruns in fixed-price and guaranteed maximum price contracts. We may experience reduced profits or, in some cases, losses under these contracts if costs increase above our estimates.

For fiscal 2008, approximately 14.2% of our revenues were earned under contracts that were either fixed-price or guaranteed maximum price in nature. For such contracts, we bear the risk of paying some, if not all, of any cost overruns. Under fixed-price and guaranteed maximum-price contracts, contract prices are established in part on cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, prices and availability of labor, equipment and materials, and other exigencies. If these estimates prove inaccurate, there are errors or ambiguities as to contract specifications, or if circumstances change due to, among other things, unanticipated technical problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, weather delays, changes in the costs of raw materials or our vendors’ or subcontractors’ inability to perform, then cost overruns may occur and we could experience reduced profits or, in some cases, a loss for that project. If the project is significant, or there are one or more issues that impact multiple projects, costs overruns could have a material adverse impact on our business, financial condition, and results of operations.

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The contracts in our backlog may be adjusted, cancelled or suspended by our clients. Additionally, even if fully performed, our backlog may not be a good indicator of our future gross margins.

At September 30, 2008, our backlog totaled approximately \$16.7 billion. Projects can remain in backlog for an extended time. In accordance with industry practice, substantially all of our contracts are subject to cancellation, termination or suspension at the discretion of the client. In addition, the contracts in our backlog are subject to changes in the scope of services to be provided as well as adjustments to the costs relating to the contracts. The risk of contracts in backlog being cancelled or suspended generally increases during periods of wide-spread economic slowdowns. Accordingly, there is no assurance that backlog will actually be realized as revenues in the amounts reported or, if realized, will result in profits.

In addition, the gross margins (i.e., contract revenue less direct costs of contracts) we realize can vary considerably between contracts. One aspect of our business that can have a significant effect on gross margins is the amount of pass-through costs incurred. When we are directly responsible for engineering, design, procurement, and construction of a project or the maintenance of a client's plant or facility, we reflect the costs of materials, equipment, and subcontracts in both revenues and costs. On other projects, where the client elects to pay for such items directly, and we have no associated responsibility for such items, these amounts are not reflected in either revenues or costs. Since pass-through costs typically do not bring significant margins with them, it is not unusual for us to experience an increase or decrease in revenues without experiencing a corresponding change in our gross margins.

Additionally, the way we perform on our individual contracts can affect greatly our gross margins and hence, future profitability. In some markets, there is an increasing trend towards cost-reimbursable contracts with incentive-fee arrangements. Typically, our incentive fees are based on such things as achievement of target completion dates or target costs, overall safety performance, overall client satisfaction, and other performance criteria. If we fail to meet such targets or achieve the expected performance standards, we may receive a lower, or even zero, incentive fee resulting in lower gross margins. Accordingly, there is no assurance that the contracts in backlog, assuming they produce the revenues currently expected, will generate gross margins at the rates we have realized in the past.

Our use of joint ventures and partnerships exposes us to risks and uncertainties, many of which are outside of our control.

As is common in the industry, we participate in projects by entering into joint ventures, partnerships, and similar arrangements. This situation exposes us to a number of risks, including the risk that our partners may be unable to fulfill their obligations to us or our clients. Our partners may also be unable to provide the required levels of financial support to the partnerships. If these circumstances occur, we may be required to provide additional services or make additional investments to ensure adequate performance and delivery of the contracted services. These circumstances could also lead to disputes and litigation with our partners or clients, which could impact our reputation, business, financial condition, and results of operations.

In addition, we participate in joint ventures and similar arrangements in which we are not the controlling partner. In these cases, we have limited control over the actions of the joint venture. To the extent the controlling partner makes decisions that negatively impact the joint venture, our business, financial condition and results of operations could be negatively impacted.

We are dependent on third parties to complete many of our contracts.

Much of the work performed under our contracts is performed by third-party subcontractors we hire. We also rely on third-party equipment manufacturers or suppliers to provide much of the equipment and materials used for projects. If we are unable to hire qualified subcontractors or find qualified equipment manufacturers or suppliers, our ability to successfully complete a project could be impaired. If the amount we are required to pay

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for subcontractors or equipment and supplies exceeds what we have estimated, especially in a lump-sum or a fixed-price contract, we may suffer losses on these contracts. If a subcontractor, supplier or manufacturer fails to provide services, supplies or equipment as required under a contract for any reason, we may be required to source these services, equipment or supplies to other third parties on a delayed basis or at a higher price than anticipated, which could impact contract profitability.

In the current economic environment, third-parties may find it difficult to obtain sufficient financing to help fund their operations. The inability to obtain financing could adversely affect a third party's ability to provide materials, equipment or services which could affect our financial condition and results of operations.

Maintaining adequate bonding capacity is necessary for us to successfully bid on and win fixed-price contracts.

In line with industry practice, we are often required to provide performance or payment bonds to our customers. These bonds indemnify the customer should we fail to perform our obligations under the contract. If a bond is required for a particular project and we are unable to obtain an appropriate bond, we cannot pursue that project. We have bonding capacity but, as is typically the case, the issuance of a bond is at the surety's sole discretion. Moreover, due to events that affect the insurance and bonding markets generally, bonding may be more difficult to obtain in the future or may only be available at significant additional cost. There can be no assurance that our bonding capacity will continue to be available to us on reasonable terms. Our inability to obtain adequate bonding and, as a result, to bid on new contracts that require such bonding could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

If we fail to comply with federal, state, local or foreign governmental requirements, our business may be adversely affected.

We are subject to U.S. federal, state, local and foreign laws and regulations that affect our business. For example, we are subject to a variety of environmental, health, and safety laws and regulations governing, among other things, discharges to air and water, the handling, storage, and disposal of hazardous or waste materials and the remediation of contamination associated with the releases of hazardous substances and human health and safety. These laws and regulations and the risk of attendant litigation can cause significant delays to a project and add significantly to its cost. Violations of regulations could subject us and our management to civil and criminal penalties and other liabilities.

Various U.S. federal, state, local, and foreign environmental laws and regulations may impose liability for property damage and costs of investigation and cleanup of hazardous or toxic substances on property currently or previously owned by us or arising out of our waste management or environmental remediation activities. These laws may impose responsibility and liability without regard to knowledge of or causation of the presence of contaminants. The liability under these laws is joint and several. We have potential liabilities associated with our past waste management and other activities and with our current and prior ownership of various properties. The discovery of additional contaminants or the imposition of unforeseen clean-up obligations at these or other sites could have an adverse effect on our results of operations and financial condition.

When we perform our services, our personnel and equipment may be exposed to radioactive and hazardous materials and conditions. We may be subject to liability claims by employees, customers and third parties as a result of such exposures. In addition, we may be subject to fines, penalties or other liabilities arising under environmental or safety laws. A claim, if not covered by insurance, could have a material adverse effect on our results of operations and financial condition.

Such laws, regulations and policies are reviewed periodically and any changes could affect us in substantial and unpredictable ways. Such changes could, for example, relax or repeal laws and regulations relating to the environment, which could result in a decline in the demand for our environmental services and, in turn, could

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negatively impact our revenue. Our failure to comply with such laws or regulations, whether actual or alleged, could expose us to fines, penalties or potential litigation liabilities, including costs, settlements and judgments, any of which could adversely affect our business, financial condition and results of operations.

In addition, we and many of our clients operate in highly regulated environments, which may require us or our clients to obtain, and to comply with, federal, state and local government permits and approvals. Any of these permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with, or the loss or modification of, the conditions of permits or approvals may subject us to penalties or other liabilities, which can adversely affect our business, financial condition or result of operations.

Employee, agent or partner misconduct or our overall failure to comply with laws or regulations could weaken our ability to win contracts, which could result in reduced revenues and profits.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one of our employees, agents or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with government procurement regulations, regulations regarding the protection of classified information, regulations prohibiting bribery and other foreign corrupt practices, regulations regarding the pricing of labor and other costs in government contracts, regulations on lobbying or similar activities, regulations pertaining to the internal controls over financial reporting, environmental laws, and any other applicable laws or regulations. For example, we regularly provide services that may be highly sensitive or that relate to critical national security matters; if a security breach were to occur, our ability to procure future government contracts could be severely limited. The precautions we take to prevent and detect these activities may not be effective, and we could face unknown risks or losses. Our failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines and penalties, loss of security clearance, and suspension or debarment from contracting, which could weaken our ability to win contracts and result in reduced revenues and profits.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Although we have procedures and controls in place to monitor internal and external compliance, if we are found to be liable for FCPA violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on our business, financial condition, and results of operations.

The loss of one or a few customers could have an adverse effect on us.

A few clients have in the past and may in the future account for a significant portion of our revenue in any one year or over a period of several consecutive years. For example, in fiscal 2008, fiscal 2007, and fiscal 2006, approximately 16.8%, 16.6%, and 16.4%, respectively, of our revenue was earned directly or indirectly from agencies of the U.S. federal government. Although we have long-standing relationships with many of our significant clients, our clients may unilaterally reduce or discontinue their contracts at any time. Our loss of business from a significant client could have a material adverse effect on our business, financial condition, and results of operations.

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We engage in a highly competitive business. If we are unable to compete effectively, we could lose market share and our business and results of operations could be negatively impacted.

We face intense competition to provide technical, professional, and construction services to clients. The extent of such competition varies by industry, geographic market, and project type. For example, with respect to our construction and operations and maintenance services, clients generally award large projects to large contractors, which may give our larger competitors an advantage when bidding for these projects. Conversely, with respect to our engineering, design, architectural, and consulting services, low barriers of entry can result in competition with smaller, newer competitors. If we are unable to compete effectively, we may experience a loss of market share or reduced profitability or both, which if significant, could have a material adverse effect on our business, financial condition, and results of operations.

Our larger competitors for engineering, construction, and maintenance services for process plants include Bechtel; Fluor; Foster Wheeler Ltd.; URS; KBR; Aker Kvaerner; Technip; WorleyParsons; and AMEC. In the area of buildings, our competitors include several of the competitors previously mentioned as well as HDR; Hellmuth, Obata & Kassabaum; AeCOM Technology; and Turner Construction. In the area of infrastructure, our competitors include several of the competitors previously mentioned as well as Parsons Brinckerhoff; HNTB; Tetra Tech; Parsons; and W.S. Atkins. In the area of U.S. federal programs, our principal competitors include several of the competitors listed above as well as the Shaw Group; SAIC; CH2M Hill; Weston Solutions; Lockheed Martin Corporation; and Computer Sciences Corporation. And in the area of pulp and paper, our principal competitors include KBR and AMEC.

In addition to the risks discussed elsewhere in Risk Factors, our international operations are also exposed to additional risks and uncertainties including unfavorable political developments and weak foreign economies.

For fiscal 2008, approximately 37.8% of our revenues was earned from clients outside the U.S. Our business is dependent on the continued success of our international operations, and we expect our international operations to continue to account for a significant portion of our total revenues. At a minimum, our reported financial condition and results of operations are exposed to the effects (both positive and negative) that fluctuating exchange rates have on the process of translating the financial statements of our international operations, which are denominated in currencies other than the U.S. dollar, into the U.S. dollar. In addition, our international operations are subject to a variety of risks, including:

- Recessions in foreign economies and the impact on our costs of doing business in those countries;
- Difficulties in staffing and managing foreign operations;
- Unexpected changes in foreign government policies and regulatory requirements;
- The adoption of new, and the expansion of existing, trade restrictions;
- Embargoes;
- Acts of war and terrorism;
- The ability to finance efficiently our foreign operations;
- Social, political, and economic instability;
- Tax increases;
- Limitations on the ability to repatriate foreign earnings; and
- U.S. government policies.

To the extent our international operations are affected by unexpected or adverse economic, political and other conditions, our business, financial condition, and results of operations may be adversely affected.

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In addition, our global operations require importing and exporting goods and technology across international borders. Although we have policies and procedures to comply with U.S. and foreign international trade laws, the violation of such laws could subject the company and its employees to civil or criminal penalties, including substantial monetary fines, or other adverse actions including denial of import or export privileges, and could damage our reputation and, therefore, our ability to do business.

Our business strategy relies in part on acquisitions to sustain our growth. Acquisitions of other companies present certain risks and uncertainties.

Our business strategy involves growth through, among other things, the acquisition of other companies. Acquiring companies present a number of risks, including:

- Difficulties relating to combining previously separate entities into a combined, integrated, and efficient business;
- The effects of diverting management's attention from day-to-day operations to matters involving the integration of acquired companies;
- Assumption of liabilities of an acquired business, including liabilities that were unknown at the time the acquisition was negotiated;
- Failure to realize anticipated benefits, such as cost savings and revenue enhancements;
- Potentially substantial transaction costs associated with business combinations;
- Potential impairment resulting from the overpayment for an acquisition;
- Difficulties relating to assimilating the personnel, services, and systems of an acquired business and to assimilating marketing and other operational capabilities; and
- Difficulties in applying and integrating our system of internal controls to an acquired business.

In addition, there is no assurance that we will continue to locate suitable acquisition targets or that we will be able to consummate any such transactions on terms and conditions acceptable to us. In addition, the current credit markets may make it more difficult and costly to finance acquisitions. Acquisitions may also bring us into businesses we have not previously conducted and expose us to additional business risks that are different than those we have traditionally experienced.

In the event we issue stock as consideration for certain acquisitions we may make, we could dilute share ownership.

One method of acquiring companies or otherwise funding our corporate activities is through the issuance of additional equity securities. Accordingly, we filed a shelf registration statement on Form S-4 on December 17, 2007. If we issue additional equity securities pursuant to this shelf registration statement or otherwise, such issuances could have the effect of diluting our earnings per share as well as our existing shareholders' individual ownership percentages in the Company.

Our quarterly results may fluctuate significantly, which could have a negative effect on the price of our common stock.

Our quarterly operating results may fluctuate significantly because of a number of factors, including:

- Fluctuations in the spending patterns of our government and commercial customers;
- The number and significance of projects executed during a quarter;
- Unanticipated changes in contract performance, particularly with contracts that have funding limits;

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- The timing of resolving change orders, requests for equitable adjustments, and other contract adjustments;
- Delays incurred in connection with a project;
- Weather conditions that delay work at project sites;
- The timing of expenses incurred in connection with acquisitions or other corporate initiatives;
- Natural disasters or other crises, such as the hurricanes affecting oil-producing regions like the Gulf of Mexico;
- Staff levels and utilization rates;
- Changes in prices of services offered by our competitors; and
- General economic and political conditions.

Fluctuations in quarterly results could have a negative effect on the price of our common stock.

Our actual results could differ from the estimates and assumptions used to prepare our financial statements.

In preparing our financial statements, our management is required under U.S. generally accepted accounting principles to make estimates and assumptions as of the date of the financial statements. These estimates and assumptions affect the reported values of assets, liabilities, revenue, and expenses and disclosure of contingent assets and liabilities. Areas requiring significant estimates by our management include:

- Recognition of contract revenue, costs, profit or losses in applying the principles of percentage of completion accounting;
- Estimated amounts for expected project losses, warranty costs, contract close-out or other costs;
- Recognition of recoveries under contract change orders or claims;
- Collectibility of billed and unbilled accounts receivable and the need and amount of any allowance for doubtful accounts;
- The amount of reserves necessary for self-insured risks;
- Accruals for estimated liabilities, including litigation reserves;
- Valuation of assets acquired, and liabilities, goodwill, and intangible assets assumed, in acquisitions;
- Provisions for income taxes and realizability of deferred tax assets; and
- The determination of liabilities under pension and other post-retirement benefit programs.

An impairment charge of goodwill could have a material adverse effect on our financial condition and results of operations.

Under the U.S. Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 142— *Goodwill and Other Intangible Assets* (SFAS 142), we are required to test goodwill carried in our Consolidated Balance Sheets for possible impairment on an annual basis based upon a fair value approach, rather than amortizing it over time. As of September 30, 2008, we had \$924.1 million of goodwill, representing 21.6% of our total assets of \$4.3 billion.

We have chosen to perform our annual impairment reviews of goodwill at the end of the third quarter of our fiscal year. We also are required to test goodwill for impairment between annual tests if events occur or circumstances change that would more likely than not reduce our enterprise fair value below its book value. These events or circumstances could include a significant change in the business climate, including a significant

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sustained decline in a reporting unit's market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of our business, potential government actions toward our facilities, and other factors.

If the fair value of our reporting units is less than their book value, we could be required to record an impairment charge. In accordance with the provisions of SFAS 142, we may apply various valuation techniques to estimate the fair value of our reporting units. The application of these valuation methods can be influenced by such factors as industry performance, changes in technology and operating cash flows. The amount of any impairment could be significant and could have a material adverse effect on our financial results for the period in which the charge is taken.

Rising inflation, interest rates, and/or construction costs could reduce the demand for our services as well as decrease our profit on our existing contracts, in particular with respect to our fixed-price contracts.

Rising inflation, interest rates, or construction costs could reduce the demand for our services. In addition, we bear all of the risk of rising inflation with respect to those contracts that are fixed-price and may be at risk to the effects of rising inflation with respect to those contracts that are guaranteed maximum-price. Because a significant portion of our revenues are earned from cost-reimbursable type contracts (approximately 85.8% during fiscal 2008), the effects of inflation on our financial condition and results of operations over the past few years have been generally minor. However, if we expand our business into markets and geographic areas where fixed-price and lump-sum work is more prevalent, inflation may have a larger impact on our results of operations in the future. Therefore, increases in inflation, interest rates or construction costs could have a material adverse effect on our business, financial condition, and results of operations.

Delaware law and our charter documents may impede or discourage a takeover or change of control.

We are a Delaware corporation. Certain anti-takeover provisions of the Delaware general corporation law impose restrictions on the ability of others to acquire control of us. In addition, certain provisions of our charter documents may impede or discourage a takeover. For example:

- Our Board of Directors is divided into three classes serving staggered three-year terms;
- Only our Board of Directors can fill vacancies on the board;
- There are various restrictions on the ability of a shareholder to nominate a director for election; and
- Our Board of Directors can authorize the issuance of preference shares.

These types of provisions, as well as our Shareholder Rights Agreement, could make it more difficult for a third party to acquire control of us, even if the acquisition would be beneficial to our shareholders. Accordingly, stockholders may be limited in the ability to obtain a premium for their shares.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Our properties consist primarily of office space within general, commercial office buildings located in major cities primarily in the following countries: United States; Austria; Australia; Belgium; Canada; China; the Czech Republic; Finland; France; Germany; Greece; India; Italy; Mexico; The Netherlands; Poland; Puerto Rico; Republic of Ireland; Saudi Arabia; Singapore; Spain; Sweden; United Arab Emirates; and the U.K. Such space is used for operations (providing technical, professional, and other home office services), sales, and administration.

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Most of our properties are leased. In addition, we own facilities located in Charleston, South Carolina which serve as our principal manufacturing and fabrication site for our modular construction activities. The total amount of space used by us for all of our operations is approximately 7.4 million square feet.

We also lease smaller, project offices located throughout the U.S., the U.K., and in certain other countries. We also rent a portion of our construction equipment on a short-term basis.

Item 3. LEGAL PROCEEDINGS

The information required by this Item 3 is included in Note 11— *Contractual Guarantees, Litigation, Investigations, and Insurance* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K and is incorporated herein by reference.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Jacobs' common stock is listed on the NYSE and trades under the symbol JEC. We provided to the NYSE, without qualification, the required annual certification of our Chief Executive Officer regarding compliance with the NYSE's corporate governance listing standards. The following table sets forth the low and high sales prices of a share of our common stock during each of the fiscal quarters presented, based on the NYSE consolidated transaction report:

	Low Sales	High Sales
	Price	Price
Fiscal 2008:		
First quarter	\$ 74.18	\$ 99.62
Second quarter	67.18	103.29
Third quarter	72.82	98.31
Fourth quarter	46.49	86.89
Fiscal 2007:		
First quarter	\$36.025	\$ 42.925
Second quarter	38.250	47.330
Third quarter	46.500	60.000
Fourth quarter	55.660	78.290

Holders

According to the records of our transfer agent, there were 1,408 shareholders of record as of November 21, 2008.

Dividends

Our policy is to use cash flows from operations to fund future growth, pay down debt, and, subject to market conditions, repurchase common stock under a stock buy-back program approved by our Board of Directors. Accordingly, we have not paid a cash dividend since fiscal 1984. Although our Board of Directors periodically reviews the merits of paying cash dividends, we currently have no plans to pay cash dividends in the foreseeable future.

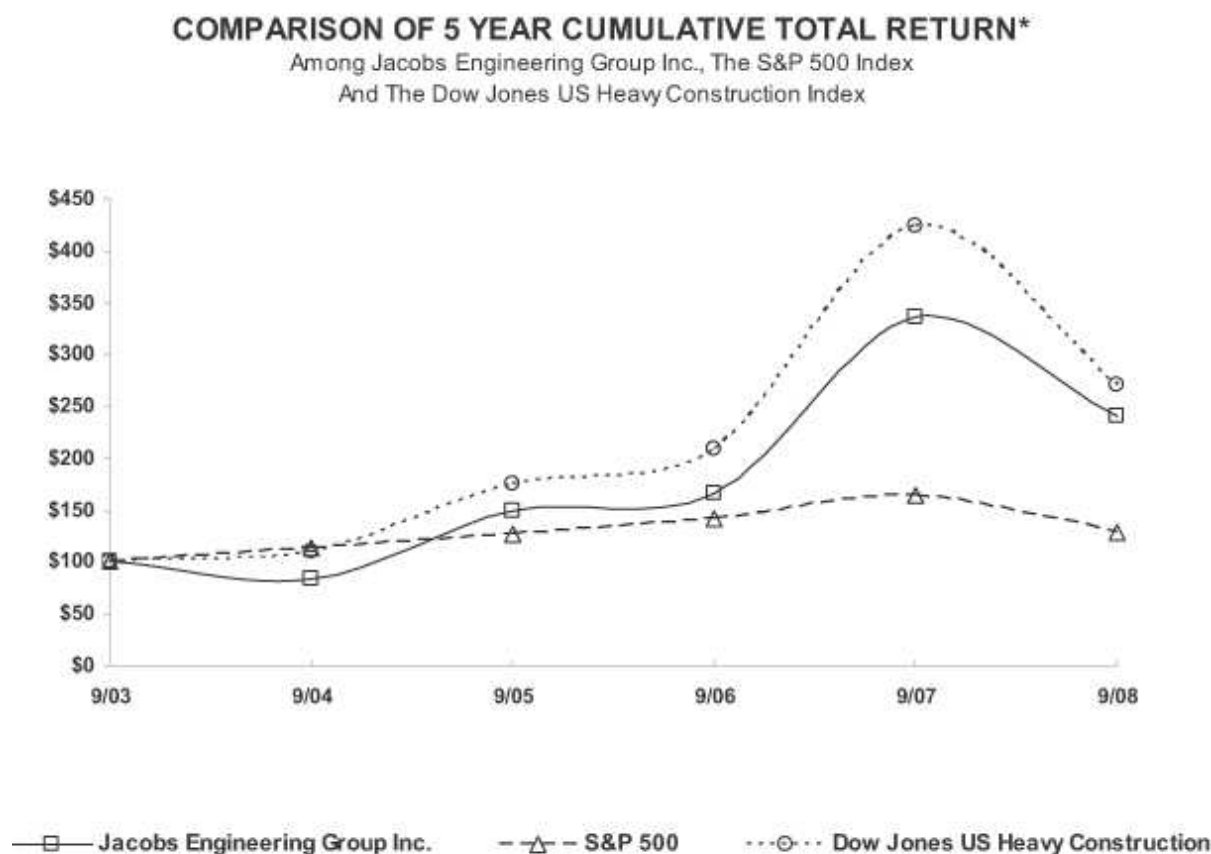
Unregistered Sales of Equity Securities and Use of Proceeds

On August 22, 2008, we acquired the stock of Lindsey Engineering Services Limited (LES), a corporation of England and Wales, for cash and 68,822 shares of our common stock having an aggregate market value of approximately \$5.3 million. No underwriters or placement agents were involved with this acquisition. The issuance of our common stock in connection with the acquisition of LES was exempt from the registration requirements of the Securities Act of 1933, as amended (Securities Act), pursuant to Rule 506 thereof. The offer and sale of the shares of our common stock: (i) was made as part of a transaction that did not involve more than 35 purchasers, (as defined in Rule 501(e) under the Securities Act) and where all such shareholders who were not accredited investors had such knowledge and experience in financial and business matters that each was capable of evaluating the merits and risks of acquiring shares of our common stock, and (ii) did not involve any general solicitation or general advertising.

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Performance Graph

The following graph shows the changes over the past five-year period in the value of \$100 invested in (1) the common stock of Jacobs Engineering Group Inc., (2) the Standard & Poor's 500 Index, and (3) the Dow Jones Heavy Construction Group Index. The values of each investment are based on share price appreciation, with reinvestment of all dividends, assuming any were paid. For each graph, the investments are assumed to have occurred at the beginning of each period presented.



*\$100 invested on 9/30/03 in stock & index-including reinvestment of dividends.
Fiscal year ending September 30.

	9/03	9/04	9/05	9/06	9/07	9/08
Jacobs Engineering Group	\$ 100.00	\$ 84.90	\$ 149.45	\$ 165.70	\$ 335.17	\$ 240.84
S&P 500 Index	\$ 100.00	\$ 113.87	\$ 127.82	\$ 141.62	\$ 164.90	\$ 128.66
Dow Jones Heavy Construction Group Index	\$ 100.00	\$ 109.99	\$ 176.11	\$ 209.96	\$ 424.24	\$ 271.63

Note: The above information was provided by Research Data Group, Inc.

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Item 6. SELECTED FINANCIAL DATA

The following table presents selected financial data for each of the last five fiscal years. This selected financial data should be read in conjunction with the Consolidated Financial Statements and related notes beginning on page F-1 of this Annual Report on Form 10-K. Amounts are presented in thousands, except for per share information:

	2008	2007	2006	2005	2004
Results of Operations:					
Revenues	\$11,252,159	\$ 8,473,970	\$7,421,270	\$5,635,001	\$4,594,235
Net earnings	420,742	287,130	196,883	131,608	115,574
Financial Position:					
Current ratio	1.74 to 1	1.78 to 1	1.75 to 1	1.70 to 1	1.58 to 1
Working capital	\$ 1,173,237	\$ 1,001,644	\$ 776,766	\$ 552,336	\$ 397,599
Current assets	2,750,234	2,278,078	1,817,961	1,337,431	1,083,513
Total assets	4,278,238	3,389,421	2,853,884	2,378,859	2,093,819
Long-term debt	55,675	40,450	77,673	89,632	78,758
Stockholders' equity	2,245,147	1,843,662	1,423,214	1,165,780	1,027,802
Return on average equity	20.58%	17.58%	15.21%	12.00%	12.25%
Backlog:					
Technical professional services	\$ 8,085,200	\$ 6,188,500	\$5,153,400	\$4,329,000	\$3,989,000
Field services	8,611,400	7,397,300	4,624,300	4,314,000	3,463,500
Total	<u>\$16,696,600</u>	<u>\$13,585,800</u>	<u>\$9,777,700</u>	<u>\$8,643,000</u>	<u>\$7,452,500</u>
Per Share Information:					
Basic earnings per share	\$ 3.47	\$ 2.42	\$ 1.69	\$ 1.15	\$ 1.03
Diluted earnings per share	3.38	2.35	1.64	1.12	1.01
Stockholders' equity	18.30	15.34	12.06	10.03	9.06
Average Number of Shares of Common Stock and Common Stock Equivalents Outstanding (Diluted)					
	124,357	122,226	120,373	117,379	114,867
Common Shares Outstanding At Year End	<u>122,701</u>	<u>120,222</u>	<u>117,992</u>	<u>116,260</u>	<u>113,397</u>

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Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this Management’s Discussion and Analysis (MD&A) is to provide an overview of the Company’s consolidated financial condition and results of operations as well as an analysis of the factors that caused certain key elements of our financial statements to change from one year to the next.

In this MD&A, we use certain terms and abbreviations that are defined as follows:

AICPA	The American Institute of Certified Public Accountants (like the Accounting Principles Board (APB) and the Financial Accounting Standards Board (FASB), the accounting guidance promulgated by the AICPA are part of the authoritative accounting literature comprising “accounting principles generally accepted in the United States”).
Backlog	Backlog represents the total dollar amount of revenues we expect to record in the future as a result of performing work under contracts that have been awarded to us. With respect to operations and maintenance (O&M) contracts, however, we include in backlog the amount of revenues we expect to receive for only one succeeding year, regardless of the remaining life of the contract. For national government programs (other than U.S. federal O&M contracts), our policy is to include in backlog the full contract award, whether funded or unfunded, excluding option periods.
Net cash	From our Consolidated Balance Sheets, “net cash” means total cash and cash equivalents less total bank and other funded debt.
Operating profit	From our Consolidated Statements of Earnings, “operating profit” means revenues, less direct costs of contracts and SG&A expenses.
SG&A expenses	From our Consolidated Statements of Earnings, “SG&A expenses” means selling, general and administrative expenses.
SFAS	Statement of Financial Accounting Standards (these are accounting standards adopted by the FASB).

Overview

Net earnings for fiscal 2008 increased by \$133.6 million, or 46.5%, as compared to last year, and earnings per share (diluted) grew by 43.8%. The increase in net earnings was due primarily to significant growth in activity on contracts with clients operating in a number of industries and markets including energy and refining-downstream, upstream oil and gas, national government programs, and chemicals and polymers, among others. Technical professional services revenues in fiscal 2008 increased by \$1.5 billion, or 33.3%, as compared to last year, while revenues from field services in fiscal 2008 increased by \$1.3 billion, or 32.2%, from last year.

Cash and cash equivalents totaled \$604.4 million at September 30, 2008; this is down slightly from our balances at September 30, 2007. Our net cash totaled \$547.8 million at September 30, 2008; this is also down slightly from our net cash position from a year ago. We used \$264.1 million of cash and cash equivalents in fiscal 2008 to acquire businesses; this was \$175.3 million more than what was spent last year. Additions to property and equipment during fiscal 2008 totaled \$114.8 million; this was \$50.2 million higher than total additions made last year. Most of the increase was due to expenditures relating to fitting-out and expanding new and existing office space, and computer system upgrades and system conversions.

Our backlog increased \$3.1 billion during fiscal 2008, from \$13.6 billion at September 30, 2007 to \$16.7 billion at September 30, 2008.

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We had 57,100 employees and contract staff personnel at September 30, 2008; this is 7,900, or 16.1%, more than at September 30, 2007.

Critical Accounting Policies

In order to understand better the changes that may occur to key elements of our financial condition and operating results, a reader of this MD&A should be aware of the critical accounting policies we apply in preparing our consolidated financial statements.

The consolidated financial statements contained in this report were prepared in accordance with accounting principles generally accepted in the United States. The preparation of our consolidated financial statements and the financial statements of any business performing long-term engineering and construction-type contracts requires management to make certain estimates and judgments that affect both the entity's results of operations and the carrying values of its assets and liabilities. Although our significant accounting policies are described in Note 2 of the Notes to Consolidated Financial Statements, the following discussion is intended to describe those accounting policies that are especially critical to the preparation of our consolidated financial statements.

Revenue Accounting for Contracts and Use of Joint Ventures —In accounting for long-term engineering and construction-type contracts, we follow the provisions of the AICPA's Statement of Position 81-1— *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* . In general, we recognize revenues at the time we provide services. Depending on the commercial terms of the contract, we recognize revenues either when costs are incurred, or using the percentage-of-completion method of accounting by relating contract costs incurred to date to the total estimated costs at completion. This method of revenue recognition requires us to prepare estimates of costs to complete contracts in progress. In making such estimates, judgments are required to evaluate contingencies such as potential variances in schedule, the cost of materials and labor, and productivity, and the impact of change orders, liability claims, contract disputes, and achievement of contractual performance standards. Many of our engineering and construction contracts provide for reimbursement of costs plus a fixed or percentage fee. In some of the markets we serve there is an increasing trend towards cost-reimbursable contracts with incentive-fee arrangements. In certain instances, we base our incentive fees on achievement of target completion dates, target costs, and/or other performance criteria. Failure to meet these targets or increases in contract costs can result in unrealized incentive fees or non-recoverable costs, which could exceed revenues recognized from the project.

We provide for contract losses in their entirety in the period they become known, without regard to the percentage of completion.

The nature of our business sometimes results in clients, subcontractors or vendors presenting claims to us for recovery of costs they incurred in excess of what they expected to incur, or for which they believe they are not contractually responsible. In those situations where a claim against us may result in additional costs to the contract, we include in the total estimated costs of the contract (and therefore, the estimated amount of margin to be earned under the contract) an estimate, based on all relevant facts and circumstances available, of the additional costs to be incurred. Similarly, and in the normal course of business, we may present claims to our clients for costs we have incurred for which we believe we are not contractually responsible. In those situations where we have presented such claims to our clients, we include in revenues the amount of costs incurred, without profit, to the extent it is probable that the claims will result in additional contract revenue, and the amount of such additional revenue can be reliably estimated. Costs associated with unapproved change orders are included in revenues using substantially the same criteria used for claims.

Certain cost-reimbursable contracts with government customers as well as certain commercial clients provide that contract costs are subject to audit and adjustment. In this situation, revenues are recorded at the time services are performed based upon the amounts we expect to realize upon completion of the contracts. In those situations where an audit indicates that we may have billed a client for costs not allowable under the terms of the contract, we estimate the amount of such nonbillable costs and adjust our revenues accordingly.

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As is common in the industry, we execute certain contracts jointly with third parties through various forms of joint ventures and consortiums. For certain of these joint ventures (i.e., where we have an undivided interest in the assets and liabilities of the venture), we recognize our proportionate share of joint venture revenues, costs and operating profit in our Consolidated Statements of Earnings. For other investments in engineering and construction joint ventures, we use the equity method of accounting.

Accounting for Stock Issued to Employees and Others —We account for share-based payment transactions in accordance with the provisions of SFAS No. 123R— *Share-Based Payment*. Accordingly, we measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award.

We use the Black-Scholes option pricing model to compute the grant date fair value of awards of equity instruments. The Black-Scholes model requires the use of highly subjective assumptions in order to compute the hypothetical fair value of a stock option. Changes in these assumptions can cause drastically different values being assigned to a stock option. The value assigned to any stock options that may be awarded in the future as well as the related expense associated with any such awards will be dependent on the assumptions used.

Accounting for Pension Plans —In accounting for pension plans, we follow the provisions of SFAS No. 87— *Employers' Accounting for Pensions* , and SFAS No. 158— *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. SFAS 87 and SFAS 158 require the use of assumptions and estimates in order to calculate periodic pension cost, and the value of the plans' assets and liabilities. These assumptions include discount rates, investment returns, and projected salary increases, among others. We rely on qualified actuaries to assist us in valuing the financial position of our pension plans, and to provide advice regarding the actuarial assumptions used. The expected rates of return on plan assets for fiscal 2008 ranged from 5.0% to 9.0%; the same as last year. We believe this range of rates reflects the long-term returns expected on the plans' assets, considering recent market conditions, projected rates of inflation, the diversification of the plans' assets, and the expected real rates of market returns. The discount rates used to compute plan liabilities were changed from a range of 5.20% to 5.75% in fiscal 2007 to a range of 5.25% to 6.25% in fiscal 2008. Changes in the actuarial assumptions may have a material affect on the plans' assets and liabilities, and the associated pension expense. Management, together with our actuaries, monitor trends in the marketplace within which our pension plans operate in order to assure the fairness of the actuarial assumptions used.

Accounting for Income Taxes —We account for income taxes in accordance with SFAS No. 109— *Accounting for Income Taxes* , FASB Interpretation No. 48— *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* , and other, applicable authoritative pronouncements. Judgment is required in determining our worldwide provision for income taxes. In the normal course of business, we may engage in numerous transactions every day for which the ultimate tax outcome (including the period in which the transaction will ultimately be included in taxable income or deducted as an expense) is uncertain. Additionally, the tax returns we file are subject to audit and investigation by the Internal Revenue Service, most states in the United States, and by various government agencies representing many jurisdictions outside the United States. Our effective tax rate was 36% in both fiscal 2008 and fiscal 2007. We routinely monitor the appropriateness of our worldwide tax rate, and we adjust our income tax expense in the period it is probable that actual results will differ from our estimates.

Contractual Guarantees, Litigation, Investigations, and Insurance —In the normal course of business, we are subject to certain contractual guarantees and litigation. The guarantees to which we are a party generally relate to project schedules and plant performance. Most of the litigation involves us as a defendant in workers' compensation; personal injury; environmental; employment/labor; professional liability; and other similar lawsuits. We maintain insurance coverage for various aspects of our business and operations. We have elected, however, to retain a portion of losses that occur through the use of various deductibles, limits, and retentions under our insurance programs. This situation may subject us to some future liability for which we are only partially insured, or completely uninsured. We intend to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of our contracts.

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In accordance with SFAS No. 5— *Accounting for Contingencies* , we record in our Consolidated Balance Sheets amounts representing our estimated liability relating to such guarantees, litigation, and insurance claims. We rely on qualified actuaries and other professionals to assist us in determining the level of reserves to establish for insurance-related claims that are known and have been asserted against us, and for insurance-related claims that are believed to have been incurred based on actuarial analysis, but have not yet been reported to our claims administrators as of the respective balance sheet dates. We include any adjustments to such insurance reserves in our consolidated results of operations.

In addition, as a contractor providing services to various agencies of the United States federal government, we are subject to many levels of audits, investigations, and claims by, or on behalf of, the U.S. federal government with respect to contract performance, pricing, costs, cost allocations, and procurement practices. We adjust revenues based upon the amounts we expect to realize considering the effects of any client audits or governmental investigations.

Testing Goodwill for Impairment —In accordance with SFAS No. 142 —*Goodwill and Other Intangible Assets* , the amount of goodwill carried in our Consolidated Balance Sheets is tested annually for possible impairment. In conducting the impairment test, we may apply, in accordance with the provisions of SFAS 142, various valuation techniques to estimate the fair value of our reporting units. The values resulting from the application of these valuation techniques are not necessarily representative of the values we might obtain in a sale of our reporting units to a willing third party.

Foreign Currencies —We transact business in various currencies. The functional currency of each of our foreign operations is the currency of the local country. Consequently, and in accordance with SFAS No. 52— *Foreign Currency Translation* , revenues and expenses of operations outside the United States are translated into U.S. dollars using weighted-average exchange rates for the applicable period(s) being translated while the assets and liabilities of operations outside the United States are generally translated into U.S. dollars using period-end exchange rates. The net effect of the foreign currency translation process (translating the income statement accounts at rates that are different from those used to translate balance sheet accounts) is included in stockholders' equity as a component of accumulated other comprehensive income in the accompanying Consolidated Balance Sheets. Our net exposure to foreign currency transaction gains and losses is limited because, in general, our various operations invoice clients and satisfy their financial obligations in their respective functional currencies. In situations where our operations incur contract costs in currencies other than their functional currencies, we strive to have a portion of the related contract revenues denominated in the same currencies as the costs. In those situations where revenues and costs are transacted in different currencies, we sometimes enter into foreign exchange contracts in order to limit our exposure to fluctuating foreign currencies. In those situations, we follow the provisions of SFAS No. 133— *Accounting for Derivative Instruments and Hedging Activities* in accounting for our derivative contracts.

Results of Operations

General

Our business focuses exclusively on providing technical, professional, and construction services to a large number of industrial, commercial, and governmental clients around the world. The services we provide generally fall into four broad categories:

- Project Services (which includes engineering, design, architectural, and similar services);
- Process, Scientific, and Systems Consulting services (which includes services performed in connection with a wide variety of scientific testing, analysis, and consulting activities);
- Construction services (which encompasses traditional field construction services as well as modular construction activities, and includes direct-hire construction and construction management services); and

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- Operations and Maintenance services (which includes services performed in connection with operating large, complex facilities on behalf of clients as well as services involving process plant maintenance).

The scope of services we can provide our clients, therefore, ranges from consulting and conceptual design services (which are often required by clients in the very early stages of a project) to complete, single-responsibility, design-build-operate contracts.

The following table sets forth our revenues by type of service for each fiscal year ended September 30 (in thousands):

	2008	2007	2006
Technical Professional Services Revenues:			
Project Services	\$ 5,128,456	\$ 3,828,179	\$ 2,894,293
Process, Scientific, and Systems Consulting	770,223	597,116	482,344
Total Technical Professional Services Revenues	5,898,679	4,425,295	3,376,637
Field Services Revenues:			
Construction	4,239,439	2,990,177	3,239,613
Operations and Maintenance	1,114,041	1,058,498	805,020
Total Field Services Revenues	5,353,480	4,048,675	4,044,633
	<u>\$ 11,252,159</u>	<u>\$ 8,473,970</u>	<u>\$ 7,421,270</u>

We focus our services on clients operating in certain industry groups and markets. We believe these industry groups and markets have sufficient common needs to permit cross-utilization of our resources. The following table sets forth our revenues by these industry groups and markets for each fiscal year ended September 30 (in thousands):

	2008	2007	2006
Energy & Refining—Downstream	\$ 3,687,798	\$ 2,520,064	\$ 2,255,928
National Government Programs	1,976,184	1,500,007	1,259,361
Chemicals and Polymers	1,409,868	1,238,350	1,124,254
Oil & Gas—Upstream	1,102,743	890,943	546,663
Pharmaceuticals and Biotechnology	978,867	756,178	678,989
Infrastructure	935,333	681,367	546,999
Buildings	708,081	437,122	395,190
Industrial and Other (a)	453,285	449,939	613,886
	<u>\$ 11,252,159</u>	<u>\$ 8,473,970</u>	<u>\$ 7,421,270</u>

(a) Includes projects for our clients operating in the technology and manufacturing; pulp and paper; food and consumer products; and basic resources industries, among others.

Fiscal 2008 Compared to Fiscal 2007

We recorded net earnings of \$420.7 million, or \$3.38 per diluted share, for the fiscal year ended September 30, 2008, compared to net earnings of \$287.1 million, or \$2.35 per diluted share for fiscal 2007. Total revenues for fiscal 2008 increased by \$2.8 billion, or 32.8%, to \$11.3 billion, compared to total revenues of \$8.5 billion for fiscal 2007.

Revenues increased among all of the industry groups and markets we serve. We saw particularly robust business activity by clients in both the upstream and downstream sectors of the oil and gas industry. Capital spending by clients operating in the upstream markets continued to be positively influenced during fiscal 2008 by

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higher crude prices. And although crude prices weakened toward the end of fiscal 2008, partly as a result of the late strengthening in the U.S. dollar, we do not expect to see large-scale delays or cancellations by most of our major clients in fiscal 2009. We believe that in certain geographic areas in which we operate, particularly in the Canadian oil sands, there will continue to be significant capital spending by our upstream oil and gas clients in fiscal 2009.

We also saw significant revenue growth in fiscal 2008 from projects for clients operating in the energy and refining sector of the petroleum market. Most of this growth related to refinery expansion projects. And although we expect such spending to continue in fiscal 2009, we believe we should begin to see increased spending on more environmentally-driven projects. We expect these projects will focus on removing sulfur and benzene from various fuels, and complying with new ambient air quality standards.

Revenues from projects for our national government clients increased by \$476.2 million, or 31.7%, from last year. Most of the increase was attributable to revenues from the U.S. federal government on projects for research and development test engineering, scientific, and other technical services. Although revenues during fiscal 2008 from environmental engineering and remediation projects was relatively flat with fiscal 2007, we believe there are opportunities in this market to grow the business in the future.

Revenues from projects performed for our buildings and infrastructure clients increased by a combined \$524.9 million, or 46.9%, from last year. Part of the increase in infrastructure and buildings work was due to the acquisition of Carter & Burgess, Inc. (Carter & Burgess) in November 2007. These markets also benefited from an increase in capital spending by various clients to improve and develop their transportation infrastructure, and for projects relating to hospitals, medical and research facilities, and other technical buildings and facilities.

Revenues from projects for our clients in the chemicals and polymers industries increased by \$171.5 million, or 13.9%, from last year. The increase was due primarily to continuing high demand to increase production capacity.

Included in the increase in revenues for fiscal 2008 was a \$770.7 million increase in pass-through costs. Pass-through costs totaled \$3.5 billion in fiscal 2008 compared to \$2.7 billion in fiscal 2007. When we are responsible for subcontract labor or third-party materials and equipment, we reflect the costs of such items in both revenues and costs. The level of pass-through costs included in revenues and costs will vary between reporting periods depending principally on the amount of procurement that clients choose to do themselves, as opposed to using our services, as well as on the normal ramping-up (and winding-down) of field services activities on construction and O&M projects.

As a percentage of revenues, direct costs of contracts were 84.6% for fiscal 2008, compared to 85.7% for fiscal 2007 (for the remainder of this MD&A, we refer to this percentage relationship as the "DC%"). The relationship between direct costs of contracts and revenues will fluctuate between reporting periods depending on a variety of factors including the mix of business during the reporting periods being compared as well as the level of margins earned from the various types of services provided. Generally speaking, the more procurement we do on behalf of our clients (i.e., where we purchase equipment and materials for use on projects, and/or procure subcontracts in connection with projects) and the more field services revenues we have relative to technical, professional services revenues, the higher the DC% will be. Because pass-through costs typically generate lower margins, it is not unusual for us to experience an increase or decrease in revenues relating to pass-through costs without experiencing a corresponding increase or decrease in our gross margins and operating profit. The decrease in the DC% in fiscal 2008 as compared to last year was due primarily to a slight increase in the margin rates earned on our technical professional services revenues.

SG&A expenses for fiscal 2008 increased by \$322.0 million, or 41.9%, to \$1.1 billion, compared to \$769.4 million for fiscal 2007. The increase in SG&A expenses was partially due to the business growth we experienced in fiscal 2008, particularly in support of the technical professional services area of our business.

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Generally speaking, such services require higher labor and facilities costs in order to support those activities. Also contributing to the increase in SG&A expenses was the acquisition in November 2007 of Carter & Burgess.

Operating profit for fiscal 2008 increased by \$201.1 million, or 45.5%, to \$643.1 million, compared to \$442.0 million for fiscal 2007. As a percentage of revenues, operating profit was 5.7% for fiscal 2008, compared to 5.2% in fiscal 2007. Although the Company improved the margins earned on technical professional services during fiscal 2008 relative to last year, the increase was offset by the higher level of SG&A expenses acquired with Carter & Burgess. As the Company continues to integrate Carter & Burgess, we expect to see a reductions in SG&A expense.

Interest income for fiscal 2008 decreased by \$4.3 million, or 21.8%, to \$15.4 million, compared to \$19.8 million for fiscal 2007. The decrease in interest income was due primarily to a lower rate of interest earned on our deposits during fiscal 2008 as compared to last year.

Interest expense for fiscal 2008 decreased by \$3.6 million, or 45.0%, to \$4.4 million, compared to \$8.0 million for fiscal 2007. The decrease in interest expense was due primarily to lower average borrowings outstanding during fiscal 2008 as compared to last year.

Miscellaneous income, net for fiscal 2008 increased \$8.4 million to \$3.3 million as compared to last year. Included in this amount is a \$10.6 million gain from the sale, recognized in the first quarter of fiscal 2008, of the Company's interest in a business that provides specialized operations and maintenance services for highways and associated facilities.

We recorded income tax expense of \$236.7 million during fiscal 2008, compared to \$161.5 million during fiscal 2007. Our overall effective tax rate in fiscal 2008 was 36%—the same as fiscal 2007. In the normal course of our business, we may engage in numerous transactions for which the ultimate tax outcome (including the period in which the transaction will ultimately be included in income or deducted as an expense) is uncertain. Additionally, we file income, franchise, gross receipts and similar tax returns in many jurisdictions. Our tax returns are subject to audit and investigation by the Internal Revenue Service, most states in the United States, and by various government agencies representing many jurisdictions outside the United States. We continually monitor the appropriateness of the rate, and we adjust our income tax expense in the period it is probable that actual results will change.

Fiscal 2007 Compared to Fiscal 2006

We recorded net earnings of \$287.1 million, or \$2.35 per diluted share, for fiscal year ended September 30, 2007, compared to net earnings of \$196.9 million, or \$1.64 per diluted share for the year ended September 30, 2006.

Total revenues for fiscal 2007 increased by \$1.1 billion, or 14.2%, to \$8.5 billion, compared to total revenues of \$7.4 billion for fiscal 2006. Revenues increased among most of the industry groups and markets we serve, lead by a combined, \$608.4 million increase, or 21.7%, in revenues from clients operating in the energy and refining, and the upstream oil and gas industries. Also contributing to the revenue growth in fiscal 2007 were a \$240.6 million increase, or 19.1%, in revenues from projects for our national government programs clients; a \$114.1 million increase, or 10.1%, in revenues from projects for our clients operating in the chemicals and polymers industries; and a \$134.4 million increase, or 24.6%, in revenues from projects for our infrastructure clients.

With respect to projects for our clients operating in the oil and gas and refining industries, revenue from the downstream sector grew by \$264.1 million in fiscal 2007, or 11.7%, compared to fiscal 2006. Most of this increase related to higher capital spending on projects involving the reconfiguration and expansion of existing refineries, and addressing the effects of changing crude inputs – from lighter crudes to heavier crudes that contain

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slightly higher levels of sulfur. We also saw increases in capital spending by many of our refinery clients involving projects driven by government regulations. These include projects to comply with the nonroad diesel emission and other similar standards. Revenue from the upstream sector of the oil & gas and refining industries grew by \$344.3 million in fiscal 2007, or 63.0%, compared to fiscal 2006. We saw a high level of spending in fiscal 2007 by our clients on oil and gas extraction projects, particularly in the oil sands area of Canada.

Revenues from projects for our national government programs clients increased by \$240.6 million in fiscal 2007, or 19.1%, compared to fiscal 2006. Most of the increase was due to higher levels of revenue from the U.S. federal government relating to various aerospace and defense projects. Revenues from projects for our clients in the chemicals and polymers industries increased by \$114.1 million in fiscal 2007, or 10.1%, compared to fiscal 2006 due to continued demand to increase production capacity. Revenues from projects performed for our infrastructure clients increased by \$134.4 million in fiscal 2007, or 24.6%, compared to fiscal 2006. Part of the increase was due to the acquisition of Edwards and Kelcey, Inc. (Edwards and Kelcey) in April 2007. Edwards and Kelcey contributed \$67.2 million in revenues during fiscal 2007. The balance of the increase in infrastructure revenues was due to higher spending by clients on projects for improved roads, highways, and bridges.

Included in the above increase in revenues was a \$66.0 million increase in pass-through costs. Pass through costs totaled \$2,746.7 million in fiscal 2007 compared to \$2,680.7 million in fiscal 2006. Pass through costs as a percentage of field services revenues in fiscal 2007 and 2006 were essentially unchanged.

The DC% was 85.7% for fiscal 2007, compared to 87.4% for fiscal 2006. The decrease in the DC% in fiscal 2007 as compared to fiscal 2006 was due primarily to the increase in technical professional services revenues relative to field services revenues. Also contributing to the decrease in the DC% was a slight increase in the margin rates earned on our technical professional services revenues.

SG&A expenses for fiscal 2007 increased by \$136.7 million, or 21.6%, to \$769.4 million, compared to \$632.7 million for fiscal 2006. The increase in SG&A expenses was due almost entirely to the business growth we experienced in fiscal 2007, particularly in support of the technical professional services area of our business. Generally speaking, such services require higher labor and facilities costs in order to support those activities. Also contributing to the increase in SG&A expenses was the acquisition of Edwards and Kelcey, which contributed \$22.8 million of SG&A expenses in fiscal 2007.

Operating profit for fiscal 2007 increased by \$140.4 million, or 46.6%, to \$442.0 million, compared to \$301.6 million for fiscal 2006. As a percentage of revenues, operating profit was 5.2% for fiscal 2007 compared to 4.1% in fiscal 2006. The increase in operating profit during fiscal 2007 as compared to fiscal 2006 was due primarily to the increase in technical professional services revenues; the improvement in our level of SG&A expenses relative to technical professional services revenues; and a slight improvement in the margin rates earned on our technical professional services revenues.

Interest income for fiscal 2007 increased by \$4.6 million, or 29.9%, to \$19.8 million, compared to \$15.2 million for fiscal 2006. The increase in interest income was due primarily to higher average cash balances on deposit during fiscal 2007 as compared to fiscal 2006 combined with a slight increase in the rate of interest earned on our deposits.

We recorded income tax expense of \$161.5 million during fiscal 2007, compared to \$108.4 million during fiscal 2006. Our overall effective tax rate was 36.0% for fiscal 2007 compared to 35.5% in fiscal 2006. The Company's overall effective tax rate for fiscal 2006 was positively affected by the favorable settlement of a matter with the U.S. Internal Revenue Service (IRS), off-set in part by provisions recorded for certain other income tax exposures. The net effect of the IRS settlement and the other income tax exposures was a net reduction of \$1.5 million to the fiscal 2006 total tax expense. In the normal course of our business, we may engage in numerous transactions for which the ultimate tax outcome (including the period in which the transaction will ultimately be included in income or deducted as an expense) is uncertain. Additionally, we file

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income, franchise, gross receipts and similar tax returns in many jurisdictions. Our tax returns are subject to audit and investigation by the Internal Revenue Service, most states in the United States, and by various government agencies representing many jurisdictions outside the United States. We continually monitor the appropriateness of the rate, and we adjust our income tax expense in the period it is probable that actual results will change.

Contractual Obligations

The following table sets forth certain information about our contractual obligations as of September 30, 2008 (in thousands):

	Total	Payments Due by Fiscal Period			
		1 Year or Less	2 - 3 Years	4 - 5 Years	More than 5 Years
Long-term debt obligations	\$ 56,641	\$ 966	\$ —	\$ 55,675	\$ —
Operating leases (a)	757,771	153,816	267,504	124,855	211,596
Obligations under defined benefit pension plans (b)	214,813	28,711	60,913	65,884	59,305
Obligations under nonqualified deferred compensation plans (c)	73,221	7,809	16,568	17,919	30,925
Purchase obligations (d)	1,081,981	1,081,981	—	—	—
Total	<u>\$ 2,184,427</u>	<u>\$ 1,273,283</u>	<u>\$ 344,985</u>	<u>\$ 264,333</u>	<u>\$ 301,826</u>

- (a) Assumes the Company will make end of lease term residual value guarantee payments of \$35.3 million in 2011 and \$38.8 million in 2015 with respect to the lease of two office buildings in Houston, Texas.
- (b) Assumes that future contributions will be consistent with amounts projected to be contributed in fiscal 2009, allowing for certain growth based on rates of inflation and salary increases, but limited to the amount recorded as of September 30, 2008. Actual contributions will depend on a variety of factors, including amounts required by local laws and regulations, and other funding requirements.
- (c) Assumes that future payments will be consistent with amounts paid in fiscal 2008, allowing for certain growth. Due to the nonqualified nature of the plans, and the fact that benefits are based in part on years of service, the payments included in the schedule were limited to the amount recorded as of September 30, 2008.
- (d) Represents those liabilities estimated to be under firm contractual commitments as of September 30, 2008.

Backlog

The following table summarizes our backlog at September 30, 2008, 2007, and 2006 (in millions):

	2008	2007	2006
Technical professional services	\$ 8,085.2	\$ 6,188.5	\$5,153.4
Field services	8,611.4	7,397.3	4,624.3
Total	<u>\$16,696.6</u>	<u>\$13,585.8</u>	<u>\$9,777.7</u>

Because the entire value of a contract is added to backlog as soon as the contract is awarded to us (rather than adding the contracts to backlog gradually over time), and because many of our contracts require us to provide services that span over a number of fiscal quarters (and sometimes over fiscal years), we evaluate our backlog on a year-over-year basis, rather than on a sequential, quarter-over-quarter basis. Our backlog at September 30, 2008 increased by \$3.1 billion, or 22.9%, to \$16.7 billion from \$13.6 billion at September 30, 2007. The increase in backlog during fiscal 2008 was attributable primarily to new awards from clients operating in the downstream energy and refining, and national government programs.

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In accordance with industry practice, substantially all of our contracts are subject to cancellation or termination at the discretion of the client. During the fourth quarter of fiscal 2008 we removed \$2.36 billion of revenue from backlog relating to a project in the Canadian oil sands. We removed the revenue, which would have been performed over the next three fiscal years, after being informed by the client that he intends to transfer the remaining phases of the project to another contractor. The client's decision was the result of a breakdown in our relationship with the client. Of the amount removed from backlog, \$2.27 billion was in field services, substantially in the form of "pass-through" revenues. We are working diligently to rebuild our relationship with this customer. In a situation where a client terminates a contract, we would ordinarily be entitled to receive payment for work performed up to the date of termination and, in certain instances, we may be entitled to allowable termination and cancellation costs.

While management uses all information available to it to determine backlog, our backlog at any given time is subject to changes in the scope of services to be provided as well as increases or decreases in costs relating to the contracts included therein.

Total backlog at September 30, 2008 included approximately \$3.4 billion, or 20.4% of total backlog, relating to work to be performed either directly or indirectly for the U.S. federal government and its agencies. This compares to approximately \$2.2 billion, or 16.5% of total backlog, and \$2.2 billion, or 22.3% of total backlog, of U.S. federal backlog at September 30, 2007 and 2006, respectively. Most of our federal contracts require that services be provided beyond one year. In general, these contracts must be funded annually (i.e., the amounts to be spent under the contract must be appropriated by the U.S. Congress to the procuring agency, and then the agency must allot these sums to the specific contracts).

Subject to the factors discussed in Item 1A— *Risk Factors* , above, we estimate that approximately \$9.4 billion, or 56.3%, of total backlog at September 30, 2008 will be realized as revenues within the next fiscal year.

Effects of Inflation

The effects of inflation on our business is discussed in detail in Item 1A— *Risk Factors* , and is incorporated herein by reference.

Liquidity and Capital Resources

We finance our operations primarily through cash provided by operations. At September 30, 2008, our principal source of liquidity consisted of \$604.4 million of cash and cash equivalents, and \$234.3 million of available capacity under our \$290.0 million unsecured, revolving credit facility discussed below.

During fiscal 2008, our cash and cash equivalents decreased by \$8.9 million, to \$604.4 million. This compares to an increase in cash and cash equivalents of \$179.3 million during fiscal 2007, and an increase of \$194.2 million during fiscal 2006. During fiscal 2008, we generated net cash inflows from operating activities and financing activities of \$313.4 million and \$98.8 million, respectively. These inflows were offset by outflows from investing activities of \$409.9 million and the effect of exchange rate changes of \$11.2 million.

Our operations provided net cash of \$313.4 million during fiscal 2008. This compares to net cash inflows of \$360.9 million and \$223.5 million during fiscal 2007 and 2006, respectively. The \$47.5 million decrease in cash provided by operations in fiscal 2008 as compared to fiscal 2007 was due primarily to a \$172.4 million decrease relating to the timing of cash receipts and payments within our working capital accounts; a \$17.1 million decrease relating to higher stock based compensation (including the related excess tax benefits); and \$10.6 million of gains relating to sales of investments and other assets (the cash flows from which are reclassified to the investing section within our Consolidated Statements of Cash Flows). These decreases in cash flows from operations were offset in part by a \$133.6 million increase in net earnings; a \$14.0 million increase in depreciation and amortization of property, equipment and improvements; and a \$3.4 million increase in the amortization of intangible assets.

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We used \$409.9 million of cash and cash equivalents for investing activities during fiscal 2008. This compares to net cash outflow of \$165.8 million and \$67.6 million during fiscal 2007 and 2006, respectively. The \$244.1 million increase in cash used for investing activities as compared to fiscal 2007 was due primarily to an additional \$175.3 million increase in cash used for acquisitions of businesses (net of cash acquired), a \$51.3 million increase in cash used for additions to property and equipment, net of disposals, and changes in miscellaneous non-current assets of \$27.8 million. These uses were offset in part by a \$10.3 million change in investments, net (included in this amount is \$14.1 million of cash received in connection with the sale of our interest in a company that provides specialized operations and maintenance services for highways and associated facilities).

We used a total of \$264.1 million of cash, net of cash acquired and inclusive of acquisition related costs during fiscal 2008 to acquire, among other businesses, Carter & Burgess, Inc., Lindsey Engineering Services Limited, and a 60% interest in Zamel & Turbag Consulting Engineers.

Our financing activities resulted in net cash inflows of \$98.8 million during fiscal 2008. This compares to net cash outflows of \$20.3 million during fiscal 2007 and cash inflows of \$48.3 million during fiscal 2006. The \$119.1 million increase in cash flows from financing activities during fiscal 2008 as compared to fiscal 2007 was due primarily to a \$67.7 million net increase in cash flows relating to our borrowing activities, a \$32.1 million increase in cash flows attributable to issuances of common stock (including the related excess tax benefits), and a \$19.2 million increase to other, long-term deferred liabilities.

The sub-prime mortgage crisis and the resulting economic downturn have significantly impacted the capital and credit markets. Although it is presently not possible to predict the full effect this situation will have on us, the following is a discussion of some of the risks and possible consequences. Also, please refer to Item 1A— *Risk Factors* , above.

Risks associated with our customers' ability to pay for services and finance projects —Although our customer base includes the U.S. and other national governments, as well as a wide range of large, national and multi-national companies operating in a very diverse range of markets, we believe it's possible that the current economic downturn and credit crisis may affect some of our customers' ability to access the capital they may require to complete their projects. This situation could affect us two ways: First, payments on our accounts receivable may not occur or be delayed. Second, clients may be forced to delay projects that have been awarded to us. If either or both of these situations were to occur, it could have a significant impact on our cash flows. It could also affect our future profitability if major projects are delayed too long, or if they are cancelled altogether. We continue to monitor our accounts receivable very closely. We also stay in touch with our core clients and work closely with them monitoring the economic viability and status of their projects and programs.

Risks associated with our existing credit agreement —We have a long-term, unsecured revolving credit facility providing up to \$290.0 million of debt capacity. This facility is provided by a consortium of twelve banks, one of which was the subject of an acquisition transaction necessitated by severe debt and liquidity pressures. A second bank in the consortium, also suffering from liquidity pressures, has been actively seeking additional capital, outside of the ordinary course of business, from investors and the government. These two banks provide approximately 16% of the total credit under the facility. Although only \$55.7 million was outstanding under this facility at September 30, 2008, we rely on this facility to help fund our acquisition transactions as well as provide working capital. The inability of one or more banks in the consortium to meet its commitment under the credit facility could impede our future growth. However, after reviewing the credit worthiness of the banks in the consortium, we have no reason to believe that access to the credit facility is materially at-risk.

Risks associated with our ability to access short-term assets —Our cash balances and short-term investments are maintained in accounts held by major banks and financial institutions located primarily in North America, Europe, and Asia. None of the banks in which we hold our cash and investments have gone into bankruptcy or

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forced receivership, or have been taken-over by their governments. Some of our accounts hold deposits in amounts that exceed available insurance. Although there is no guaranty that one or more banks in which we hold our cash and investments will not fail, we do not believe, at present, there is a material risk to our ability to access these short-term assets.

We believe we have adequate liquidity and capital resources to fund our operations and service our debt for the foreseeable future. We had \$604.4 million in cash and cash equivalents at September 30, 2008, compared to \$613.4 million at September 30, 2007. Our consolidated working capital position at September 30, 2008 was \$1.2 billion, compared to \$1.0 billion at September 30, 2007. We have a long-term, unsecured revolving credit facility providing up to \$290.0 million of debt capacity, under which only \$55.7 million was utilized at September 30, 2008 in the form of direct borrowings. We believe that the capacity, terms and conditions of our long-term revolving credit facility is adequate for our working capital and general business requirements.

Off-Balance Sheet Arrangements

We are party to financial instruments with off-balance sheet risk, in the form of guarantees not reflected in our balance sheet that arise in the normal course of business. However, such off balance sheet arrangements will not have, nor are they reasonably likely to have, an effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or resources that is material to investors. See Note 10— *Commitments and Contingencies, and Derivative Financial Instruments* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

New Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157— *Fair Value Measurements* . SFAS 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS 157 is effective for the Company's 2009 fiscal year, although early adoption is permitted. Although the Company continues to assess the potential effects of SFAS 157, it does not believe that the adoption of SFAS 157 will have a material affect on its consolidated financial statements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not enter into derivative financial instruments for trading, speculation or other purposes that would expose the Company to market risk. In the normal course of business, our results of operations are exposed to risks associated with fluctuations in interest rates and currency exchange rates.

Interest Rate Risk

Our only committed source for long-term credit is a \$290.0 million syndicated revolving credit facility. The total amount outstanding under this facility at September 30, 2008 was \$55.7 million. This agreement expires in May 2012, and provides for both fixed-rate and variable-rate borrowings. Our objectives in managing our interest rate risk are to limit the impact of interest rate changes on earnings and cash flows, and to lower our overall borrowing costs. To achieve these objectives, we continuously monitor changes in interest rates, and use cash provided from operations to re-pay our borrowings as quickly as possible. Furthermore, the Company can use a combination of both fixed rate and variable rate debt to manage our exposure to interest rate risk.

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Foreign Currency Risk

In situations where our operations incur contract costs in currencies other than their functional currency, we attempt to have a portion of the related contract revenues denominated in the same currencies as the costs. In those situations where revenues and costs are transacted in different currencies, we sometimes enter into foreign exchange contracts in order to limit our exposure to fluctuating foreign currencies. We follow the provisions of SFAS 133 in accounting for our derivative contracts.

At September 30, 2008, we had a Euro put option outstanding with a notional amount of €7.5 million with an average exchange rate of 1.4461 EUR-to-GBP. This derivative contract expires in October of 2009. We've determined this contract to be highly effective according to the provisions of SFAS 133. The contract is recognized in our consolidated balance sheet at fair value with changes in fair value recorded in other comprehensive income.

At September 30, 2008, we had a Euro forward contract outstanding with a notional amount of €6.2 million with an average exchange rate of 1.2599 EUR-to-GBP. This derivative contract expires in April of 2009. We've determined this contract to be highly effective according to the provisions of SFAS 133. The contract is recognized in our consolidated balance sheet at fair value with changes in fair value recorded in other comprehensive income.

Concurrent with the fiscal 2004 acquisition of the Babbie Group Limited, we entered into a forward contract with a large U.S. bank. The purpose of the contract is to hedge the Company's exposure to fluctuating foreign currency exchange rates on a £39.9 million intercompany loan between Jacobs and one of its subsidiaries. Based on the terms of the contract, we believe the effect of the loan on future earnings at September 30, 2008 should be limited to \$2.0 million of expense, of which \$0.7 million will be recognized in the next 12 months. We recorded \$0.7 million of expense during fiscal 2008. At September 30, 2008, the notional amount of the contract was £39.9 million. It provides for an average exchange rate of 0.5828 GBP-to-USD, and expires in June of 2011. We have determined that this derivative qualifies as a cash flow hedge under the provisions of SFAS 133.

The fair value of derivative contracts included in other deferred liabilities in the accompanying consolidated balance sheets totaled \$3.0 million and \$8.6 million at September 30, 2008 and September 30, 2007, respectively.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item 8 is submitted as a separate section beginning on page F-10f of this Annual Report on Form 10-K and is incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as defined by Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of September 30, 2008, the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the Evaluation Date.

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Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting, as defined in Rule 13a-15 (f) under the Exchange Act. Management, with the participation of its Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of the Company's internal control over financial reporting as of the Evaluation Date based on the framework established in "*Internal Control—Integrated Framework*", issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that the internal controls of the Company over its financial reporting as of the Evaluation Date were effective. The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting which appears later in this Annual Report on Form 10-K.

Changes in Internal Control

There were no changes in the Company's internal control over financial reporting during the Company's quarter ended September 30, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls

The Company's management, including its Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or its system of internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed or operated, can provide only reasonable, but not absolute, assurance that the objectives of the system of internal control are met. The design of the Company's control system reflects the fact that there are resource constraints, and that the benefits of such control system must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control failures and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the intentional acts of individuals, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurance that the design of any particular control will always succeed in achieving its objective under all potential future conditions.

Item 9B. OTHER INFORMATION

On November 20, 2008, the Board of Directors (Board) of Jacobs, acting upon the recommendation of the Nominating and Corporate Governance Committee of the Board (Committee), approved the amendment and restatement of the Company's Bylaws to change the vote standard for the election of directors from a plurality to a majority of votes cast in uncontested elections. The amendment states that a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director. In contested elections where the number of nominees exceeds the number of directors to be elected, the vote standard will continue to be a plurality of votes cast. The amendment, which affects Section 3.03 of the Company's Bylaws, took effect upon adoption.

The foregoing description of the Bylaw amendment is qualified in its entirety by reference to the Amended and Restated Bylaws, as amended and restated on November 20, 2008, a copy of which is filed herewith as Exhibit 3.2.

In connection with the Bylaw amendment referred to above, the Board approved the amendment and restatement of the Company's Corporate Governance Guidelines (the "Guidelines") to provide that the Committee shall establish procedures for any director who is not elected to tender his or her resignation. Under

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the Guidelines, in the event that a director nominee fails to receive the requisite vote, the Committee will make a recommendation to the Board on whether to accept or reject the resignation of such director, or whether other action should be taken. The Board will act on the Committee's recommendation within ninety (90) days following certification of the election results. Unless applicable to all directors, the director(s) whose resignation is under consideration is expected to recuse himself or herself from the Board vote. Thereafter, the Board will promptly publicly disclose its decision regarding the director's resignation offer (including the reason(s) for rejecting the resignation offer, if applicable). If the Board accepts a director's resignation pursuant to this process, the Committee shall recommend to the Board whether to fill such vacancy or reduce the size of the Board. The Corporate Governance Guidelines are available on the Company's website <http://www.jacobs.com> under "Corporate Governance."

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers, Promoters and Control Persons

The information required by Paragraph (a), and Paragraphs (c) through (g) of Item 401 of Regulation S-K (except for information required by Paragraph (e) of that Item to the extent the required information pertains to our executive officers) is hereby incorporated by reference from our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year.

The following table presents the information required by Paragraph (b) of Item 401 of Regulation S-K.

			Year Joined the
<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>	<u>Registrant</u>
Noel G. Watson	72	Chairman of the Board	1965
Craig L. Martin	59	President, Chief Executive Officer and Director	1994
Thomas R. Hammond	57	Executive Vice President, Operations	1975
George A. Kunberger, Jr.	56	Executive Vice President, Operations	1979
Gregory J. Landry	60	Executive Vice President, Operations	1984
John W. Prosser, Jr.	63	Executive Vice President, Finance and Administration and Treasurer	1974
Walter C. Barber	67	Group Vice President	1999
Robert M. Clement	60	Group Vice President	1990
Jay Michael Coyle	48	Group Vice President	1994
James E. Dixon	59	Group Vice President	1993
Arlan C. Emmert	63	Group Vice President	1985
Michael J. Higgins	64	Group Vice President	1994
Robert Matha	59	Group Vice President	1997
Thomas H. McDuffie	59	Group Vice President	1999
Kevin J. McMahon	52	Group Vice President	2007
Earl J. Mitchell, Jr.	55	Group Vice President	1989
Christopher E. Nagel	57	Group Vice President	1982
Mark S. Williams	51	Group Vice President	1999
Rogers F. Starr	65	President, Jacobs Technology, Inc.	1999
Philip J. Stassi	53	Group Vice President	1977
James T. Stewart	60	Group Vice President	2006
Allyn B. Taylor	60	Group Vice President	1993
William J. Birkhofer	60	Senior Vice President, Public Sector Sales	1999
Cora L. Carmody	50	Senior Vice President, Information Technology	2008
Andrew F. Kremer	51	Senior Vice President, Global Sales	1998
William C. Markley, III	63	Senior Vice President and General Counsel	1981
John McLachlan	62	Senior Vice President, Acquisitions and Strategy	1974
Robert G. Norfleet	45	Senior Vice President, Quality and Safety	1999
Laurence R. Sadoff	61	Senior Vice President, Operations	1993
Patricia H. Summers	51	Senior Vice President, Global Human Resources	2004
Nazim G. Thawerbhoy	61	Senior Vice President and Controller	1979

All of the officers listed in the preceding table serve in their respective capacities at the pleasure of the Board of Directors and, with the exception of Messrs. McMahon and Stewart, and Mses. Summers and Carmody, have served in executive and senior management capacities with the Company for more than five years.

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Mr. McMahon joined the Company in April 2007 through the acquisition of Edwards and Kelcey, Inc. Mr. McMahon served in various senior management roles with Edwards and Kelcey since first joining them in 1991, most recently as chairman and chief executive officer from 1999 to 2007. Prior to joining Jacobs in 2006, Mr. Stewart was chairman and chief executive officer of Mobile Energy Services Company, an industrial energy company and supplier from 2000 to 2005. Prior to joining Jacobs in 2004, Ms. Summers served as corporate vice president of compensation, benefits and executive development for Northrop Grumman Corporation from January 2000 to April 2003. Prior to joining Jacobs in 2008, Ms. Carmody served as the Chief Information Officer for SAIC Inc. from August 2003 to April 2008.

Code of Ethics

We have adopted a code of ethics for our chief executive, chief financial and principal accounting officers; a code of business conduct and ethics for members of our Board of Directors; and corporate governance guidelines. The full text of the codes of ethics and corporate governance guidelines is available at our website www.jacobs.com. In the event we make any amendment to, or grant any waiver from, a provision of the code of ethics that applies to the principal executive officer, principal financial officer or principal accounting officer that requires disclosure under applicable Commission rules, we will disclose such amendment or waiver and the reasons therefor on our website. We will provide any person without charge a copy of any of the aforementioned codes of ethics upon receipt of a written request. Requests should be addressed to: Jacobs Engineering Group Inc., 1111 S. Arroyo Parkway, Pasadena, California, 91105, Attention: Corporate Secretary.

Corporate Governance

The information required Items 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is hereby incorporated by reference from our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item is hereby incorporated by reference from our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year.

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Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance Under Equity Compensation Plans

The following table presents certain information about our equity compensation plans as of September 30, 2008:

<u>Plan Category</u>	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
	Number of securities to be issued upon exercise of outstanding	Weighted-average exercise price of outstanding	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column A)
Equity compensation plans approved by shareholders - (a)	6,932,559	\$ 35.45	2,622,251
Equity compensation plans not approved by shareholders	—	—	—
Total	6,932,559	\$ 35.45	2,622,251

(a): The number in Column A excludes purchase rights accruing under our two, broad-based, shareholder-approved employee stock purchase plans: The Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan (1989 ESPP), and the Global Employee Stock Purchase Plan (GESPP). These plans give employees the right to purchase shares at an amount and price that are not determinable until the end of the specified purchase periods, which occurs monthly. Our shareholders have authorized a total of 22.8 million shares of common stock to be issued through the 1989 ESPP and the GESPP which our Board of Directors voluntarily reduced by 1.2 million shares on July 26, 2001. From the inception of the 1989 ESPP and the GESPP through September 30, 2008, a total of 20.7 million shares have been issued, leaving 0.9 million shares of common stock available for future issuance at that date.

The information required by Item 403 of Regulation S-K is hereby incorporated by reference from our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is hereby incorporated by reference from our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is hereby incorporated by reference from our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year.

PART IV

Item 15. EXHIBITS, AND FINANCIAL STATEMENT SCHEDULES

- (a) Documents filed as part of this report:
 - (1) The Company's Consolidated Financial Statements at September 30, 2008 and 2007 and for each of the three years in the period ended September 30, 2008 and the notes thereto, together with the report of the independent auditors on those Consolidated Financial Statements are hereby filed as part of this report, beginning on page F-1.
 - (2) Financial statement schedules – no financial statement schedules are presented as the required information is either not applicable, or is included in the consolidated financial statements or notes thereto.
 - (3) See Exhibits and Index to Exhibits, below.
- (b) Exhibits and Index to Exhibits:
 - 3.1 Amended and Restated Certificate of Incorporation of the Registrant. Filed as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2007 and incorporated herein by reference.
 - †3.2 Jacobs Engineering Group Inc. Amended and Restated Bylaws, effective as of November 20, 2008.
 - 4.1 See Sections 5 through 18 of Exhibit 3.1.
 - 4.2 See Article II, Section 3.03 of Article III, Article VI and Section 7.04 of Article VII of Exhibit 3.2.
 - 4.3 Amended and Restated Rights Agreement, amended and restated as of December 20, 2000 by and between the Registrant and Mellon Investor Services LLC, as Rights Agent. Filed as Exhibit 1 to Registrant's Form 8-A/A filed on December 22, 2000 and incorporated herein by reference.
 - 10.1 # The Jacobs Engineering Group Inc. Incentive Bonus Plan for Officers and Key Managers. Filed as Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2006 and incorporated herein by reference.
 - 10.2 # The Executive Security Program of Jacobs Engineering Group Inc. Filed as Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2006 and incorporated herein by reference.
 - 10.3 # Jacobs Engineering Group Inc. 1991 Executive Deferral Plan, effective June 1, 1991. Filed as Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2006 and incorporated herein by reference.
 - 10.4 # Jacobs Engineering Group Inc. 1993 Executive Deferral Plan, effective December 1, 1993. Filed as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2006 and incorporated herein by reference.
 - 10.5 # Jacobs Engineering Group Inc. Amended and Restated Executive Deferral Plan. Filed as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2007 and incorporated herein by reference.
 - 10.6 # The Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan, as Amended and Restated. Filed as Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2006 and incorporated herein by reference.
 - †10.7 # The Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan.
 - †10.8 Form of Indemnification Agreement entered into between the Registrant and certain of its officers and directors.

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10.9 #	Jacobs Engineering Group Inc. 401(k) Plus Savings Plan and Trust, as Amended and Restated April 1, 2003. Filed as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2007 and incorporated herein by reference.
10.10 #	Jacobs Engineering Group Inc. 1999 Stock Incentive Plan, as Amended and Restated. Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2007 and incorporated herein by reference.
10.11	Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan, as Amended and Restated. Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended December 31, 2007 and incorporated herein by reference.
10.12	Credit Agreement dated as of December 15, 2005 among Jacobs Engineering Group Inc. and certain of its subsidiaries (as "Borrowers"), and the Bank of Nova Scotia, Wachovia Bank N.A., BNP Paribas., Bank of America, N.A. (as "Administrative Agent"), and other lender parties, and Banc of America Securities LLC (as "Sole Lead Arranger"). Filed as Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 2006 and incorporated herein by reference.
10.13	Amendment Agreement Entered Into as of May 4, 2007 Among Jacobs Engineering Group Inc. and Certain Subsidiaries, the Bank of Nova Scotia as Canadian Facility Agent, Bank of America, N.A. as Administrative Agent, and Certain Other Lending Banks and Financial Institutions. Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2007 and incorporated herein by reference
10.14 #	Assignment Letter Agreement dated February 16, 2005 between the Registrant and Thomas R. Hammond, Executive Vice President. Filed as Exhibit 99.1 to the Registrant's current report on Form 8-K dated February 22, 2005 and incorporated herein by reference.
†10.15 #	Amendment dated March 24, 2005 to the February 16, 2005 Assignment Letter Agreement between the Registrant and Thomas R. Hammond, Executive Vice President.
†10.16 #	Amendment dated April 23, 2008 to the February 16, 2005 Assignment Letter Agreement between the Registrant and Thomas R. Hammond, Executive Vice President.
11.	Statement of computation of net income per outstanding share of common stock is incorporated by reference from the Company's Consolidated Financial Statements and notes thereto (see Item 15(a)(1), above).
†21.	List of Subsidiaries of Jacobs Engineering Group Inc.
†23.	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
†31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

† Being filed herewith.

Management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JACOBS ENGINEERING GROUP INC.

Dated: November 20, 2008

By: / s / C RAIG L. M ARTIN
Craig L. Martin
President, Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/ s / C RAIG L. M ARTIN</u> Craig L. Martin	President, Chief Executive Officer and Director	November 20, 2008
<u>/ s / N OEL G. W ATSON</u> Noel G. Watson	Chairman of the Board	November 20, 2008
<u>/ s / J OSEPH R. B RONSON</u> Joseph R. Bronson	Director	November 20, 2008
<u>/ s / J OHN F. C OYNE</u> John F. Coyne	Director	November 20, 2008
<u>/ s / R OBERT C. D AVIDSON , J R .</u> Robert C. Davidson, Jr.	Director	November 20, 2008
<u>/ s / E DWARD V. F RITZKY</u> Edward V. Fritzky	Director	November 20, 2008
<u>/ s / R OBERT B. G WYN</u> Robert B. Gwyn	Director	November 20, 2008
<u>/ s / J OHN P. J UMPER</u> John P. Jumper	Director	November 20, 2008
<u>/ s / L INDA F AYNE L EVINSON</u> Linda Fayne Levinson	Director	November 20, 2008
<u>/ s / B ENJAMIN F. M ONTOYA</u> Benjamin F. Montoya	Director	November 20, 2008
<u>/ s / T HOMAS M.T. N ILES</u> Thomas M.T. Niles	Director	November 20, 2008
<u>/ s / J OHN W. P ROSSER , J R .</u> John W. Prosser, Jr.	Executive Vice President, Finance and Administration and Treasurer (Principal Financial Officer)	November 20, 2008
<u>/ s / N AZIM G. T HAWERBHOY</u> Nazim G. Thawerbhoy	Senior Vice President and Controller (Principal Accounting Officer)	November 20, 2008

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
September 30, 2008

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2008 and 2007
(In thousands, except share information)

	2008	2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 604,420	\$ 613,352
Receivables	1,957,773	1,532,602
Deferred income taxes	142,553	92,992
Prepaid expenses and other current assets	45,488	39,132
Total current assets	<u>2,750,234</u>	<u>2,278,078</u>
Property, Equipment and Improvements, Net	<u>256,140</u>	<u>192,489</u>
Other Noncurrent Assets:		
Goodwill	924,060	626,686
Miscellaneous	347,804	292,168
Total other noncurrent assets	<u>1,271,864</u>	<u>918,854</u>
	<u><u>\$4,278,238</u></u>	<u><u>\$3,389,421</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 966	\$ 529
Accounts payable	467,888	376,483
Accrued liabilities	825,587	626,091
Billings in excess of costs	234,203	245,486
Income taxes payable	48,353	27,845
Total current liabilities	<u>1,576,997</u>	<u>1,276,434</u>
Long-term Debt	<u>55,675</u>	<u>40,450</u>
Other Deferred Liabilities	<u>394,241</u>	<u>228,824</u>
Minority Interests	<u>6,178</u>	<u>51</u>
Commitments and Contingencies		
Stockholders' Equity:		
Capital stock:		
Preferred stock, \$1 par value, authorized—1,000,000 shares; issued and outstanding—none	—	—
Common stock, \$1 par value, authorized—240,000,000 shares; issued and outstanding—122,701,049 shares and 120,221,871 shares, respectively	122,701	120,222
Additional paid-in capital	631,043	460,468
Retained earnings	1,620,673	1,272,352
Accumulated other comprehensive loss	(129,270)	(9,380)
Total stockholders' equity	<u>2,245,147</u>	<u>1,843,662</u>
	<u><u>\$4,278,238</u></u>	<u><u>\$3,389,421</u></u>

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
For the Years Ended September 30, 2008, 2007, and 2006
(In thousands, except per share information)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues	\$11,252,159	\$ 8,473,970	\$ 7,421,270
Costs and Expenses:			
Direct costs of contracts	(9,517,673)	(7,262,621)	(6,487,022)
Selling, general and administrative expenses	(1,091,427)	(769,393)	(632,692)
Operating Profit	<u>643,059</u>	<u>441,956</u>	<u>301,556</u>
Other (Expense) Income:			
Interest income	15,447	19,764	15,209
Interest expense	(4,414)	(8,019)	(7,496)
Miscellaneous income (expense), net	3,319	(5,059)	(3,982)
Total other income (expense), net	<u>14,352</u>	<u>6,686</u>	<u>3,731</u>
Earnings Before Taxes	657,411	448,642	305,287
Income Tax Expense	(236,669)	(161,512)	(108,404)
Net Earnings	<u>\$ 420,742</u>	<u>\$ 287,130</u>	<u>\$ 196,883</u>
Net Earnings Per Share:			
Basic	\$ 3.47	\$ 2.42	\$ 1.69
Diluted	<u>\$ 3.38</u>	<u>\$ 2.35</u>	<u>\$ 1.64</u>

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
For the Years Ended September 30, 2008, 2007, and 2006
(In thousands)

	Components of Total Stockholders' Equity					
	Comprehensive	Accumulated				Total Stockholders' Equity
		Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income (Loss)	
	Income					
Balances at September 30, 2005		\$ 58,130	\$354,935	\$ 850,065	\$ (97,350)	\$1,165,780
Net earnings	\$ 196,883	—	—	196,883	—	196,883
Foreign currency translation adjustments	(4,811)	—	—	—	(4,811)	(4,811)
Minimum pension liability (net of deferred tax expense of \$10,363)	22,426	—	—	—	22,426	22,426
Other, miscellaneous elements of total comprehensive income (loss), (net of deferred tax expense of \$1,092)	2,080	—	—	—	2,080	2,080
Comprehensive income	<u>\$ 216,578</u>					
Issuances of equity securities, net		961	60,676	—	—	61,637
Repurchases of equity securities		(198)	(1,833)	(22,980)	—	(25,011)
Issuance of restricted stock		103	4,127	—	—	4,230
Balances at September 30, 2006		58,996	417,905	1,023,968	(77,655)	1,423,214
Net earnings	\$ 287,130	—	—	287,130	—	287,130
Foreign currency translation adjustments (net of deferred tax expense of \$4,300)	22,088	—	—	—	22,088	22,088
Adjustment to initially apply FASB Statement No. 158, (net of deferred tax expense of \$21,773)	45,016	—	—	—	45,016	45,016
Other, miscellaneous elements of total comprehensive income (loss), (net of deferred tax expense of \$610)	1,171	—	—	—	1,171	1,171
Comprehensive income	<u>\$ 355,405</u>					
Two-for-one stock split, paid in the form of a stock dividend		59,401	(59,401)	—	—	—
Issuances of equity securities, net		1,828	87,778	—	—	89,606
Repurchases of equity securities		(367)	(1,576)	(38,746)	—	(40,689)
Issuance of restricted stock		364	15,762	—	—	16,126
Balances at September 30, 2007		120,222	460,468	1,272,352	(9,380)	1,843,662
Net earnings	\$ 420,742	—	—	420,742	—	420,742
Foreign currency translation adjustments (net of deferred tax expense of \$4,550)	(18,656)	—	—	—	(18,655)	(18,655)
Pension liability (net of deferred tax benefit of \$40,673)	(100,575)	—	—	—	(100,576)	(100,576)
Other, miscellaneous elements of total comprehensive income (loss), (net of deferred tax benefit of \$275)	(659)	—	—	—	(659)	(659)
Comprehensive income	<u>\$ 300,852</u>					
Issuances of equity securities, net		2,144	123,823	—	—	125,967
Adjustment to initially apply FASB Statement No. 48		—	—	(5,340)	—	(5,340)
Repurchases of equity securities		(371)	(1,743)	(67,081)	—	(69,195)
Issuance of restricted stock		706	48,495	—	—	49,201
Balances at September 30, 2008		<u>\$122,701</u>	<u>\$631,043</u>	<u>\$1,620,673</u>	<u>\$ (129,270)</u>	<u>\$2,245,147</u>

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2008, 2007, and 2006
(In thousands)

	2008	2007	2006
Cash Flows from Operating Activities:			
Net earnings	\$ 420,742	\$ 287,130	\$ 196,883
Adjustments to reconcile net earnings to net cash flows from operations:			
Depreciation and amortization:			
Property, equipment and improvements	63,725	49,712	40,598
Intangible assets	9,401	5,958	7,664
Gain on sale of investment	(10,609)	—	—
Stock based compensation	21,289	17,982	17,156
Excess tax benefits from stock based compensation	(46,257)	(25,803)	(12,783)
Losses on sales of assets, net	85	700	141
Changes in assets and liabilities, excluding the effects of businesses acquired:			
Receivables	(276,671)	(101,645)	(245,031)
Prepaid expenses and other current assets	1,875	(3,675)	(10,492)
Accounts payable	45,782	(54,739)	128,922
Accrued liabilities	55,471	78,861	75,325
Billings in excess of costs	(28,932)	119,596	(1,815)
Income taxes payable	56,108	(12,361)	25,759
Deferred income taxes	386	(1,450)	(223)
Other, net	1,016	595	1,427
Net cash provided by operating activities	<u>313,411</u>	<u>360,861</u>	<u>223,531</u>
Cash Flows from Investing Activities:			
Additions to property and equipment	(114,786)	(64,620)	(53,980)
Disposals of property and equipment	383	1,490	1,302
Net increase in miscellaneous, non-current assets	(38,871)	(11,092)	(221)
Changes in investments, net	7,431	(2,853)	(3,714)
Acquisition of businesses, net of cash acquired	(264,067)	(88,721)	(10,955)
Net cash used for investing activities	<u>(409,910)</u>	<u>(165,796)</u>	<u>(67,568)</u>
Cash Flows from Financing Activities:			
Proceeds from long-term borrowings	45,570	28,474	68,709
Repayments of long-term borrowings	(27,335)	(70,860)	(86,779)
Net change in short-term borrowings	(6,821)	(13,945)	7,948
Proceeds from issuances of common stock	46,362	34,691	29,388
Excess tax benefits from stock based compensation	46,257	25,803	12,783
Other, net	(5,244)	(24,458)	16,270
Net cash provided by (used for) financing activities	<u>98,789</u>	<u>(20,295)</u>	<u>48,319</u>
Effect of Exchange Rate Changes	<u>(11,222)</u>	<u>4,515</u>	<u>(10,064)</u>
Increase (Decrease) in Cash and Cash Equivalents	(8,932)	179,285	194,218
Cash and Cash Equivalents at Beginning of Period	613,352	434,067	239,849
Cash and Cash Equivalents at End of Period	<u>\$ 604,420</u>	<u>\$ 613,352</u>	<u>\$ 434,067</u>

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Description of Business

We provide a broad range of technical, professional, and construction services including engineering, design, and architectural services; construction and construction management services; operations and maintenance services; and process, scientific, and systems consulting services. We provide our services through offices and subsidiaries located primarily in North America, Europe, Asia, and Australia. We provide our services under cost-reimbursable, cost-reimbursable with a guaranteed maximum price, and fixed-price contracts. The percentage of revenues realized from each of these types of contracts for each fiscal year ended September 30 was as follows:

	2008	2007	2006
Cost-reimbursable	86%	88%	90%
Fixed-price	12	10	9
Guaranteed maximum price	2	2	1

Basis of Presentation

The Consolidated Financial Statements include the accounts of the parent company, Jacobs Engineering Group Inc. and its subsidiaries. As used herein, references to the “Company”, “we”, “us” or “our” are to both Jacobs Engineering Group Inc. and its consolidated subsidiaries, and references to “Jacobs” refer to the parent company only. All significant intercompany accounts and transactions have been eliminated in consolidation.

2. Significant Accounting Policies

Revenue Accounting for Contracts and Use of Joint Ventures

In accounting for long-term engineering and construction-type contracts, we follow the provisions of the American Institute of Certified Public Accountant’s (AICPA) Statement of Position 81-1— *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* (SOP 81-1). In general, we recognize revenues at the time we provide services. Depending on the commercial terms of the contract, we recognize revenues either when costs are incurred, or using the percentage-of-completion method of accounting by relating contract costs incurred to date to the total estimated costs at completion. Contract losses are provided for in their entirety in the period they become known, without regard to the percentage-of-completion. We also recognize as revenues costs associated with claims and unapproved change orders to the extent it is probable that such claims and change orders will result in additional contract revenue, and the amount of such additional revenue can be reliably estimated.

Certain cost-reimbursable contracts include incentive-fee arrangements. The incentive fees in such contracts can be based on a variety of factors but the most common are the achievement of target completion dates, target costs, and/or other performance criteria. Failure to meet these targets can result in unrealized incentive fees. We recognize incentive fees based on expected results using the percentage-of-completion method of accounting. As the contract progresses and more information becomes available, the estimate of the anticipated incentive fee that will be earned is revised as necessary. We bill incentive fees based on the terms and conditions of the individual contracts. In certain situations we are allowed to bill a portion of the incentive fees over the performance period of the contract. In other situations, we are allowed to bill incentive fees only after the target criterion has been achieved. Incentive fees which have been recognized but not billed are included in receivables in the accompanying Consolidated Balance Sheets.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Certain cost-reimbursable contracts with government customers as well as certain commercial clients provide that contract costs are subject to audit and adjustment. In this situation, revenues are recorded at the time services are performed based upon the amounts we expect to realize upon completion of the contracts. Revenues are not recognized for non-recoverable costs. In those situations where an audit indicates that we may have billed a client for costs not allowable under the terms of the contract, we estimate the amount of such nonbillable costs and adjust our revenues accordingly.

As is common to the industry, we execute certain contracts jointly with third parties through various forms of joint ventures and consortiums. In general, such contracts fall within the scope of SOP 81-1. We therefore account for these investments in accordance with SOP 81-1 and Emerging Issues Task Force Issue 00-01— *Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures* . Accordingly, for certain of these joint ventures (i.e., where we have an undivided interest in the assets and liabilities of the joint venture), we recognize our proportionate share of joint venture revenues, costs, and operating profit in our Consolidated Statements of Earnings. For other investments in engineering and construction joint ventures, we use the equity method of accounting.

Very few of our joint ventures have employees. Although the joint ventures own and hold the contracts with the clients, the services required by the contracts are typically performed by us and our joint venture partners, or by other subcontractors under subcontracting agreements with the joint ventures. The assets of our joint ventures, therefore, consist almost entirely of cash and receivables (representing amounts due from the clients), and the liabilities of our joint ventures consist almost entirely of amounts due to the joint venture partners (for services provided by the partners to the joint ventures under their individual subcontracts) and other subcontractors. In general, at any given time, the equity of our joint ventures represents the undistributed profits earned on contracts the joint ventures hold with clients. None of our joint ventures have third-party debt or credit facilities. Our joint ventures, therefore, are simply mechanisms used to deliver engineering and construction services to clients. Rarely do they, in and of themselves, present any risk of loss to us or to our partners separate from those that we would carry if we were performing the contract on our own. Under accounting principles generally accepted in the United States, our share of losses associated with the contracts held by the joint ventures, if and when they occur, has always been reflected in our consolidated financial statements.

In accordance with the provisions of the Financial Accounting Standards Board (FASB) Interpretation No. 46R— *Consolidation of Variable Interest Entities* (FIN 46R), we have analyzed our joint ventures and have classified them into two groups: (i) those variable interest entities (VIEs) of which we are the primary beneficiary of the VIEs' expected residual returns or losses; and (ii) those VIEs of which we are not the primary beneficiary of the VIEs' expected residual returns or losses. In accordance with FIN 46R, we apply the consolidation method of accounting for our investment in material VIEs of which we are the primary beneficiary.

At September 30, 2008, the total assets and liabilities of those VIEs of which we are the primary beneficiary were \$66.1 million and \$50.8 million, respectively, as compared to total assets of \$70.5 million and total liabilities of \$54.8 million at September 30, 2007. At September 30, 2008, the total assets and liabilities of those VIEs for which we are not the primary beneficiary were \$501.0 million and \$438.1 million, respectively, as compared to total assets of \$222.9 million and total liabilities of \$213.1 million at September 30, 2007.

When we are directly responsible for subcontractor labor or third-party materials and equipment, we reflect the costs of such items in both revenues and costs. The amount of such "pass-through" costs included in revenues during fiscal 2008, 2007, and 2006, totaled approximately \$3.5 billion, \$2.7 billion, and \$2.7 billion, respectively. On those projects where the client elects to pay for such items directly and we have no associated responsibility for such items, these amounts are not reflected in either revenues or costs.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Cash Equivalents

We consider all highly liquid investments with original maturities of less than three months to be cash equivalents. Cash equivalents at September 30, 2008 and 2007 consisted primarily of money market mutual funds and overnight bank deposits.

Receivables and Billings in Excess of Costs

Included in receivables in the accompanying Consolidated Balance Sheets at September 30, 2008 and 2007 were \$964.8 million and \$790.5 million, respectively, of unbilled receivables. Unbilled receivables represent costs and amounts earned and reimbursable under contracts in progress as of the balance sheet date. Such amounts become billable according to the contract terms, which usually consider the passage of time, achievement of certain milestones or completion of the project. Included in these unbilled receivables at September 30, 2008 and 2007 were contract retentions totaling \$35.0 million and \$37.1 million, respectively. We anticipate that substantially all of such unbilled amounts will be billed and collected over the next twelve months. Also included in receivables at September 30, 2008 and 2007 are allowances for doubtful accounts totaling \$10.1 million and \$6.2 million, respectively.

“Billings in excess of costs” represent cash collected from clients, and billings to clients in advance of work performed. We anticipate that substantially all such amounts will be earned over the next twelve months.

Amounts due from the U.S. federal government, net of advanced billings, included in the accompanying Consolidated Balance Sheets totaled \$274.1 million and \$153.6 million at September 30, 2008 and 2007, respectively.

As discussed above, we include in receivables claims representing the recovery of costs incurred on contracts to the extent it is probable that such claims will result in additional contract revenue and the amount of such additional revenues can be reliably estimated. Such amounts totaled \$56.6 million and \$49.6 million at September 30, 2008 and 2007, respectively, of which \$38.1 million and \$36.6 million, respectively, relate to one claim on a waste incineration project performed in Europe (due to the timing of when the claim may be settled, this claim is included in “Other Noncurrent Assets” in the accompanying Consolidated Balance Sheets). The dispute involves proper waste feed, content of residues, final acceptance of the plant, and costs of operation and maintenance of the plant. We have initiated litigation against the client and are seeking in excess of €40.0 million (approximately \$58.6 million) in damages. The client has filed a counterclaim against us, which we believe is without merit.

Property, Equipment and Improvements

Property, equipment and improvements are carried at cost, and are shown net of accumulated depreciation and amortization in the accompanying Consolidated Balance Sheets. Depreciation and amortization is computed primarily by using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the lesser of the estimated useful life of the asset or the remaining term of the related lease. Estimated useful lives range from 20 to 40 years for buildings, from 3 to 10 years for equipment and from 4 to 10 years for leasehold improvements.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquired business over the fair value of the net tangible and intangible assets acquired. Goodwill and the cost of intangible assets with indefinite lives are not amortized, but are instead tested for possible impairment annually (or more frequently if events occur or circumstances change

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

that would more likely than not reduce the fair value of our reporting units below their carrying value). In conducting such impairment tests, we may apply, in accordance with the provisions of the FASB's Statement of Financial Accounting Standards (SFAS) No. 142— *Goodwill and Other Intangible Assets* , various valuation techniques to estimate the fair values of our reporting units. The resulting fair values are not necessarily representative of the values we might reasonably actually obtain in a sale of our reporting units to a willing third party. The cost of intangible assets with determinable lives is amortized ratably over the useful lives of the related assets. We did not recognize any impairment charges for goodwill or other intangible assets during fiscal 2008, 2007 or 2006.

Foreign Currencies

In preparing our consolidated financial statements, it is necessary to translate the financial statements of our subsidiaries operating outside the United States, which are denominated in currencies other than the U.S. dollar, into the U.S. dollar. We follow the provisions of SFAS No. 52— *Foreign Currency Translation* in preparing our consolidated financial statements. Accordingly, revenues and expenses of operations outside the United States are translated into U.S. dollars using weighted-average exchange rates for the applicable period(s) being translated while the assets and liabilities of operations outside the United States are generally translated into U.S. dollars using period-end exchange rates. The net effect of foreign currency translation adjustments is included in stockholders' equity as a component of accumulated other comprehensive income in the accompanying Consolidated Balance Sheets.

Earnings Per Share

Earnings per share (EPS) is calculated in accordance with SFAS No. 128— *Earnings per Share* . Basic EPS is computed by dividing net earnings by the weighted average number of shares of common stock outstanding during the period. Diluted EPS gives effect to all dilutive securities that were outstanding during the period. Our dilutive securities consist of nonqualified stock options and restricted stock (including restricted stock units).

Share-Based Payments

We follow the provisions of SFAS No. 123R— *Share-Based Payment* in accounting for stock issued to employees and others. SFAS 123R requires that we measure the value of services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. The computed value is recognized as a non-cash cost over the period the employee provides services, which is typically the vesting period of the award. We adopted SFAS 123R effective October 1, 2005 under the modified retrospective application method.

The fair value of each option was estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Dividend yield	0%	0%	0%
Expected volatility	35.10%	27.87%	30.48%
Risk-free interest rate	3.08%	5.03%	5.21%
Expected term of options (in years)	4.75	4.75	4.75

With respect to the issuance of restricted stock and restricted stock units, the cost of unearned compensation equivalent to the fair value of the stock issued on the date of award is amortized against earnings over the periods during which the restrictions lapse.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We use the “simplified method”, as defined in the U.S. Securities and Exchange Commission Staff Accounting Bulletin 107, to compute the expected term of a stock option. The simplified method is a formula that uses the vesting term and the contractual term to compute the expected term of a stock option. As permitted by Staff Accounting Bulletin 110, we continue to use the simplified method because we do not currently have sufficient information regarding historical exercise behavior to accurately estimate the expected term of a stock option. In addition, we’ve made, over the recent past, material changes to certain terms of our standard option award agreements, and have significantly changed the number and type of employees receiving stock options, both of which may have a significant effect on the expected term of a stock option.

Concentrations of Credit Risk

Our cash balances and short-term investments are maintained in accounts held by major banks and financial institutions located primarily in North America, Europe, and Asia. In the normal course of business, and consistent with industry practices, we grant credit to our clients without requiring collateral. Concentrations of credit risk is the risk that, if we extend a significant amount of credit to clients in a specific geographic area or industry, we may experience disproportionately high levels of default if those clients are adversely affected by factors particular to their geographic area or industry. Concentrations of credit risk relative to trade receivables are limited due to our diverse client base, which includes the U.S. federal government and multi-national corporations operating in a broad range of industries and geographic areas. Additionally, in order to mitigate credit risk, we continually evaluate the credit worthiness of our major commercial clients.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities; amounts contained in certain of the Notes to the Consolidated Financial Statements; and the revenues and expenses reported for the periods covered by the financial statements. Although such assumptions are based on management’s best knowledge of current events and actions the Company may undertake in the future, actual results could differ significantly from those estimates and assumptions.

Earlier in these Notes to Consolidated Financial Statements, we discussed two significant accounting policies that rely on the application of estimates and assumptions: revenue accounting for contracts; and the process for testing goodwill for possible impairment. The following is a discussion of certain other significant accounting policies that rely on the use of estimates:

Accounting for Stock Issued to Employees and Others —As discussed above, we use the Black-Scholes option-pricing model to compute the fair value of share-based payments. The Black-Scholes model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. Like all option-pricing models, the Black-Scholes model requires the use of highly subjective assumptions including (i) the expected volatility of the market price of the underlying stock, and (ii) the expected term of the award, among others. Accordingly, changes in assumptions and any subsequent adjustments to those assumptions can cause drastically different fair values to be assigned to our stock option awards. Additionally, the effects of SFAS 123R on our current consolidated financial statements may not be representative of the effects on our future consolidated financial statements because option awards tend to vest over several years and additional awards of stock options may be made in the future.

Accounting for Pensions —We follow the provisions of SFAS No. 87— *Employers’ Accounting for Pensions* , and SFAS No. 158— *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans* in accounting for our defined benefit pension plans . SFAS 87 and SFAS 158 require the use of assumptions and estimates in order to calculate periodic pension cost, and the value of the plans’ assets and

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

liabilities. These assumptions involve discount rates, investment returns, and projected salary increases, among others. We rely on qualified actuaries to assist us in valuing the financial position of the plans, and to provide advice regarding the actuarial assumptions used. Changes in the actuarial assumptions may have a material effect on the plans' assets and liabilities, and the associated pension expense.

Accounting for Income Taxes—We account for income taxes in accordance with SFAS No. 109— *Accounting for Income Taxes* , and other applicable accounting standards. Judgment is required in determining our worldwide provision for income taxes. In the normal course of business, we may engage in numerous transactions every day for which the ultimate tax outcome (including the period in which the transaction will ultimately be included in taxable income or deducted as an expense) is uncertain. Additionally, we file income, franchise, gross receipts and similar tax returns in many jurisdictions. Our tax returns are subject to audit and investigation by the Internal Revenue Service, most states in the United States, and by various government agencies representing many jurisdictions outside the United States.

In June 2006, the FASB issued 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 taxes recognized in a company's financial statements in accordance with SFAS 109. FIN 48 prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken, or expected to be taken, on an entity's tax return. FIN 48 also provides guidance on derecognition; classification; interest and penalties; accounting in interim periods; disclosure and transition. The Company adopted FIN 48 effective October 1, 2007.

Contractual Guarantees, Litigation, Investigations, and Insurance—In the normal course of business, we are subject to certain contractual guarantees and litigation. In accordance with SFAS No. 5— *Accounting for Contingencies* , we record in the Consolidated Balance Sheets amounts representing our estimated liability relating to such guarantees, litigation, and insurance claims. We rely on qualified actuaries and other professionals to assist us in determining the level of reserves to establish for both insurance-related claims that are known and have been asserted against us as well as for insurance-related claims that are believed to have been incurred based on actuarial analysis, but have not yet been reported to our claims administrators as of the respective balance sheet dates. We include any adjustments to such insurance reserves in our Consolidated Statements of Earnings. In addition, as a contractor providing services to various agencies of the United States federal government, we are subject to many levels of audits, investigations, and claims by, or on behalf of, the U.S. federal government with respect to contract performance, pricing, costs, cost allocations, and procurement practices. We adjust revenues based upon the amounts we expect to realize considering the effects of any client audits or governmental investigations.

Fair Value of Financial Instruments

The net carrying amounts of cash and cash equivalents, receivables, and notes payable approximate fair value due to the short-term nature of these instruments. Similarly, we believe the carrying value of our long-term debt also approximates fair value based on the interest rates and scheduled maturities applicable to the outstanding borrowings. Certain other assets and liabilities, such as forward contracts and an interest rate swap agreement we purchased as cash-flow hedges (discussed below), are required to be carried in our consolidated financial statements at fair value.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock Split

On January 25, 2007, the Board of Directors of Jacobs declared a two-for-one stock split that was paid in the form of a 100% stock dividend on March 15, 2007 to shareholders of record on February 15, 2007. The stock split was accounted for by transferring approximately \$59.4 million from additional paid-in capital to common stock. The par value of the common stock of Jacobs did not change as a result of the stock split. In accordance with SFAS 128, all EPS information, and share and per-share information relating to our equity compensation plans has been adjusted retroactively for all periods presented herein to reflect the stock split. With respect to the balance sheet presentation of the Company's capital accounts, however, the stock split was accounted for as a fiscal 2007 transaction.

3. Stock Purchase and Stock Option Plans

Broad-Based, Employee Stock Purchase Plans

We sponsor two, broad-based, shareholder-approved employee stock purchase plans: the Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan (1989 ESPP) and the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan (GESPP). Both plans give employees the right to purchase shares of the common stock of Jacobs at a discount that is limited to 5% of the per-share market value on the day shares are sold to employees.

The following table summarizes the stock issuance activity under the 1989 ESPP and the GESPP during each fiscal year ended September 30:

	2008	2007	2006
Aggregate Purchase Price Paid for Shares Sold:			
Under the 1989 ESPP	\$ 33,092,354	\$ 23,078,856	\$ 20,685,889
Under the GESPP	3,945,705	2,727,517	2,307,140
Total	<u>\$ 37,038,059</u>	<u>\$ 25,806,373</u>	<u>\$ 22,993,029</u>
Aggregate Number of Shares Sold:			
Under the 1989 ESPP	447,572	475,160	554,052
Under the GESPP	53,602	55,075	62,254
Total	<u>501,174</u>	<u>530,235</u>	<u>616,306</u>

At September 30, 2008, there were 251,082 shares reserved for issuance under the 1989 ESPP, and there were 634,045 shares reserved for issuance under the GESPP.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock Option Plans

We sponsor two, continuing, shareholder-approved stock option plans: the 1999 Stock Incentive Plan (1999 SIP) and the 1999 Outside Director Stock Plan (1999 OSDP). The 1999 SIP provides for the issuance of incentive stock options, nonqualified stock options and restricted stock to employees. The 1999 OSDP provides for awards of stock, restricted stock, and restricted stock units, and grants of nonqualified stock options to our outside (i.e., nonemployee) directors. The 1999 SIP and the 1999 OSDP (together, the “1999 Plans”) replaced our 1981 Executive Incentive Plan (1981 Plan). The following table sets forth certain information about the 1999 Plans:

	1999 SIP	1999 OSDP	Total
Number of shares authorized	15,200,000	800,000	16,000,000
Number of remaining shares reserved for issuance at September 30, 2008	7,943,783	530,000	8,473,783
Number of shares relating to outstanding stock options at September 30, 2008	6,520,159	216,500	6,736,659
Number of shares available for future awards:			
At September 30, 2008	1,423,624	313,500	1,737,124
At September 30, 2007	2,261,437	345,500	2,606,937

The number of shares of common stock that may be awarded under the 1999 SIP in the form of restricted stock is limited to 3,120,000 shares, and shares of restricted stock that are subsequently forfeited become available again for issuance as restricted stock. At September 30, 2008, there was a total of 2,258,887 shares of common stock that remained available for issuance in the form of restricted stock under the 1999 SIP.

Total pre-tax compensation cost relating to stock-based compensation included in the accompanying Consolidated Statements of Earnings for the fiscal years ended 2008, 2007, and 2006 was \$21.3 million, \$18.0 million, and \$17.2 million, respectively.

The following table summarizes the stock option activity under the 1999 Plans and the 1981 Plan for each fiscal year ended September 30:

	Number of Options	Weighted Average Exercise Price
Outstanding at September 30, 2005	10,188,804	\$ 16.92
Granted	1,552,200	\$ 40.92
Exercised	(1,622,386)	\$ 13.69
Cancelled or expired	(48,680)	\$ 21.15
Outstanding at September 30, 2006	10,069,938	\$ 21.12
Granted	771,550	\$ 53.87
Exercised	(2,242,312)	\$ 13.70
Cancelled or expired	(136,045)	\$ 23.84
Outstanding at September 30, 2007	8,463,131	\$ 25.96
Granted	746,950	\$ 90.87
Exercised	(2,214,872)	\$ 17.84
Cancelled or expired	(62,650)	\$ 38.27
Outstanding at September 30, 2008	<u>6,932,559</u>	\$ 35.45

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Options outstanding at September 30, 2008 consisted entirely of nonqualified stock options. Included in the number of options outstanding at September 30, 2008 were options to purchase 195,900 shares of common stock granted under the 1981 Plan. The total intrinsic value of options exercised during fiscal 2008, 2007, and 2006 was \$151.6 million, \$84.3 million, and \$43.9 million, respectively. The total intrinsic value of options exercisable at September 30, 2008 was \$141.8 million. Certain other information regarding our stock option plans follows:

	2008	2007	2006
At September 30:			
Range of exercise prices for options outstanding	\$ 7.03 – \$94.11	\$ 5.37 – \$57.54	\$ 5.13 – \$43.55
Number of options exercisable	4,656,767	5,958,014	6,828,638
For the fiscal year ended September 30:			
Range of prices relating to options exercised	\$ 5.37 – \$56.95	\$ 5.13 – \$37.35	\$ 5.10 – \$26.95
Estimated weighted average fair values of options granted	\$ 32.20	\$ 17.94	\$ 13.96

The following table presents certain information regarding options outstanding, and options exercisable at September 30, 2008:

	Options Outstanding			Options Exercisable	
		Weighted Average Remaining Contractual	Weighted		Weighted Average Exercise Price
Range of Exercise Prices	Number	Life (years)	Average Price	Number	
\$ 7.03 – \$ 9.10	400,775	1.09	\$ 8.41	400,775	\$ 8.41
\$ 9.83 – \$18.49	892,296	3.13	\$ 15.64	892,296	\$ 15.64
\$19.21 – \$26.95	2,732,803	3.63	\$ 22.84	2,503,453	\$ 22.53
\$35.46 – \$37.35	545,297	4.72	\$ 37.33	250,497	\$ 37.35
\$37.68 – \$46.86	1,053,450	4.85	\$ 43.57	468,100	\$ 43.50
\$52.13 – \$55.04	12,100	5.82	\$ 52.64	2,500	\$ 52.13
\$56.95 – \$57.81	558,988	5.76	\$ 56.97	139,146	\$ 56.96
\$76.15 – \$83.61	82,500	7.32	\$ 81.32	—	\$ —
\$92.52 – \$94.11	654,350	6.62	\$ 92.59	—	\$ —
	<u>6,932,559</u>	4.19	\$ 35.45	<u>4,656,767</u>	\$ 23.94

Our stock option plans allow participants to satisfy the exercise price by tendering shares of Jacobs common stock that have been owned by the participants for at least six months. Shares so tendered are retired and canceled, and are shown as repurchases of common stock in the accompanying Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income.

At September 30, 2008, the amount of compensation cost relating to nonvested awards not yet recognized in the financial statements is approximately \$40.2 million. The majority of the unrecognized compensation costs will be recognized by the fourth quarter of fiscal 2010. The weighted average remaining contractual term of options currently exercisable is 3.54 years.

During fiscal 2008, 2007, and 2006, we issued 205,563, 155,040, and 154,960 shares, respectively, of restricted stock under the 1999 Plans. Included in the number of shares of restricted stock issued during fiscal 2008 were 18,000 shares of restricted stock units issued under the 1999 OSDP. The restrictions generally relate

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

to the recipient's ability to sell or otherwise transfer the stock or stock units. There are also restrictions that subject the stock and stock units to forfeiture back to the Company until earned by the recipient through continued employment or service. At September 30, 2008 there were 684,953 shares of restricted stock and restricted stock units outstanding under both the 1999 SIP and 1999 OSDP Plans.

4. Earnings Per Share

The following table reconciles the denominator used to compute basic EPS to the denominator used to compute diluted EPS for each fiscal year ended September 30 (in thousands):

	2008	2007	2006
Weighted average shares outstanding (denominator used to compute Basic EPS)	121,083	118,559	116,648
Effect of stock options and restricted shares	3,274	3,667	3,725
Denominator used to compute Diluted EPS	<u>124,357</u>	<u>122,226</u>	<u>120,373</u>

For the three months and fiscal year ended September 30, 2008, there were stock options representing 736,850 and 694,350 shares of common stock, respectively, that were anti-dilutive and excluded from the computation of the number of weighted average shares outstanding used to compute diluted earnings per share.

5. Property, Equipment and Improvements, Net

The following table presents the components of our property, equipment and improvements at September 30, 2008 and 2007 (in thousands):

	2008	2007
Land	\$ 11,103	\$ 9,581
Buildings	79,497	69,646
Equipment	406,424	351,173
Leasehold improvements	112,244	74,961
Construction in progress	21,772	11,400
	631,040	516,761
Accumulated depreciation and amortization	(374,900)	(324,272)
	<u>\$ 256,140</u>	<u>\$ 192,489</u>

6. Borrowings

Short-Term Credit Arrangements

The Company maintains open credit arrangements with several banks providing for short-term borrowing capacity and overdraft protection. These arrangements are uncommitted, and no amounts were outstanding under them at September 30, 2008 and 2007.

Long-term Debt and Credit Arrangements

Amounts shown as "Long-term Debt" in the accompanying Consolidated Balance Sheets represent borrowings under our \$290.0 million, long-term, revolving credit facility. The facility expires in May 2012, and provides for unsecured borrowings from banks (a syndicate consisting of U.S., Canadian, and European banks) at either fixed rates offered by the banks at the time of borrowing on loans not greater than 12 months, or at variable

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

rates based on the agent bank's base rate, LIBOR or the latest federal funds rate. The agreement contains certain negative covenants relating to the Company's "consolidated net worth", and a "leverage ratio" based on outstanding borrowings (including financial letters of credit) and earnings before interest, taxes, depreciation, and amortization (all as defined in the agreement). The agreement requires us to pay a facility fee based on the total amount of the commitments. During fiscal 2008 and 2007, the weighted average interest rates charged on these borrowings were 5.99% and 5.53%, respectively.

Interest payments made during fiscal 2008, 2007, and 2006 totaled \$3.5 million, \$5.4 million, and \$5.9 million, respectively.

7. Pension Plans

Company-Only Sponsored Plans

We sponsor various defined benefit pension plans covering employees of certain U.S. and international subsidiaries. The pension plans provide pension benefits that are based on the employee's compensation and years of service. Our funding policy is to fund the actuarially determined accrued benefits, allowing for projected compensation increases using the projected unit method.

The following table sets forth the change in the plans' combined net benefit obligation for each fiscal year ended September 30 (in thousands):

	2008	2007
Net benefit obligation at the beginning of the year	\$856,030	\$785,145
Service cost	24,763	25,366
Interest cost	50,421	44,486
Participants' contributions	15,518	14,367
Actuarial (gain)/loss	27,509	(31,029)
Benefits paid	(29,565)	(32,486)
Effect of plan amendments	—	487
Curtailments/Settlements	(2,791)	(9,653)
Obligations under new plans	9,094	—
Transfers	4,200	1,868
Effect of exchange rate changes	(56,927)	57,479
Net benefit obligation at the end of the year	<u>\$898,252</u>	<u>\$856,030</u>

In December 2006 the Company froze certain benefits under one of its defined benefit pension plans causing a curtailment under SFAS No. 88— *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits* . As a result of the curtailment, the assets and liabilities of the plan were remeasured as of the effective date of the curtailment, resulting in a curtailment gain of \$9.7 million. The curtailment gain reduced certain unrecognized actuarial losses existing as of the date of the curtailment, and reduced the Company's net periodic pension cost for fiscal 2007 by approximately \$2.9 million.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table sets forth the change in the combined fair value of the plans' assets for each fiscal year ended September 30 (in thousands):

	2008	2007
Fair value of plan assets at the beginning of the year	\$746,189	\$601,090
Actual return on plan assets	(67,247)	81,483
Employer contributions	47,046	34,937
Participants' contributions	15,518	14,367
Gross benefits paid	(29,565)	(32,486)
Transfers	2,679	1,868
Curtailments/Settlements	(3,340)	—
Effect of exchange rate changes	(46,581)	44,930
Fair value of plan assets at the end of the year	<u>\$664,699</u>	<u>\$746,189</u>

The following table reconciles the combined funded statuses of the plans as well as amounts recognized and not recognized in the accompanying Consolidated Balance Sheets at September 30, 2008 and 2007 (in thousands):

	2008	2007
Funded status at the end of the year	\$(233,553)	\$(109,841)
Contributions after measurement date	20,087	12,561
Net amount recognized at the end of the year	<u>\$(213,466)</u>	<u>\$ (97,280)</u>

The following table presents the amounts recognized in the accompanying Consolidated Balance Sheets at September 30, 2008 and 2007 (in thousands):

	2008	2007
Non-current pension asset	\$ —	\$11,382
Accrued benefit cost included in current liabilities	(1,923)	(599)
Accrued benefit cost included in noncurrent liabilities	(211,543)	(108,063)
Net amount recognized at the end of the year	<u>\$(213,466)</u>	<u>\$(97,280)</u>

The Company adopted SFAS 158 effective September 30, 2007. Accordingly, we now reflect the total funded statuses of our pension plans in our consolidated financial statements as opposed to a "minimum liability".

The following table presents the significant actuarial assumptions used in determining the funded statuses of the plans for each fiscal year ended September 30:

	2008	2007	2006
Weighted average discount rates	5.25% to 6.25%	5.20% to 5.75%	4.75% to 6.25%
Rates of compensation increases	3.5%	3.5%	3.5%
Expected rates of return on plan assets	5.0% to 9.0%	5.0% to 9.0%	5.0% to 9.0%

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We consider various factors in developing the estimates for the expected, long-term rates of return on plan assets. These factors include the projected, long-term rates of returns on the various types of assets in which the plans invest, as well as historical returns. The range of 5.0% to 9.0% expected rate of return used in the current valuation of the funded status of the plans was determined after considering the aforementioned factors. In general, investment allocations are determined by each plan's trustees and/or investment committees. The objectives of the plans' investment policies are to (i) maximize returns while preserving capital; (ii) provide returns sufficient to meet the current and long-term obligations of the plan as the obligations become due; and (iii) maintain a diversified portfolio of assets so as to avoid concentration of investment risk in any one type of asset, issuer or geography. None of our pension plans hold Jacobs common stock directly (although some plans may hold shares indirectly through investments in mutual funds). The plans' weighted average asset allocations at June 30, 2008 and 2007 (the measurement dates used in valuing the plans' assets and liabilities) were as follows:

	2008	2007
Equity securities	50%	60%
Debt securities	29%	28%
Real estate investments	8%	7%
Other	13%	5%

We anticipate our contributions into the plans for fiscal 2009 will total approximately \$54.3 million. Total benefit payments expected to be paid to the participants of our pension plans for each of the next five fiscal years, and in total for the five years thereafter, are as follows (in thousands):

2009	\$ 28,711
2010	29,018
2011	31,921
2012	34,564
2013	39,347
For the period 2014 through 2018	236,859

At September 30, 2008 and 2007, our pension plans were in a net, under-funded status by \$233.6 million and \$109.8 million, respectively.

The following table presents the components of net periodic pension cost recognized in the accompanying Consolidated Statements of Earnings for each fiscal year ended September 30 (in thousands):

	2008	2007	2006
Service cost	\$ 24,763	\$ 25,366	\$ 26,313
Interest cost	50,421	44,486	37,510
Expected return on plan assets	(52,884)	(45,481)	(37,577)
Other	1,820	5,974	11,896
Net pension cost, before curtailments/settlements charges	24,120	30,345	38,142
Curtailments/Settlements charges	754	—	—
Total, net periodic pension cost recognized	<u>\$ 24,874</u>	<u>\$ 30,345</u>	<u>\$ 38,142</u>

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Multiemployer Plans

In the United States and Canada, we contribute to various trustee pension plans covering hourly construction employees under industry-wide agreements. We also contribute to various trustee plans in certain countries in Europe covering both hourly and certain salaried employees. Contributions are based on the hours worked by employees covered under these agreements and are charged to direct costs of contracts on a current basis. Information from the plans' administrators is not available to permit us to determine our share of unfunded benefits, if any. Our contributions to these plans during fiscal 2008, 2007, and 2006 totaled \$60.1 million, \$47.9 million, and \$48.8 million, respectively.

8. Savings and Deferred Compensation Plans

Savings Plans

We sponsor various defined contribution savings plans which allow participants to make voluntary contributions by salary deduction. Such plans cover substantially all of our domestic, nonunion employees in the U.S. and are qualified under section 401(k) of the United States Internal Revenue Code. Similar plans outside the U.S. cover various groups of employees of our international subsidiaries and affiliates. Several of these plans allow the Company to match, on a voluntary basis, a portion of the employee contributions. Company contributions to these plans during fiscal 2008, 2007, and 2006 totaled \$46.7 million, \$36.8 million, and \$28.9 million, respectively.

Deferred Compensation Plans

Our Executive Security Plan (ESP) and Executive Deferral Plans (EDP) are nonqualified deferred compensation programs that provide benefits payable to directors, officers, and certain key employees or their designated beneficiaries at specified future dates, upon retirement, or death. Benefit payments under both plans are funded by a combination of contributions from participants and the Company, and most of the participants are covered by life insurance policies with the Company designated as the beneficiary. Amounts charged to expense relating to these programs for each of the three fiscal years ended September 30, 2008, 2007, and 2006 totaled \$1.7 million, \$2.4 million, and \$4.2 million, respectively.

9. Income Taxes

The following table presents the components of our consolidated income tax expense for each fiscal year ended September 30 (in thousands):

	2008	2007	2006
Current income tax expense:			
Federal	\$145,483	\$137,136	\$ 66,332
State	17,255	17,563	11,555
Foreign	71,625	54,822	36,311
Total current tax expense	<u>234,363</u>	<u>209,521</u>	<u>114,198</u>
Deferred income tax expense (benefit):			
Federal	(8,005)	(44,021)	(4,707)
State	1,695	(6,184)	(2,408)
Foreign	8,616	2,196	1,321
Total deferred tax expense (benefit)	<u>2,306</u>	<u>(48,009)</u>	<u>(5,794)</u>
Consolidated income tax expense	<u>\$236,669</u>	<u>\$161,512</u>	<u>\$108,404</u>

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred taxes reflect the tax effects of the differences between the amounts recorded as assets and liabilities for financial reporting purposes and the comparable amounts recorded for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The following table presents the components of our net deferred tax assets at September 30, 2008 and 2007 (in thousands):

	<u>2008</u>	<u>2007</u>
Deferred tax assets:		
Obligations relating to:		
Defined benefit pension plans	\$ 63,496	\$ 33,156
Other employee benefit plans	123,586	105,209
Self-insurance programs	24,566	20,378
Incremental U.S. tax on unremitted foreign earnings	—	2,040
Contract revenues and costs	29,789	21,115
Office closings / consolidations	4,079	—
Other	7,634	3,243
Gross deferred tax assets	<u>253,150</u>	<u>185,141</u>
Deferred tax liabilities:		
Depreciation and amortization	(68,536)	(26,923)
Residual U.S. tax on unremitted, non-U.S. earnings	(167)	—
Translation adjustments	(8,850)	—
State income and franchise taxes	(3,000)	(2,090)
Other, net	(1,025)	(2,269)
Gross deferred tax liabilities	<u>(81,578)</u>	<u>(31,282)</u>
Net deferred tax assets	<u>\$171,572</u>	<u>\$153,859</u>

During fiscal 2008, 2007, and 2006, we realized income tax benefits of \$51.1 million, \$29.7 million, and \$15.9 million, respectively, relating to exercises of nonqualified stock options, and disqualifying dispositions of stock sold under our employee stock purchase plans.

The reconciliation of total income tax expense using the statutory U.S. federal income tax rate to the consolidated income tax expense shown in the accompanying Consolidated Statements of Earnings for each fiscal year ended September 30 follows (dollars in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutory amount (computed using 35%)	\$230,094	\$157,025	\$106,850
State taxes, net of the federal benefit	12,317	7,397	5,965
Other, net	(5,742)	(2,910)	(4,411)
Consolidated income tax expense	<u>\$236,669</u>	<u>\$161,512</u>	<u>\$108,404</u>
Consolidated effective income tax rate	<u>36.0%</u>	<u>36.0%</u>	<u>35.5%</u>

During fiscal 2008, 2007, and 2006, we paid approximately \$177.7 million, \$171.6 million, and \$86.6 million, respectively, in income taxes.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the components of our consolidated earnings before taxes for each fiscal year ended September 30 (in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
United States earnings	\$394,191	\$248,699	\$189,545
Foreign earnings	263,220	199,943	115,742
	<u>\$657,411</u>	<u>\$448,642</u>	<u>\$305,287</u>

United States income taxes, net of applicable credits, have been provided on the undistributed earnings of the Company's foreign subsidiaries, except in those instances where the earnings are expected to be permanently reinvested. At September 30, 2008, approximately \$50.0 million of such undistributed earnings of certain foreign subsidiaries was expected to be permanently reinvested. Should these earnings be repatriated, approximately \$7.3 million of income taxes would be payable.

In June 2006, FIN 48 was issued. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109. FIN 48 prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken, or expected to be taken, on an entity's tax return. FIN 48 also provides guidance on derecognition; classification; interest and penalties; accounting in interim periods; disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006 and the Company adopted this interpretation effective October 1, 2007. The adoption of FIN 48 did not have a material effect on the Company's financial statements.

10. Commitments and Contingencies, and Derivative Financial Instruments

Commitments Under Operating Leases

We lease certain of our facilities and equipment under operating leases with net aggregate future lease payments of approximately \$733.3 million at September 30, 2008 payable as follows (in thousands):

<u>Year ending September 30,</u>	
2009	\$153,816
2010	131,606
2011	135,898
2012	73,226
2013	51,629
Thereafter	211,596
	<u>757,771</u>
Amounts representing sublease income	(24,495)
	<u>\$733,276</u>

Rent expense for fiscal years 2008, 2007, and 2006 totaled \$148.6 million, \$105.8 million, and \$82.6 million, respectively, and was offset by sublease income of approximately \$10.6 million, \$13.2 million, and \$8.3 million, respectively. Operating leases relating to many of our major offices generally contain renewal options, and provide for additional rental based on escalation in operating expenses and real estate taxes.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Guarantees

We are party to two synthetic lease agreements involving certain real and personal property located in Houston, Texas that we use in our operations. A synthetic lease is a type of off-balance sheet transaction which provides us with certain tax and other financial benefits. Significant terms of the leases are as follows:

	Lease 1	Lease 2
End of lease term	2011	2015
End of term purchase option (in thousands)	\$49,000	\$52,200
Residual value guaranty (in thousands)	\$35,300	\$38,800

Both lease agreements give us the right to request an extension of the lease term. We may also assist the owner in selling the properties at the end of their respective terms, the proceeds from which would be used to reduce our residual value guarantees. In connection with Lease 2, we entered into a floating-to-fixed interest rate swap agreement with a U.S. bank which fixes the amount of the Company's lease payments. At September 30, 2008 the notional amount of this hedge was \$52.2 million. This instrument allows us to receive a floating rate payment tied to the 1-month LIBOR from the counterparty in exchange for a fixed-rate payment from us. We've determined this interest rate swap to be highly effective according to the definitions of SFAS No. 133— *Accounting for Derivative Instruments and Hedging Activities* . The minimum lease payments required by both lease agreements are included in the above lease pay-out schedule. We have determined that the aggregate fair value of the aforementioned financial guarantees was not significant at September 30, 2008.

Derivative Financial Instruments

In situations where our operations incur contract costs in currencies other than their functional currency, we attempt to have a portion of the related contract revenues denominated in the same currencies as the costs. In those situations where revenues and costs are transacted in different currencies, we sometimes enter into foreign exchange contracts in order to limit our exposure to fluctuating foreign currencies. We follow the provisions of SFAS 133 in accounting for our derivative contracts.

At September 30, 2008, we had a Euro put option outstanding with a notional amount of €7.5 million with an average exchange rate of 1.4461 EUR-to-GBP. This derivative contract expires in October of 2009. We've determined this contract to be highly effective according to the provisions of SFAS 133. The contract is recognized in our consolidated balance sheet at fair value with changes in fair value recorded in other comprehensive income.

At September 30, 2008, we had a Euro forward contract outstanding with a notional amount of €6.2 million with an average exchange rate of 1.2599 EUR-to-GBP. This derivative contract expires in April of 2009. We've determined this contract to be highly effective according to the provisions of SFAS 133. The contract is recognized in our consolidated balance sheet at fair value with changes in fair value recorded in other comprehensive income.

Concurrent with the fiscal 2004 acquisition of the Babbie Group Limited, we entered into a forward contract with a large U.S. bank. The purpose of the contract is to hedge the Company's exposure to fluctuating foreign currency exchange rates on a £39.9 million intercompany loan between Jacobs and one of its subsidiaries. Based on the terms of the contract, we believe the effect of the loan on future earnings at September 30, 2008 should be limited to \$2.0 million of expense, of which \$0.7 million will be recognized in the next 12 months. We recorded \$0.7 million of expense during fiscal 2008 relating to this forward contract. At September 30, 2008, the notional amount of the contract was £39.9 million. It provides for an average exchange rate of 0.5828 GBP-to-USD, and expires in June of 2011. We have determined that this derivative qualifies as a cash flow hedge under the provisions of SFAS 133.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The fair value of derivative contracts included in other deferred liabilities in the accompanying consolidated balance sheets totaled \$3.0 million and \$8.6 million at September 30, 2008 and September 30, 2007, respectively.

Letters of Credit

Letters of credit outstanding at September 30, 2008 totaled \$150.5 million.

11. Contractual Guarantees, Litigation, Investigations, and Insurance

In the normal course of business, we are subject to certain contractual guarantees and litigation. The guarantees to which we are a party generally relate to project schedules and plant performance. Most of the litigation involves us as a defendant in workers' compensation; personal injury; environmental; employment/labor; professional liability; and other similar lawsuits.

We maintain insurance coverage for various aspects of our business and operations. We have elected, however, to retain a portion of losses that occur through the use of various deductibles, limits, and retentions under our insurance programs. This situation may subject us to some future liability for which we are only partially insured, or completely uninsured. We intend to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of our contracts.

Additionally, as a contractor providing services to agencies of the United States federal government, we are subject to many levels of audits, investigations and claims by, or on behalf of, the U.S. federal government with respect to our contract performance, pricing, costs, cost allocations, and procurement practices. Furthermore, our income, franchise, and similar tax returns and filings are also subject to audit and investigation by the Internal Revenue Service, most states within the United States as well as by various government agencies representing jurisdictions outside the United States.

In accordance with SFAS No. 5— *Accounting for Contingencies* , we record in our Consolidated Balance Sheets amounts representing our estimated liability relating to such claims, guarantees, litigation, and audits and investigations. We rely on qualified actuaries and other professionals to assist us in determining the level of reserves to establish for insurance-related claims that are known and have been asserted against us, and for insurance-related claims that are believed to have been incurred based on actuarial analysis, but have not yet been reported to our claims administrators as of the respective balance sheet dates. We include any adjustments to such insurance reserves in our consolidated results of operations.

Management believes, after consultation with counsel, that such guarantees, litigation, United States Government contract-related audits, investigations and claims, and income tax audits and investigations should not have any material adverse effect on our consolidated financial statements.

In addition to the matters described above, we are involved in a dispute with a client relating to a large waste incineration project in Europe. The contract was entered into by one of our subsidiaries several years ago prior to our acquisition of that subsidiary. The dispute involves proper waste feed; content of residues; final acceptance of the plant; and costs of operation and maintenance of the plant. We have initiated litigation against the client and are seeking in excess of €40.0 million (approximately \$58.6 million) in damages. The client has filed a counterclaim against us, which we believe is without merit. We believe our claims are valid and enforceable and that we will be ultimately successful in obtaining a favorable judgment.

On August 1, 2007 the I-35W bridge in Minneapolis, Minnesota suffered a tragic collapse. The bridge was designed and built in the early 1960's. Sverdrup & Parcel and Associates, Inc. (Sverdrup & Parcel) provided design services to the Minnesota Department of Transportation (MnDOT) on the bridge. Sverdrup & Parcel was

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

a predecessor company to Sverdrup Corporation, a company acquired by Jacobs in 1999. The National Transportation Safety Board (NTSB) has been investigating the collapse with the close cooperation of the Company. In November 2008 the NTSB issued a report with its findings, conclusions and safety recommendations. Our understanding of the report is that it implicated with varying degrees of emphasis the following causes of the collapse: a design flaw in the original plans; the failure by MnDOT and its consultants to identify and correct pre-existing defects in the bridge superstructure; and the placement by MnDOT and its contractors of excessive loads on the bridge in the years prior to the collapse, as well as excessive concentrated construction loads placed on the bridge on the day it collapsed. The Company does not expect this matter to have any material adverse effect on its consolidated financial statements.

12. Common and Preferred Stock

We are authorized to issue two classes of capital stock: common stock and preferred stock (each has a par value of \$1.00 per share). The preferred stock may be issued in one or more series. The number of shares to be included in a series as well as each series' designation, relative powers, dividend and other preferences, rights and qualifications, redemption provisions, and restrictions are to be fixed by our Board of Directors at the time each series is issued. Except as may be provided by the Board of Directors in a preferred stock designation, or otherwise provided for by statute, the holders of our common stock have the exclusive right to vote for the election of Directors and all other matters requiring stockholder action. The holders of our common stock are entitled to dividends if and when declared by the Board of Directors from whatever assets are legally available for that purpose.

In December 2000, the Board of Directors of Jacobs approved the Amended and Restated Rights Agreement dated December 20, 2000 (the "Rights Agreement"). The Rights Agreement is intended to protect the rights of our shareholders in the event of an unsolicited takeover attempt. It is not intended to prevent a takeover of the Company on terms that are favorable and fair to all shareholders, and the Rights Agreement will not interfere with any merger approved by the Board of Directors. Pursuant to the terms of the Rights Agreement, each outstanding share of common stock has attached to it one stock purchase right (a "Right"). Each Right entitles the common stockholder to purchase, in certain circumstances generally relating to a change in control of Jacobs, one four-hundredths of a share of our Series A Junior Participating Cumulative Preferred Stock, par value \$1.00 per share (the "Series A Preferred Stock") at the exercise price of \$175.00 per share, subject to adjustment. Alternatively, the Right holder may purchase our common stock having a market value equal to two times the exercise price, or may purchase shares of common stock of the acquiring corporation having a market value equal to two times the exercise price.

The Series A Preferred Stock confers to its holders, rights as to dividends, voting and liquidation which are in preference to common stockholders. The Rights are nonvoting, are not presently exercisable, and currently trade in tandem with the common shares. In accordance with the Rights Plan, we may redeem the Rights at \$0.0025 per Right. The Rights will expire on December 20, 2010, unless earlier exchanged or redeemed.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. Other Financial Information

Supplemental Balance Sheet Information

The following table presents the components of “Miscellaneous noncurrent assets” as shown in the accompanying Consolidated Balance Sheets at September 30, 2008 and 2007 (in thousands):

	2008	2007
Deferred income taxes	\$107,597	\$ 81,843
Cash surrender value of life insurance policies	66,325	69,841
Intangible assets (a)	59,903	24,742
Prepaid pension costs	—	11,382
Project related long-term receivables	38,127	36,888
Investments	47,521	43,400
Notes receivable	1,969	3,115
Other	26,362	20,957
Total	\$347,804	\$292,168

- (a) Consists primarily of intangible assets acquired in connection with various business combinations and recorded in accordance with the provisions of SFAS No. 141— *Business Combinations* .

The following table presents the components of “Accrued liabilities” as shown in the accompanying Consolidated Balance Sheets at September 30, 2008 and 2007 (in thousands):

	2008	2007
Accrued payroll and related liabilities	\$493,249	\$371,289
Project-related accruals	112,421	81,417
Insurance liabilities	79,017	62,363
Sales and other similar taxes	48,715	41,508
Other	92,185	69,514
Total	\$825,587	\$626,091

The following table presents the components of “Other deferred liabilities” as shown in the accompanying Consolidated Balance Sheets at September 30, 2008 and 2007 (in thousands):

	2008	2007
Liabilities relating to defined benefit pension and early retirement plans	\$214,813	\$107,852
Liabilities relating to nonqualified deferred compensation arrangements	73,221	71,448
Deferred income taxes	78,578	20,976
Miscellaneous	27,629	28,548
Total	\$394,241	\$228,824

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the components of “Total accumulated other comprehensive income (loss)” as shown in the accompanying Consolidated Balance Sheets at September 30, 2008 and 2007 (in thousands):

	2008	2007
Foreign currency translation adjustments	\$ (8,819)	\$ 9,837
Adjustments relating to defined benefit pension plans	(120,301)	(19,726)
Other (a)	(150)	509
Total	<u>\$ (129,270)</u>	<u>\$ (9,380)</u>

(a) Consists of unrealized gains (losses) on available-for-sale marketable securities, and gains (losses) associated with cash flow hedges.

Supplemental Cash Flow Information

During fiscal 2008 and fiscal 2007, the Company acquired businesses for cash and stock of \$305.2 million and \$100.4 million, respectively. The following table presents the non-cash adjustments relating to these acquisitions made in preparing the Company’s Consolidated Statements of Cash Flows.

	2008	2007
Working capital	\$ (38,525)	\$ 18,523
Property and equipment	18,878	3,414
Noncurrent assets	38,386	13,447
Deferred liabilities	(5,046)	(13,791)
Minority interest	(5,823)	7,104
Goodwill	297,374	71,700

14. Segment Information

As previously discussed, we provide a broad range of technical, professional, and construction services. We provide our services through offices and subsidiaries located primarily throughout North America and Europe. We also have offices located in selected areas of Asia and Australia.

All of our operations share similar economic characteristics. For example, all of our operations are highly influenced by the general availability of qualified engineers and other technical professional staff. They also provide similar services as well as share similar processes for delivering our services. In addition, the use of technology is highly similar and consistent throughout our organization, as is our client base (with the exception of our operations outside the United States, which perform very little work for the U.S. federal government), and our quality assurance and safety programs. Furthermore, the types of information and internal reports used by management to monitor performance, evaluate results of operations, allocate resources, and otherwise manage the business support a single reportable segment. Accordingly, based on these similarities, we have concluded that our operations may be aggregated into one reportable segment for purposes of this disclosure.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents certain financial information by geographic area for fiscal 2008, 2007, and 2006 (in thousands):

	2008	2007	2006
Revenues (for the fiscal years ended September 30):			
United States	\$ 6,998,195	\$ 5,020,417	\$ 4,827,262
Europe	2,323,271	2,050,867	1,694,723
Canada	1,593,009	1,117,879	745,061
Asia	290,042	242,868	117,814
Other	47,642	41,939	36,410
Total	<u>\$ 11,252,159</u>	<u>\$ 8,473,970</u>	<u>\$ 7,421,270</u>
Long-Lived Assets (at September 30):			
United States	\$ 163,875	\$ 118,675	\$ 114,801
Europe	52,490	44,102	34,788
Canada	20,304	11,594	8,554
Asia	17,828	16,575	13,133
Other	1,643	1,543	—
Total	<u>\$ 256,140</u>	<u>\$ 192,489</u>	<u>\$ 171,276</u>

Revenues were earned from unaffiliated clients located primarily within the various and respective geographic areas shown. Long-lived assets consist of property and equipment, net of accumulated depreciation and amortization.

For each of the three fiscal years ended September 30, 2008, 2007, and 2006, revenues earned directly or indirectly from agencies of the U.S. federal government accounted for 16.8%, 16.6%, and 16.4%, respectively, of total revenues. For the fiscal year ended September 30, 2006, revenues earned from Valero Energy Corporation accounted for 10.2% of total revenues.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

15. Selected Quarterly Information—Unaudited

The following table presents selected quarterly financial information for each of the last three fiscal years. Amounts are presented in thousands, except for per share amounts:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
2008					
Revenues	\$2,471,817	\$2,664,794	\$2,918,927	\$3,196,621	\$11,252,159
Operating profit (a)	141,256	154,152	168,871	178,780	643,059
Earnings before taxes	153,705	155,174	169,807	178,725	657,411
Net earnings	98,370(b)	99,312	108,677	114,383	420,742(b)
Earnings per share:					
Basic	0.82(b)	0.82	0.89	0.94	3.47(b)
Diluted	0.79(b)	0.80	0.87	0.92	3.38(b)
2007					
Revenues	\$2,018,508	\$2,091,704	\$2,083,689	\$2,280,069	\$ 8,473,970
Operating profit (a)	94,374	102,489	115,704	129,389	441,956
Earnings before taxes	95,723	105,041	116,863	131,015	448,642
Net earnings	61,262	67,226	74,750	83,892	287,130
Earnings per share:					
Basic	0.52	0.57	0.63	0.70	2.42
Diluted	0.51	0.55	0.61	0.68	2.35
2006					
Revenues	\$1,683,458	\$1,832,450	\$1,926,071	\$1,979,291	\$ 7,421,270
Operating profit (a)	67,413	69,440	79,571	85,132	301,556
Earnings before taxes	67,227	69,550	79,094	89,416	305,287
Net earnings	43,025	44,500	50,632	58,726	196,883
Earnings per share:					
Basic	0.37	0.38	0.43	0.50	1.69
Diluted	0.36	0.37	0.42	0.49	1.64

(a) Operating profit represents revenues, less direct costs of contracts, and selling, general and administrative expenses.

(b) Includes a one-time net gain of \$5.4 million relating to the sale, in the first quarter of fiscal 2008, of the Company's interest in a company that provides specialized operations and maintenance services. The effects of this gain on basic and diluted earnings per share for both the first quarter of fiscal 2008 and fiscal year 2008 was \$0.04.

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Report of Ernst & Young LLP Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Jacobs Engineering Group Inc.

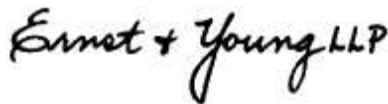
We have audited the accompanying consolidated balance sheets of Jacobs Engineering Group Inc. and subsidiaries as of September 30, 2008 and 2007, and the related consolidated statements of earnings, changes in stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jacobs Engineering Group Inc. and subsidiaries at September 30, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 7 to the consolidated financial statements, in 2007 the Company adopted the provisions of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statement No. 87, 88, 106 and 132(R)."

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Jacobs Engineering Group Inc.'s internal control over financial reporting as of September 30, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 20, 2008 expressed an unqualified opinion thereon.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
November 20, 2008

**Report of Ernst & Young LLP
Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders
Jacobs Engineering Group Inc.

We have audited Jacobs Engineering Group Inc.'s internal control over financial reporting as of September 30, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Jacobs Engineering Group Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

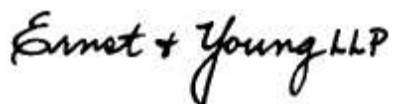
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Jacobs Engineering Group Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Jacobs Engineering Group Inc. and subsidiaries as of September 30, 2008 and 2007, and the related consolidated statements of earnings, changes in stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2008 and our report dated November 20, 2008 expressed an unqualified opinion thereon.

The image shows a handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
November 20, 2008

CERTIFICATE OF SECRETARY

The undersigned hereby certifies that:

1. The undersigned is the duly elected and acting Secretary of Jacobs Engineering Group Inc., a Delaware corporation (the “Company”); and
2. The attached Bylaws constitute the Bylaws of the Company as of the date of this certificate as amended and authorized by the Board of Directors on November 20, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed by name and affixed the seal of the Company on this 24th day of November, 2008.

/s/ Michael S. Udovic
Michael S. Udovic
Secretary

SEAL

**BYLAWS OF
JACOBS ENGINEERING GROUP INC.
(A DELAWARE CORPORATION)**

November 20, 2008

ARTICLE I.

OFFICES

SECTION 1.01 REGISTERED OFFICE. The registered office of Jacobs Engineering Group Inc. (hereinafter called the "Corporation") in the State of Delaware shall be at 1209 Orange Street, Wilmington, and the name of the registered agent at that address shall be The Corporation Trust Company.

SECTION 1.02 PRINCIPAL OFFICE. The principal office for the transaction of the business of the Corporation shall be at 1111 South Arroyo Parkway, Pasadena, California. The Board of Directors (hereinafter called the "Board") is hereby granted full power and authority to change said principal office from one location to another.

SECTION 1.03 OTHER OFFICES. The Corporation may also have an office or offices at such other place or places, either within or without the State of Delaware, as the Board may from time to time determine or as the business of the Corporation may require.

ARTICLE II.

MEETINGS OF STOCKHOLDERS

SECTION 2.01 ANNUAL MEETINGS. Annual meetings of the stockholders of the Corporation for the purpose of electing directors and for the transaction of such other proper business as may come before such meetings shall be held on the fourth Thursday in January of each year if not a legal holiday, and if a legal holiday, then on the next business day following, at 3:30 P.M., or at such other time or date as the Board shall determine by resolution.

SECTION 2.02 SPECIAL MEETINGS. Special meetings of the stockholders for any purpose or purposes may be called by the Board, by a committee of the Board that has been duly designated by the Board and whose powers and authority, as provided in a resolution of the Board or in these Bylaws, include the power to call such meetings or by the Chairman of the Board. Unless otherwise prescribed by statute or by the Certificate of Incorporation, special meetings may not be called by any other person or persons. No business may be transacted at any special meeting of stockholders other than such business as may be designated in the notice calling such meeting.

SECTION 2.03 PLACE OF MEETINGS. All meetings of the stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be designated by the person or persons calling the respective meeting and specified in the respective notices or waivers of notice thereof.

SECTION 2.04 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange

of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) nor less than ten (10) days prior to any other action.

If the Board does not so fix a record date, then: (i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (ii) The record date for determining stockholders for any other purpose shall be at the day on which the first written consent is expressed; (iii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 2.05 NOTICE OF MEETINGS. Except as otherwise required by law, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a typewritten or printed notice thereof to the stockholder personally, or by depositing such notice in the United States mail, in a postage prepaid envelope, directed to the stockholder at the address furnished by the stockholder to the Secretary of the Corporation for such purpose or, if the stockholder shall not have furnished to the Secretary of the Corporation an address for such purpose, then at the address of the stockholder last known to the Secretary, or by a form of electronic transmission consented to by the stockholder to whom the notice is given, except to the extent prohibited by Section 232(e) of the Delaware General Corporation Law.

Any consent to receive notice by electronic transmission shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Notice given as provided above shall be deemed given to the stockholder as follows: (i) if by personal delivery, when delivered to the stockholder; (ii) if by mail, when deposited in the United States mail; (iii) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (iv) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (v) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (a) such posting and (b) the giving of such separate notice; and (vi) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Except as otherwise expressly required by law, no publication of any notice of a meeting of the stockholders shall be required. Every notice of a meeting of the stockholders shall state the place, date and hour of the meeting, and, in the case of a special meeting, shall also state the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall have waived such notice and such notice shall be deemed waived by any

stockholders who shall attend such meeting in person or by proxy, except as for stockholders who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise expressly required by law, notice of any adjourned meeting of the stockholders need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 2.06 ADVANCE NOTICE OF STOCKHOLDER NOMINEES. Only persons who are nominated in accordance with the procedures set forth in this Section 2.06 shall be eligible for election as Directors. Nominations of persons for election to the Board of the Corporation may be made at a meeting of stockholders by or at the direction of the Board or by any stockholder of the Corporation entitled to vote in the election of Directors at the meeting who complies with the notice procedures set forth in this Section 2.06. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposed to nominate for election or re-election a Director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation which are beneficially owned by such person and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such persons' written consent to being named in the proxy statement, if any, as a nominee and to serving as a Director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such stockholder and (ii) the class and number of shares of the Corporation that are beneficially owned by such stockholder. At the request of the Board any person nominated by the Board for election as a Director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.06. The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 2.07 QUORUM. Except in the case of any meeting for the election of directors summarily ordered as provided by law, the holders of record of a majority in voting interest of the shares of stock of the Corporation entitled to be voted thereat, present in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders of the Corporation or any adjournment thereof. In the absence of a quorum at any meeting or any adjournment thereof, a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat or, in the absence thereof from of all the stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted that might have been transacted at the meeting as originally called.

SECTION 2.08 VOTING.

- (a) Each stockholder shall, at each meeting of the stockholders, be entitled to vote in person or by proxy each share or fractional share of the stock of the Corporation that has voting rights on the matter in question and that has been held by him and registered in his name on the books of the Corporation (i) on the date fixed pursuant to Section 6.05 of these Bylaws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting, or (ii) if no such record date shall have been so fixed, then (a) at the close of business on the day next preceding the day on which notice of the meeting shall be given or (b) if notice of the meeting shall be waived, at the close of business on the day next preceding the day on which the meeting shall be held.
- (b) Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors in such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes. Persons holding stock of the Corporation in a fiduciary capacity shall be entitled to vote such stock. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of the Corporation he shall have expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent such stock and vote thereon. Stock having voting power standing of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or with respect to which two or more persons have the same fiduciary relationship, shall be voted in accordance with the provisions of the General Corporation Law of the State of Delaware.
- (c) Any such voting rights may be exercised by the stockholder entitled thereto in person or by his proxy appointed by an instrument in writing, subscribed by such stockholder or by his attorney thereunto authorized and delivered to the secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after three years from its date unless said proxy shall provide for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless he shall in writing so notify the secretary of the meeting prior to the voting of the proxy. At any meeting of the stockholders all matters, except as otherwise provided by the Certificate of Incorporation, in these Bylaws or by law, shall be decided by the vote of a majority of the shares present in person or by proxy and entitled to vote thereat and thereon, a quorum being present. The vote at any meetings of the stockholders on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and it shall state the number of shares voted.

SECTION 2.09 LIST OF STOCKHOLDERS. The Secretary of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held,

which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the duration thereof, and may be inspected by any stockholder who is present. Such list shall presumptively determine the identity of the stockholders entitled to notice of and to vote at the meeting and the number of shares held by each of them.

SECTION 2.10 JUDGES. If at any meeting of the stockholders a vote by written ballot shall be taken on any question, the chairman of such meeting may appoint a judge or judges to act with respect to such vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of his ability. Such judges shall decide upon the qualification of the voters and shall report the number of shares represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and, when the voting is completed, shall ascertain and report the number of shares voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Secretary of the Corporation. The judges need not be stockholders of the Corporation, and any officer of the Corporation may be a judge on any question other than a vote for or against a proposal in which he shall have a material interest.

SECTION 2.11 ACTION WITHOUT A MEETING NOT PERMITTED. No action shall be taken by the stockholders except at an annual or special meeting of stockholders. The power of the stockholders to consent in writing without a meeting to the taking of any action is specifically denied.

SECTION 2.12 CONDUCT OF MEETINGS OF STOCKHOLDERS. Subject to the following, meetings of stockholders generally shall follow accepted rules of parliamentary procedure:

- (a) The chairman of the meeting shall have absolute authority over matters of procedure and there shall be no appeal from the ruling of the chairman. If the chairman, in his absolute discretion, deems it advisable to dispense with the rules of parliamentary procedure as to any one meeting of stockholders or part thereof, the chairman shall so state and shall clearly state the rules under which the meeting or appropriate part thereof shall be conducted.
- (b) If disorder should arise that prevents continuation of the legitimate business of the meeting, the chairman may quit the chair and announce the adjournment of the meeting; and, upon his so doing, the meeting shall be immediately adjourned.
- (c) The chairman may ask or require that anyone not a bona fide stockholder or proxy leave the meeting.
- (d) A resolution or motion shall be considered for vote only if proposed by a stockholder or duly authorized proxy and seconded by an individual who is a stockholder or a duly authorized proxy, other than the individual who proposed the resolution or motion.

ARTICLE III.

BOARD OF DIRECTORS

SECTION 3.01 GENERAL POWERS. The property, business and affairs of the Corporation shall be managed by the Board.

SECTION 3.02 NUMBER AND TERM OF OFFICE. The authorized number of directors shall be eleven (11) until changed by a duly adopted amendment to this Bylaw. Each of the directors of the Corporation shall hold office until his successor shall have been duly elected and shall qualify or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3.03 ELECTION OF DIRECTORS. At all meetings of stockholders for the election of directors at which a quorum is present, each director then standing for election shall be elected by the vote of the majority of the votes cast; provided, that if as of a date that is five (5) business days in advance of the date the Corporation files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission the number of nominees exceeds the number of directors to be elected, the directors, not exceeding the authorized number of directors set forth in Section 3.02 of these Bylaws, shall be elected by a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section 3.03, a majority of the votes cast means that the number of shares voted “for” a director must exceed the number of shares voted “against” that director. If, for any cause, the entire Board of Directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

SECTION 3.04 RESIGNATIONS. Any director of the Corporation may resign at any time by giving written notice to the Board or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, it shall take effect immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.05 VACANCIES. Except as otherwise provided in the Certificate of Incorporation, any vacancy in the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by vote of the majority of the remaining directors, although less than a quorum. Each director so chosen to fill a vacancy shall hold office until the annual meeting immediately following such director’s election by the Board, unless the appointment occurred less than 30 days prior to such meeting, in which case such director shall stand for election at the following year’s annual meeting, and, in either case, if elected by the stockholders, such director shall hold office for the remainder of the term of the class of directors in which the new directorship was created or the vacancy occurred and until his successor shall have been elected and shall qualify or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3.06 PLACE OF MEETING. The Board may hold any of its meetings at such place or places within or without the State of Delaware as the Board may from time to time by resolution designate or as shall be designated by the person or persons calling the meeting or in the notice or a waiver of notice of any such meeting. Directors may participate in any regular or special meeting of the Board by means of conference telephone or similar communications equipment pursuant to which all persons participating in the meeting of the Board can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 3.07 FIRST MEETING. The Board shall meet as soon as practicable after each annual election of directors and notice of such first meeting shall not be required.

SECTION 3.08 REGULAR MEETINGS. Regular meetings of the Board may be held at such times as the Board may from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour and place on the next succeeding business day not a legal holiday. Except as provided by law, notice of regular meetings need not be given.

SECTION 3.09 SPECIAL MEETINGS. Special meetings of the Board may be called by the Chairman of the Board of Directors, the Vice Chairmen of the Board, if any, or the President and Chief Executive Officer and shall be called by the President and Chief Executive Officer or Secretary on the written request of two directors. Notice of all special meetings of the Board shall be given to each director at the address, facsimile number or electronic mail address provided by the director to the Secretary of the Corporation, or in the absence of such information, at the last known address, facsimile number or electronic mail address of the director, as follows:

- (a) By first-class mail, postage prepaid, deposited in the United States mail in the city where the principal office of the Corporation is located at least five (5) days before the date of such meeting; or
- (b) By personal delivery at least twenty-four (24) hours prior to the time of holding such meeting; or
- (c) By facsimile directed to the director's facsimile number at least twenty-four (24) hours prior to the time of holding such meeting; or
- (d) By electronic mail directed to the director's electronic mail address at least twenty-four (24) hours prior to the time of holding such meeting.

It shall not be necessary that the same method of giving notice be employed in respect of all directors.

Such notice may be waived by any director and any meeting shall be a legal meeting without notice having been given if all the directors shall be present thereat or if those not present shall, either before or after the meeting, sign a written waiver of notice of, or a consent to, such meeting or shall after the meeting sign the approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or be made a part of the minutes of the meeting.

SECTION 3.10 QUORUM AND MANNER OF ACTING. Except as otherwise provided in the Certificate of Incorporation or these Bylaws or by law, the presence of a majority of the total number of directors then in office shall be required to constitute a quorum for the transaction of business at any meeting of the Board. Except as otherwise provided in the Certificate of Incorporation or these Bylaws or by law, all matters shall be decided at any such meeting, a quorum being present, by the affirmative votes of a majority of the directors present. In the absence of a quorum, a majority of directors present at any meeting may adjourn the same from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a Board, and the individual directors shall have no power as such.

SECTION 3.11 ACTION BY CONSENT. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 3.12 MANIFESTATION OF DISSENT. A director of the Corporation who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 3.13 COMPENSATION. The directors shall receive only such compensation for their services as directors as may be allowed by resolution of the Board. The Board may also provide that the Corporation shall reimburse each such director for any expense incurred by him on account of his attendance at any meetings of the Board or Committees of the Board. Neither the payment of such compensation nor the reimbursement of such expenses shall be construed to preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

SECTION 3.14 EXECUTIVE COMMITTEE. There may be an Executive Committee of three or more directors appointed by the Board, who may meet at stated times, or on notice to all members of such Committee by any of their own number, during the intervals between the meetings of the Board; they shall advise and aid the officers of the Corporation in all matters concerning its interests and the management of its business, and generally perform such duties and exercise such powers as may be directed or delegated by the Board from time to time. To the full extent permitted by law, the Board may delegate to such Committee authority to exercise all the powers of the Board while the Board is not in session. Vacancies in the members of the Committee shall be filled by the Board at a regular meeting or at a special meeting for that purpose. The Executive Committee shall keep written minutes of its meeting and report the same to the Board when required. The provisions of Sections 3.08, 3.09 and 3.11 of these Bylaws shall apply, mutatis mutandis, to any Executive Committee of the Board.

SECTION 3.15 EMERGENCY MANAGEMENT COMMITTEE. The Board of Directors, by resolution, may provide for an Emergency Management Committee and appoint members or designate the manner in which membership of the Committee shall be determined. The emergency powers granted hereunder shall be operative during any emergency resulting from an attack on the United States or during any nuclear or atomic disaster or during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors or a standing committee thereof cannot readily be convened for action (an "emergency condition"). Said Committee shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation. It shall act only during such emergency condition and so long as the number of Directors able to act shall have been reduced to fewer than five, and until a Board of Directors has been elected by the stockholders. Such Committee shall meet as promptly as possible after the commencement of such an emergency condition as would activate the Committee and at such subsequent time or times as it may designate until a Board of Directors has been duly elected. Such Committee shall as the first order of business elect an Emergency Executive Committee from among its members and a chairman thereof, who shall be the chief executive officer of the Corporation. Such Executive Committee shall function in the same manner and possess the same powers as the Executive Committee of the Board of Directors, as provided in Article III of these Bylaws, and shall have as many members as shall be provided by resolution of the Board. Such Committees shall make their own rules of procedure except to the extent otherwise provided by resolution of the Board. A majority of the members of the Committees able to act shall constitute a quorum. The physical presence of a member shall not be required if his vote on an action to be taken can be obtained by available means of communication. Any vacancy occurring in said Committees caused by resignation, death or other incapacity may be filled by a majority of the remaining members of the Emergency Management Committee and any member so chosen shall serve until a Board of Directors has been duly elected.

SECTION 3.16 OTHER COMMITTEES. The Board may, by resolution passed by a majority of the whole Board, designate one or more other committees, each such committee to consist of one or more of the directors of the Corporation. To the full extent permitted by law, any such committee shall have and may exercise such powers and authority as the Board may designate in such resolution. Vacancies in the membership of a committee shall be filled by the Board at a regular meeting or a special meeting for that purpose. Any such committee shall keep written minutes of its meetings and report the same to the Board when required. The provisions of Sections 3.08, 3.09, 3.10, 3.11 and 3.12 of these Bylaws shall apply, mutatis mutandis, to any such committee of the Board.

ARTICLE IV.

OFFICERS

SECTION 4.01 NUMBER. The officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Presidents (including Executive Vice Presidents, Group Vice Presidents and Senior Vice Presidents), a Secretary and a Treasurer. The Chief Executive Officer of the Corporation shall be such officer as the Board shall from time to time designate. The Board may also elect a Vice Chairman of the Board and one or more Assistant Secretaries and Assistant Treasurers. A person may hold more than one office provided that the duties thereof can be consistently performed by the same person.

SECTION 4.02 OTHER OFFICERS. The Board may appoint such other officers as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

SECTION 4.03 ELECTION. Each of the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 4.02 or Section 4.05 of this Article, shall be chosen annually by the Board and shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

SECTION 4.04 SALARIES. The salaries of all officers of the Corporation shall be fixed by the Board.

SECTION 4.05 REMOVAL; VACANCIES. Subject to the express provisions of a contract authorized by the Board, any officer may be removed, either with or without cause, at any time by the Board or by any officer upon whom such power of removal may be conferred by the Board. Any vacancy occurring in any office of the Corporation shall be filled by the Board.

SECTION 4.06 THE CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the stockholders and directors and shall have such other powers and duties as may be prescribed by the Board or by applicable law. He shall be an ex-officio member of standing committees, if so provided in the resolutions of the Board appointing the members of such committees.

SECTION 4.07 THE VICE CHAIRMAN OF THE BOARD. In the absence of the Chairman of the Board the Vice Chairman of the Board, if there be such an officer, shall have all the powers and shall exercise all the duties of the Chairman of the Board.

SECTION 4.08 THE PRESIDENT AND CHIEF EXECUTIVE OFFICER. Unless otherwise determined by the Board, the President shall be the Chief Executive Officer of the Corporation and subject to the direction and control of the Board and the Chairman, the President and Chief Executive Officer shall have general supervision, control and management of the affairs and business of the Corporation, and general charge and supervision of all officers, agents and employees of the Corporation; shall ensure that all orders and resolutions of the Board are carried into effect; shall, in the absence of the Chairman of the Board and Vice Chairman of the Board, if any, preside at all meetings of the stockholders and the Board; and in general shall exercise all powers and perform all duties incident to the office of the President and Chief Executive Officer and such other powers and duties as may from time to time be assigned by the Board or as may be prescribed by these Bylaws.

The President and Chief Executive Officer may execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation.

SECTION 4.09 THE EXECUTIVE VICE PRESIDENTS. In the absence of the President and Chief Executive Officer or in the event of the inability or refusal of the President and Chief Executive Officer to act, the Executive Vice Presidents, if any, (in the order of their rank, as specified by the Board, or in the absence of such specification then in the order of their elections) shall perform all duties of the President and Chief Executive Officer and when so acting shall have all of the powers of and be subject to all the restrictions upon, the President and Chief Executive Officer. The Executive Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them by the President and Chief Executive Officer, the Board or these Bylaws.

SECTION 4.10 THE VICE PRESIDENTS. In the absence of the Executive Vice Presidents or in the event of the inability or refusal of the Executive Vice Presidents to act, the Group Vice Presidents and Senior Vice Presidents, if any, or, if none, the Vice Presidents, (in the order of their rank, as specified by the Board, or in the absence of such specification, then in the order of their election) shall perform the duties of the President and Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and Chief Executive Officer. The Group Vice Presidents, Senior Vice Presidents and Vice Presidents shall have such other powers and perform such other duties as may from time to time be prescribed for them by the President and Chief Executive Officer, the Board or these Bylaws.

SECTION 4.11 THE SECRETARY AND ASSISTANT SECRETARY. The Secretary shall attend all meetings of the Board and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board in a book to be kept for that purpose and shall perform like duties for the standing and special committees of the Board when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or President and Chief Executive Officer, under whose supervision he shall act. He shall have custody of the corporate seal of the Corporation and he, or an assistant secretary, shall have authority to affix the same to an instrument requiring it and, when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing of his signature.

The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or his refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

SECTION 4.12 THE TREASURER. The Treasurer shall be the chief financial officer of the Corporation and may be referred to by that title shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, making proper vouchers for such disbursements, and shall render to the President and Chief Executive Officer and the Board, at its regular meetings, or when the Board so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

If required by the Board, the Treasurer shall give the Corporation a bond in such sum and with such surety as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 4.13 THE ASSISTANT TREASURER. The assistant treasurer, or if there be more than one, the assistant treasurers in the order determined by the Board (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

ARTICLE V.

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

SECTION 5.01 CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness payable by the Corporation shall be signed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board. Each such person or persons shall give such bond, if any, as the Board may require.

SECTION 5.02 DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the President and Chief Executive Officer, any Executive, Group, Senior or other Vice President or the Treasurer (or any other officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation who shall from time to time be determined by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

SECTION 5.03 GENERAL AND SPECIAL BANK ACCOUNTS. The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

ARTICLE VI.

SHARES AND THEIR TRANSFER

SECTION 6.01 CERTIFICATES FOR STOCK. Shares of the Corporations stock may be certificated or uncertificated; *provided, however*, that every owner of stock of the Corporation shall be entitled to have a certificate or certificates, to be in such form as the Board shall prescribe, certifying the number and class of shares of the stock of the Corporation owned by him. Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificated shares of the same class and series shall be identical. The certificates representing shares of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chairman, Vice Chairman or President and Chief Executive Officer or an Executive, Group, Senior or other Vice President, and by the Secretary or an Assistant Secretary or the

Treasurer or an Assistant Treasurer. Any of or all of the signatures on the certificates may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature has been placed upon, any such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature shall have been placed thereupon, were such officer, transfer agent or registrar at the date of issue. A record shall be kept of the respective names of the persons, firms or corporations owning the Corporation's stock whether or not represented by such certificates, the number and class of shares owned thereby, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Upon a holder's request, the Corporation shall provide evidence of any equivalent uncertificated shares. Every certificate surrendered to the Corporation for exchange or transfer shall be cancelled, and no new certificated or uncertificated share or shares shall be issued in exchange for any existing certificate until such existing certificate shall have been cancelled, except in cases provided for in Section 6.04.

SECTION 6.02 TRANSFERS OF STOCK. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purpose as regards the Corporation. Transfers of shares of stock of the Corporation shall be registered on the books of the Corporation or a transfer agent appointed as provided in Section 6.03, and may only be made upon instruction of the registered holder thereof, or of his attorney thereunto authorized by power of attorney duly executed, and the payment of all taxes thereon. Upon surrender of a certificate of shares to the Corporation or its transfer agent, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, and with such proof of the authenticity of the signature and of authority to transfer, and of payment of transfer taxes, as the Corporation or its agents may require, the Corporation shall cancel the old certificate and issue new equivalent certificated or uncertificated shares to the person entitled thereto, and record the transaction upon its books. Upon receipt of proper transfer instructions from the holder of uncertificated shares, and of payment of transfer taxes as the Corporation or its agents may require, the Corporation shall cancel such uncertificated shares and issue new equivalent certificated or uncertificated shares to the person entitled thereto, and record the transaction upon its books. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be so expressed in the entry of transfer if, when the certificate or certificates shall be presented to the Corporation for registration of transfer, both the transferor and the transferee request the Corporation to do so.

SECTION 6.03 REGULATIONS. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificates for shares of the stock of the Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

SECTION 6.04 LOST, STOLEN, DESTROYED, AND MUTILATED CERTIFICATES. In any case of loss, theft, destruction or mutilation of any certificate of stock, the Corporation may issue new equivalent certificated or uncertificated shares in its place upon proof of such loss, theft, destruction or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sums as the Board may direct; provided, however, that such new shares may be issued without requiring any bond when, in the judgment of the Board, it is proper so to do.

SECTION 6.05 FIXING DATE FOR DETERMINATION OF STOCKHOLDERS OF RECORD. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other

distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) nor less than twenty (20) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders the Board shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

ARTICLE VII.

INDEMNIFICATION

SECTION 7.01 ACTIONS OTHER THAN BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or as a member of any committee or similar body, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

SECTION 7.02 ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or as a member of any committee or similar body, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 7.03 DETERMINATION OF RIGHT OF INDEMNIFICATION. Any indemnification under Section 7.01 or 7.02 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections

7.01 and 7.02. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

SECTION 7.04 INDEMNIFICATION AGAINST EXPENSES OF SUCCESSFUL PARTY. Notwithstanding the other provisions of this Article, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 or 7.02, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 7.05 ADVANCE OF EXPENSES. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board upon receipt of an undertaking by or on behalf of the director or officer, to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

SECTION 7.06 OTHER RIGHTS AND REMEDIES. The benefits provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7.07 INSURANCE. Upon resolution passed by the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him or hold him harmless against such liability under the provisions of this Article.

SECTION 7.08 CONSTITUENT CORPORATIONS. For the purposes of this Article, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, and shall also include without limitation Jacobs Engineering Group Inc., a California corporation, so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

SECTION 7.09 EMPLOYEE BENEFIT PLANS. For purposes of this Article, references to "other enterprises" shall include employee benefit plans, and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation that imposes a duty on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

SECTION 7.10 BROADEST LAWFUL INDEMNIFICATION. In addition to the foregoing, the

Corporation shall, to the broadest and maximum extent permitted by Delaware law, as the same exists from time to time (but, in case of any amendment to or change in Delaware law, only to the extent that such amendment or change permits the Corporation to provide broader rights of indemnification than is permitted to the Corporation prior to such amendment or change), indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding than is permitted to the Corporation prior to such amendment or change), pay to such person any and all expenses (including attorneys' fees) incurred in defending or settling any such action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer, to repay such amount if it shall ultimately be determined by a final judgment or other final adjudication that he is not entitled to be indemnified by the Corporation as authorized in this Section 7.10. The first sentence of this Section 7.10 notwithstanding, the Corporation shall not indemnify any such person with respect to any of the following matters: (i) remuneration paid to such person if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law; or (ii) any accounting of profits made from the purchase or sale by such person of the Corporation's securities within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law; or (iii) actions brought about or contributed to by the dishonesty of such person, if a final judgment or other final adjudication adverse to such person establishes that acts of active and deliberate dishonesty were committed or attempted by such person with actual dishonest purpose and intent and were material to the adjudication; or (iv) actions based on or attributable to such person having gained any personal profit or advantage to which he was not entitled, in the event that a final judgment or other final adjudication adverse to such person establishes that such person in fact gained such personal profit or other advantage to which he was not entitled; or (v) any matter in respect of which a final decision by a court with competent jurisdiction shall determine that indemnification is unlawful; provided, however, that the Corporation shall perform its obligations under the second sentence of this Section 7.10 on behalf of such person until such time as it shall be ultimately determined by a final judgment or other final adjudication that he is not entitled to be indemnified by the Corporation as authorized by the first sentence of this Section 7.10 by virtue of any of the preceding clauses (i), (ii), (iii), (iv) or (v).

SECTION 7.11 INDEMNITY FUND. Upon resolution passed by the Board, the Corporation may establish a trust or other designated account, grant a security interest or use other means (including, without limitation, a letter of credit), to ensure the payment of any or all of its obligations arising under this Article VII and/or any agreements that may be entered into between the Corporation and its officers and directors from time to time.

SECTION 7.12 SEVERABILITY. If any part of this Article VII shall be found, in any action, suit or proceeding or appeal therefrom or in any other circumstances or as to any particular officer, director, employee or agent to be unenforceable, ineffective or invalid for any reason, the enforceability, effect and validity of the remaining parts or of such parts in other circumstances shall not be affected, except as otherwise required by applicable law.

SECTION 7.13 AMENDMENTS. The foregoing provisions of this Article VII shall be deemed to constitute an agreement between the Corporation and each of the persons entitled to indemnification hereunder, for as long as such provisions remain in effect. Any amendment to the foregoing provisions of this Article VII which limits or otherwise adversely affects the scope of indemnification or rights of any such persons hereunder shall, as to such persons, apply only to claims arising, or causes of action based

on actions or events occurring, after such amendment and delivery of notice of such amendment is given to the person or persons so affected. Until notice of such amendment is given to the person or persons whose rights hereunder are adversely affected, such amendment shall have no effect on such rights of such persons hereunder. Any person entitled to indemnification under the foregoing provisions of this Article VII shall as to any act or omission occurring prior to the date of receipt of such notice, be entitled to indemnification to the same extent as had such provisions continued as Bylaws of the Corporation without such amendment.

ARTICLE VIII.

MISCELLANEOUS

SECTION 8.01 SEAL. The Board shall provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and words and figures showing that the Corporation was incorporated in the State of Delaware and the year of incorporation.

SECTION 8.02 WAIVER OF NOTICES. Whenever notice is required to be given by these Bylaws or the Certificate of Incorporation or by law, the person entitled to said notice may waive such notice in writing, either before or after the time stated therein, and such waiver shall be deemed equivalent to notice.

SECTION 8.03 FISCAL YEAR. The fiscal year of the Corporation shall begin the first day of October in each year.

SECTION 8.04 AMENDMENTS. Subject to the provisions of the Certificate of Incorporation, these Bylaws and applicable law, these Bylaws or any of them may be amended or repealed and new Bylaws may be adopted (a) by the Board, by vote of a majority of the number of directors then in office or (b) by the vote of the holders of not less than seventy-five (75%) percent of the total voting power of all outstanding shares of voting stock of the Corporation in an annual meeting of stockholders, without previous notice, or at any special meeting of stockholders, provided that notice of such proposed amendment, repeal or adoption is given in the notice of special meeting. Subject to the provisions of the Certificate of Incorporation, any Bylaws adopted or amended by the stockholders may be amended or repealed by the Board or the stockholders.

SECTION 8.05 VOTING STOCK. Unless otherwise ordered by the Board, the Chairman of the Board, the President and Chief Executive Officer and each Executive, Group, Senior or other Vice President shall have full power and authority on behalf of the Corporation to attend and to act and vote at any meeting of the stockholders of any corporation in which the Corporation may hold stock and at any such meeting shall possess and may exercise any and all rights and powers that are incident to the ownership of such stock and which as the owner thereof the Corporation may have possessed and exercised if present. The Board by resolution from time to time may confer like powers upon any other person or person.

Jacobs Engineering Group Inc.
Global Employee Stock Purchase Plan
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Global Employee Stock Purchase Plan

1. Purpose of the Plan

This 2001 Global Employee Stock Purchase Plan is intended to advance the interests of Jacobs Engineering Group Inc. by encouraging stock ownership by employees of Jacobs Engineering Group Inc. and certain subsidiaries of Jacobs Engineering Group Inc.

2. Definitions

- (a) "Act" shall mean, the Securities Act of 1933, as amended.
- (b) "Administrator" shall mean, the bank, brokerage firm, financial institution, or other entity or person(s) engaged, retained or appointed by the Committee to act as the agent of the Employer and of the Participants under the Plan from time to time.
- (c) "Addendum or Addenda" shall mean, individually and collectively, the appendices A to I hereto and such other additional appendices as may be added to this Plan at the discretion of the Committee. Each appendix will govern the operation of the Plan in respect of Designated Subsidiaries in countries named in the appendix and will be considered part of the Plan. Unless otherwise stated, the applicable appendix for the country will govern the operation of the Plan in that country and to that extent the appendix will override other parts of this Plan.
- (d) "Board" shall mean, the Board of Directors of the Company.
- (e) "Closing Value" shall mean, as of a particular date, the value of a Share determined by:
 - (i) the closing sale price for such Share (or the closing bid, if no sales were reported) as quoted on The New York Stock Exchange, or such other established stock exchange or national market system on which the Share is listed or traded, for the day for which the Closing Value is to be determined.
 - (ii) such other valuation method as required under the applicable Local Law.In the event that the foregoing valuation method is not practicable, the "Closing Value" shall be determined by such other reasonable valuation method as the Committee shall, in its discretion, select and apply in good faith as of such date.
- (f) "Code" shall mean, the United States Internal Revenue Code of 1986, as amended and currently in effect, or any successor body of federal tax law in the United States.
- (g) "Committee" shall mean, the Board of Directors of the Company, a designated committee thereof, or the person(s) or entity delegated the responsibility of administering the Plan.
- (h) "Company" shall mean, Jacobs Engineering Group Inc., including any successor thereto.
- (i) "Compensation" shall mean, unless otherwise required by the applicable Local Law, regular fixed basic gross compensation. "Compensation" does not include, unless otherwise required by the applicable Local Law:
 - (i) any bonus, overtime payment, contribution to an employee benefit plan or other similar payment or contribution;

- (ii) amounts realized from the exercise, sale, exchange or other disposition of a non-qualified stock option or sale, exchange or other disposition of a stock acquired under a non-qualified stock option;
 - (iii) amounts realized when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture or becomes fully owned by the Employee;
 - (iv) amounts realized from the exercise, sale, exchange, or other disposition of a qualified or incentive stock option or sale, exchange or other disposition of stock acquired under a qualified or incentive stock option;
 - (v) moving allowances, automobile allowances, tuition reimbursement, financial/tax planning reimbursement, lunch vouchers, house allowances, and other allowances that receive special tax benefits, other extraordinary compensation, including tax “gross- up” payments, and imputed income from other employer-provided benefits; and
 - (vi) other amounts that receive special tax benefits, such as, but not limited to, premiums for group term life insurance or contributions made by the Employer (whether or not under salary reduction agreement) or mandatory payments made by the Employer to the Employee under the applicable law of the jurisdiction in which the Employer of this Employee is located or the Employee is employed or resides.
- (j) “Designated Subsidiary or Designated Subsidiaries” shall mean, those Subsidiaries whose Employees have been designated by the Board, in its sole discretion, as eligible to participate in the Plan.
- (k) “Election Period” shall mean, the period during which Participants in the Plan authorize payroll deductions or provide alternative contributions to fund the purchase of Shares on their behalf under the Plan pursuant to the right to purchase Shares granted to them hereunder. Alternative contributions for the purpose of this Plan shall mean, payment of contributions to fund the purchase of Shares under the Plan, pursuant to the right to purchase Shares granted to the Participants hereunder, through such other means as authorized by the Committee, including, but not limited to, personal checks of the Participants. As determined by the Committee, Election Period may vary from country to country or Designated Subsidiary to Designated Subsidiary.
- (l) “Eligible Employee” shall mean, subject to the applicable Local Law, an Employee of a Designated Subsidiary with one (1) year service on an Enrollment Date. Subject to the applicable Local Law, Employees of Designated Subsidiaries that have become Subsidiaries by reason of having been acquired by the Company or a Subsidiary and companies that have been merged with the Company or a Subsidiary may, at the discretion of the Committee, receive credit for the time they have worked for such acquired or merged company prior to the affiliation with the Company or Designated Subsidiary.

Subject to the applicable Local Law, the Committee in its sole discretion may determine that the following Employees shall not be Eligible Employees under the Plan:

- (i) Employees whose customary employment is less than 20 hours per week or who are employed for less than five months in any calendar year;

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- (ii) Employees who are not actively employed by the Employer at the beginning of a six-month Election Period, including Employees who are on disability, or leave of absence;
 - (iii) Any Employee who would own more than five (5) percent of the common stock in the Company immediately after the Share purchase opportunity is granted to them under the Plan. Shares that the Employee may purchase under all outstanding stock options or such other share-based compensation plan of the Company shall be treated as stock owned by the Employee for such purposes, even though the option is not presently exercisable or the Shares are not presently receivable by the Employee;
 - (iv) Employees who are subject to Section 16(a) of the 1934 Act; and
 - (v) Employees who are eligible to participate or who participate in the Company's 1989 Employee Stock Purchase Plan.
- (m) "Employee" shall mean, subject to the applicable Local Law:
- (i) an individual who is a regular full time or part time employee of the Employer;
 - (ii) an individual who works either a full-time or part-time work schedule and who is normally included in the authorized staffing targets and budget of the Employer; and
 - (iii) an individual who has been hired on a temporary contract but who is expected to fill a permanent staffing need.
- Unless otherwise required by the applicable Local Law, Employee shall not include unionized Employees as defined by the regular practices of the Employer.
- (n) "Employer" shall mean, individually and collectively, the Company, a Designated Subsidiary and the Designated Subsidiaries.
- (o) "Enrollment Period" shall mean, the period immediately preceding the Election Period that is designated by the Committee in its discretion as the period during which an Eligible Employee may elect to participate in the Plan.
- (p) "Holding Period" shall mean, the period during which the Participant is not permitted to transfer, sell, pledge or otherwise deal in the Shares credited to the Participant's Plan Account. Unless otherwise required by the applicable Local Law, there is no Holding Period for the purposes of this Plan.
- (q) "Local Law" shall mean, the laws of the jurisdiction in which the Employer is incorporated or located or where the Employee or Participant is employed or resides including but not limited to the securities regulatory body requirements and the taxation requirements of that same jurisdiction.
- (r) "1934 Act" shall mean, the United States Securities Exchange Act of 1934, as amended, and currently in effect, or any successor body of federal securities law in the United States.
- (s) "Participant" shall mean, any Eligible Employee who has elected to participate in the Plan for an Election Period by authorizing payroll deductions or by making alternative contributions and following all applicable procedures established by the Committee during the Enrollment Period for such Election Period.

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- (t) “Plan” shall mean, this Jacobs Engineering Group 2001 Global Employee Stock Purchase Plan including Addenda hereof; as amended from time to time.
 - (u) “Plan Account” shall mean, the individual account established for each Participant for purposes of accounting for and/or holding each Participant’s payroll deductions, alternative contributions, Shares, etc. The Plan Account may be a book keeping account or a brokerage account, or such other account as determined by the Committee.
 - (v) “Plan Year” shall mean, the period of twelve (12) calendar months commencing on September 1 each year or such other period as determined by the Committee.
 - (w) “Purchase Price” shall mean, for each Share purchased in accordance with Paragraph 9 hereof, an amount equal to the lesser of:
 - (i) ninety percent (90%) of the Closing Value of a Share on the first Trading Day of each Election Period or the earliest date thereafter as is administratively feasible, which for Plan purposes shall be deemed to be the date the right to purchase such Shares was granted to each Eligible Employee who is, or elects to become, a Participant; and
 - (ii) ninety percent (90%) of the Closing Value of such Share on the last Trading Day of the Election Period or the earliest date thereafter as is administratively feasible, which for Plan purposes shall be deemed to be the date each such right to purchase such Shares was exercised).

Provided however that, the Committee may, in its sole discretion, approve, in lieu of the foregoing formula for determining the Purchase Price, the Closing Value on the last Trading Day of the Election Period multiplied by any percentage figure from eighty-five percent (85%) to one-hundred percent (100%) as selected by the Committee.

The Purchase Price determined hereunder may be in respect of one or more countries and for one or more Election Periods and shall remain in effect until changed by the Committee.

In no event, however, may the Committee select a Purchase Price that would be lower than that allowed under Section 423(b)(6) of the Code or any successor section.

- (x) “Shares” shall mean, shares of common stock, par value \$1.00 per share, of the Company.
- (y) “Subsidiary” shall mean, a corporation or other entity, domestic or foreign, of which not less than fifty percent (50%) of the voting shares are held by the Company or a Subsidiary (except for the U.K. in which this term shall mean a corporation or other entity, domestic or foreign, of which more than fifty percent (50%) ownership of the voting shares are held by the Company or a Subsidiary) whether or not such corporation or other entity now exists or is hereafter organized or acquired by the Company or a Subsidiary (or as otherwise may be defined in Code Section 424).
- (z) “Trading Day” shall mean, a day on which The New York Stock Exchange is open for trading.

3. Participation

Participation in the Plan is voluntary. All Eligible Employees of an Employer are eligible to participate in the Plan. All Eligible Employees granted rights to purchase Shares hereunder shall have the same rights and privileges as every other such Eligible Employee and only Eligible Employees of an Employer satisfying the applicable participation requirements of the Plan will be entitled to participate in the Plan.

4. Enrollment and Election Periods

(a) Enrolling in the Plan. To participate in the Plan, an Eligible Employee must enroll in the Plan. Enrollment for a given Election Period will take place during the Enrollment Period for such Election Period. The Committee shall designate the initial Enrollment Period and each subsequent Enrollment Periods and the Election Periods to which each Enrollment Period relates. Participation in the Plan with respect to any one or more of the Election Periods shall neither limit nor require participation in the Plan for any other Election Period.

(b) The Election Period. Any Employee who is an Eligible Employee and who desires to be granted rights to purchase Shares hereunder must enroll, in accordance with the procedures established by the Committee, during an Enrollment Period. Such authorization shall be effective for the Election Period immediately following such Enrollment Period.

The duration of an Election Period shall be determined by the Committee prior to the Enrollment Period; provided however that, if the Committee terminates the Plan during an Election Period, pursuant to its authority in Paragraph 17 of the Plan, such Election Period shall be deemed to end on the date the Plan is terminated. The termination of the Plan and the Election Period shall end the Participant's rights to contribute amounts to the Plan or continue participation in the Election Period. The date of termination of the Plan shall be deemed to be the final day of the Election Period for purposes of determining the Purchase Price under the Election Period and all amounts contributed during the Election Period will be used as of such termination date to purchase Shares in accordance with the provisions of Paragraph 9 of this Plan or alternatively, at the sole discretion of the Committee, refunded in cash without interest or where required under the applicable Local Law with interest.

The Committee may designate one or more Election Periods during each Plan Year during the term of this Plan. On the first day or the first Trading Day of each Election Period, as determined by the Committee, each Participant shall be granted a right to purchase Shares under the Plan. Each right granted hereunder shall expire at the end of the Election Period for which it was granted. In no event may a right granted hereunder be exercised later than the period of time specified in section 423(b)(7)(B) of the Code. Except as otherwise provided in Paragraph 9, a right to purchase Shares granted under the Plan shall be treated as exercised on the last Trading Day of each Election Period.

(c) Changing Enrollment. The offering of Shares pursuant to rights granted under the Plan shall occur only during an Election Period and shall be made only to Participants. Once an Eligible Employee is enrolled in the Plan, the Committee or the Employer will inform the Administrator of such fact.

Once enrolled, a Participant shall continue to participate in the Plan for each successive Election Period(s) until he or she terminates his or her participation by revoking his or her payroll

deduction authorization or by revoking his or her alternative contribution authorization or not contributing his or her alternative contributions or ceases to be an Eligible Employee.

Once a Participant has elected to participate under the Plan, that Participant's payroll deduction authorization or alternative contribution authorization shall apply to all subsequent Election Periods unless and until the Participant ceases to be an Eligible Employee or the Participant changes or terminates said authorization.

Unless otherwise required by the applicable Local Law if a Participant desires to change his or her rate of contribution during an Election Period such change shall be effective for the next Election Period and only if such change is made by the Participant giving notice to the Committee or the Employer in the manner established by the Committee.

5. Term of Plan

This Plan shall be in effect from September 1, 2001, and end after August 31, 2011.

6. Number and Type of Shares to Be Made Available Under The Plan

Subject to adjustment as provided in Paragraph 16 hereof, the total number of Shares made available for purchase by Participants granted rights which are exercised under Paragraph 9 hereof is, three hundred thousand (300,000) Shares, which may consist of authorized but unissued shares, treasury shares, or shares purchased by the Company in the open market. The provisions of Paragraph 9(d) shall control in the event the number of Shares covered by rights which are exercised for any Election Period exceeds the number of Shares available for sale under the Plan. If all of the Shares authorized for sale under the Plan have been sold, the Plan shall either be continued through additional authorizations of Shares made by the Board (such authorizations must, however, comply with Paragraph 17 hereof), or shall be terminated in accordance with Paragraph 17 hereof.

7. Use of Funds

All payroll deductions or alternative contributions received or held by an Employer under the Plan will be used to purchase Shares in accordance with the provisions of this Plan. Any amounts held by an Employer or other party holding amounts in connection with or as a result of payroll deductions or alternative contributions made pursuant to the Plan and pending the purchase of Shares hereunder shall be considered a non-interest-bearing, unsecured indebtedness extended to the Employer or other party by the Participants, unless otherwise required under the applicable Local Law. Administrative expenses of the Plan shall be allocated to each Participant's Plan Account unless the Employer pays such expenses. The Participant agrees to sign any and all appropriate documents to facilitate such allocation.

8. Amount of Contribution; Method of Payment

(a) Payroll Deduction or Alternative Contribution . Except as otherwise specifically provided herein, the Purchase Price will be payable by each Participant by means of payroll deduction or alternative contribution. The payroll deduction or alternative contribution shall be in increments of one

percent (1%). Unless otherwise authorized by the Committee, the minimum payroll deduction or alternative contribution permitted shall be an amount equal to two percent (2%) of a Participant's Compensation and the maximum payroll deduction or alternative contribution shall be an amount equal to fifteen percent (15%) of a Participant's Compensation. In any event, the total payroll deduction or alternative contribution permitted to be made by any Participant in any calendar year shall be limited to the sum of legal currency equivalent of U.S. \$25,000 as specified under Section 423(b)(8)(C), or such other amount as Section 423(b)(8)(C) of the Code, or any successor section, may hereafter allow. The actual percentage of Compensation to be deducted or contributed shall be specified by a Participant in his or her authorization to participate in the Plan. Unless otherwise authorized by the Committee, Participant may not deposit any separate cash payments into his/her Plan Account.

Payroll deductions will commence with the first payroll issued during the Election Period and will, except as otherwise provided herein, continue with each payroll throughout the entire Election Period, except for pay periods for which such Participant receives no Compensation. A pay period which ends at such time that it is administratively impracticable to credit any payroll for such pay period to the then current Election Period will be credited in its entirety to the immediately subsequent Election Period. A pay period that overlaps Election Periods will be credited in its entirety to the Election Period in which it is paid. Alternative contributions will be made in accordance with the procedure established by the Committee.

(b) Application of Withholding Rules. Payroll deductions or alternative contributions shall be retained by the Employer or other party, designated by the Committee or the Employer as the case may be, until applied to the purchase of Shares as described in Paragraph 9 hereof and the satisfaction of any related withholding obligations (including any employment tax obligations) under the applicable Local Law.

At the time the Shares are purchased, or at the time some or all of the Shares issued under the Plan are disposed of, Participants must make adequate provision for the Employer's tax withholding obligations (including any employment tax obligations), if any, which arise in any applicable jurisdiction upon the purchase or disposition of the Shares. Subject to the applicable Local Law and the Holding Period, if any, the Employer may instruct the Administrator to dispose or sell such number of Shares (credited to the Participant's Plan Account) to raise the amount necessary, or may withhold from each Participant's Compensation the amount necessary, to enable the Employer to meet applicable withholding obligations, including any withholding required to make available to the Employer any tax deductions or benefits attributable to the sale or early disposition of Shares by the Participant. Each Participant, as a condition of participating under the Plan, agrees to bear responsibility for all taxes required to be withheld in any applicable jurisdiction from his or her Compensation as well as the Participant's portion of applicable social security or similar such taxes, with respect to any Compensation arising on account of the purchase or disposition of Shares. The Employer may increase income and/or employment tax withholding on a Participant's Compensation after the purchase or disposition of Shares in order to comply with the applicable tax laws in any jurisdiction. The Participant agrees to sign any and all appropriate documents to facilitate payment of all applicable taxes by the Employer, including but not limited to withholding by the Employer from Participant's Compensation, or by the Employer instructing the Administrator to sell the required number of Shares.

9. Purchasing, Transferring Shares

(a) Maintenance of Plan Account . Upon the exercise of a Participant's initial right to purchase Shares under the Plan, the Administrator shall establish a Plan Account in the name of such Participant. At the close of each Election Period, the aggregate amount deducted during such Election Period by the Employer from a Participant's Compensation by way of payroll deduction or alternative contributions made to the Plan by the Participant (and credited to an account maintained by the Employer or other party) and interest, if any, payable under the applicable Local Law will be communicated by the Employer to the Administrator. The Company shall convert the said payroll deductions or alternative contributions into US dollars in accordance with the process and at the rate established by the Committee. The Administrator shall thereupon credit to the Participant's Plan Account such US dollars. As of the last day of each Election Period, or as soon thereafter as is administratively practicable, each Participant's right to purchase Shares will be exercised automatically for him or her by the Administrator with respect to those amounts reported to the Administrator by the Committee or Employer as credited to that Participant's Plan Account. On the date of exercise, the amount then credited to the Participant's Plan Account for the purpose of purchasing Shares hereunder will be divided by the Purchase Price and there shall be credited to the Participant's Plan Account by the Administrator the number of whole Shares which results. The Administrator shall hold in its name, or in the name of its nominee, all Shares so purchased by Participants under the Plan.

(b) Share Price and Exchange Fluctuation Risk . Participation in the Plan, purchase, ownership and sale of Shares under the Plan, is subject to risk of fluctuation in Shares' price and currency exchange.

(c) Insufficient Funds for Whole Shares . In the event that the amount credited to Participant's Plan Account is not exactly equal to the Purchase Price for a whole number of Shares, then any excess amount may be refunded to the Participant without interest or where required by the applicable Local Law with interest, or may be used to purchase Shares in the subsequent Election Periods, as determined by the Committee.

(d) Insufficient Number of Available Shares . In the event the number of Shares covered by rights which are exercised for any Election Period exceeds the number of Shares available for sale under the Plan, the number of Shares actually available for sale hereunder shall be allocated by the Administrator among the Participants in proportion to the amount then credited to each Participant's Plan Account over the total amount then credited to all Participant's Plan Accounts. Any excess amounts withheld and credited to Participants' Plan Accounts then shall be returned to the Participants as soon as is administratively practicable without interest or where required by the applicable Local Law with interest.

(e) Handling Excess Shares . In the event that the number of Shares which would be credited to any Participant's Plan Account in any Election Period exceeds the limit specified in Paragraph 2(1)(iii) hereof, such Participant's Plan Account shall be credited with the maximum number of Shares permissible, and the remaining amounts will be refunded in cash as soon as administratively practicable without interest or where required by the applicable Local Law with interest or used to purchase Shares in the subsequent Election Periods, as determined by the Committee.

10. Dividends and Other Distributions

(a) Subject to the applicable Local Law, cash dividends and other cash distributions and stock dividends and other non-cash distributions received by the Administrator on Shares held in custody hereunder will be credited to the Plan Account of an individual Participant in accordance with such Participant's interest in the Shares with respect to which such dividends or distributions are paid.

(b) Cash dividends or cash distributions will be paid in cash to the Participant as soon as administratively possible, after receipt thereof by the Administrator.

(c) Stock dividends and other non-cash distributions of property will be subject to the similar Holding Period, if any applicable to the Shares with respect to which the same is declared.

(d) Tax Responsibilities. The Administrator shall report to each Participant (or Eligible Employee with a Plan Account) the amount of dividends credited to his or her Plan Account. Subjecting the stock dividends or other non-cash distributions to the Holding Period requirement will not relieve a Participant (or Eligible Employee with Plan Account) of any income or other tax that may be due on or with respect to such dividend or other non-cash distribution of property.

11. Voting of Shares

A Participant shall have no interest or voting rights in the Shares until such time as the Shares are credited to the Participant's Plan Account. Shares held for a Participant (or Eligible Employee) in his or her Plan Account will be voted in accordance with the Participant's (or the Eligible Employee's) express direction. In the absence of any such directions such Shares will not be voted.

12. In-Service Distribution or Sale of Shares

(a) Sale of Shares. Subject to the provisions of Paragraph 20 hereof, a Participant may, at any time after the later of the time (i) after the Shares have been purchased and allocated to the Participant's Plan Account in accordance with Section 9(a) hereof, or (ii) after the end of the Holding Period, if any, and without withdrawing from the Plan, by giving notice to the Administrator, direct the Administrator to sell all or part of the Shares held on behalf of the Participant. Upon receipt of such a notice, the Administrator shall, as soon as practicable after receipt of such notice, sell such Shares and transmit the net proceeds of such sale (less any bank service fees, brokerage charges, transfer or withholding taxes, and any other transaction fee, expense or cost) to the Participant.

(b) In-Service Share Distributions. A Participant may, at any time after the later of the time (i) after the Shares have been purchased and allocated to the Participant's Plan Account in accordance with Section 9(a) hereof, or (ii) after the end of the Holding Period, if any, and without withdrawing from the Plan, request that a certificate for all or part of the whole number of Shares held in his or her Plan Account be sent to him or her as described in Paragraph 9(a) above. All such requests must be submitted in writing to the Administrator. The Administrator may impose a reasonable charge, to be paid by the Participant, for each stock certificate so issued.

13. Cessation of Active Participation

A Participant may during the Enrollment Period, by giving notice to the Committee or the Employer, in the manner established by the Committee, revoke his or her authorization for payroll deduction or alternative contribution for the Election Period to which such authorization relates. Unless

otherwise required by the applicable Local Law, a Participant may not terminate his or her participation by revoking his or her authorization for payroll deduction or alternative contribution or not contributing his or her alternative contributions for the Election Period after such Election Period has commenced. If a Participant terminates his or her participation in the Plan during an Election Period, such termination shall be effective for the next Election Period, and only if such termination is made by the Participant by giving notice to the Committee or the Employer in the manner established by the Committee

14. Termination of Employment or Cessation of Eligibility

In the event that a Participant ceases to be employed by the Employer for any reason, including death, disability, retirement or voluntary or involuntary termination, or ceases to be an Eligible Employee, then the Participant's rights under the Plan shall terminate. Except as provided in Paragraph 15, below, the Company shall as soon as administratively possible, refund to the Participant without interest or where required by the applicable Local Law with interest the payroll deductions or alternative contributions made by the Participant during the Election Period in which such termination of employment or cessation of eligibility occurs.

15. Assignment

The payroll deductions, or alternative contributions or interest where payable under the applicable Local Law credited to a Participant's Plan Account, or any rights to purchase Shares under the Plan may not be assigned, alienated, transferred, pledged, or otherwise disposed of in any way by a Participant other than by will or the laws of descent and distribution. Any such assignment, alienation, transfer, pledge, or other disposition shall be without effect, except that the Committee may treat such act as an election to withdraw from the Plan. A Participant's right to purchase Shares under this Plan may be exercisable during the Participant's lifetime only by the Participant. A Participant's Plan Account shall be payable to the Participant's estate upon his or her death in accordance with the applicable laws of death, descent and distribution.

16. Adjustment of and Changes in Shares

If at any time after the effective date of the Plan the Company shall subdivide or reclassify the Shares with respect to which a purchase right has been or may be granted under the Plan, or shall declare thereon any stock split or dividend payable in Shares, or shall alter the capital structure of the Shares or the Company in any similar manner, then the number and class of Shares held in the Plan and which may thereafter be subject to the Share purchase right granted under the Plan (in the aggregate and to any Participant) shall be adjusted accordingly, and in the case of each right outstanding at the time of any such action, the number and class of Shares which may thereafter be purchased pursuant to such right and the Purchase Price shall be adjusted accordingly, as necessary to preserve the rights of the holder(s) of such Shares and right(s).

17. Amendment or Termination of the Plan

The Committee shall have the right, at any time, to amend, modify or terminate the Plan without notice; provided, however, that no Participant's existing rights shall be adversely affected by any such amendment, modification or termination, except to comply with the applicable Local Law, stock exchange rules or accounting rules.

Notwithstanding the foregoing, the Committee shall have the right to terminate the Plan with respect to all future payroll deductions or alternative contributions and related purchases at any time. Such termination of the Plan shall also terminate any current Election Period in accordance with Paragraph 4 of the Plan.

18. Designation of Subsidiaries

Subsidiaries may be added as Designated Subsidiaries by the Committee in its sole discretion from time to time.

19. Operating Regulations

The Committee may make regulations for the operation of the Plan that are not inconsistent with these rules to apply to Employees and Participants who are employed or resident outside of the United States of America (provided such regulations are not in violation of the applicable Local Law) including, but not limited to, regulations in respect of those matters set out at Paragraphs 2(c), 2(i), 2(l), 2(m), 2(p), 2(m), 4, 6, 7, 8, 10, 13, 14, 17 and 20 hereof. Regulations shall be made by way of Addendum.

20. Administration

(a) Administration. The Plan shall be administered by the Committee. The Committee shall be responsible for the administration of all matters under the Plan which have not been delegated to the Administrator. The Committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Any rule or regulation adopted by the Committee shall remain in full force and effect unless and until altered, amended or repealed by the Committee.

(b) Specific Responsibilities. The Committee's responsibilities shall include, but shall not be limited to:

- (i) interpreting the Plan (including issues relating to the definition and application of "Compensation");
- (ii) identifying and compiling a list of persons who are Eligible Employees for an Election Period;
- (iii) identifying those Eligible Employees not entitled to be granted rights or other rights for an Election Period on account of the limitations described in Paragraph 2(l)(iii) hereof;
- (iv) providing to Participants upon request Company financial statements which are publicly available;
- (v) delivering to the Participants stock certificates, subject to Holding Period, if any, representing the Shares purchased or credited to the Participant's Plan Account.

The Committee may from time to time adopt rules and regulations for carrying out the terms of the Plan. Interpretation or construction of any provision of the Plan by the Committee shall be final and conclusive on all persons, absent specific and contrary action taken by the Board. Any interpretation or construction of any provision of the Plan by the Committee shall be final and conclusive.

21. Securities Law and Other Restrictions

Notwithstanding any provision of the Plan to the contrary, no payroll deductions or alternative contributions shall take place and no Shares may be purchased or sold under the Plan until a registration statement has been filed and become effective with respect to the issuance of the Shares covered by the Plan under the Act and any other required action has been taken under any other applicable Local Law of the jurisdiction in which the Employer of the Employee is located or the Employee is employed or resides. Prior to the effectiveness of such registration statement, Shares subject to purchase under the Plan may be offered to Eligible Employees only pursuant to an exemption from the registration requirements of the Act and pursuant to any other action that is required under any applicable Local Law.

22. No Independent Employees' Rights

Nothing in the Plan shall be construed to be a contract of employment between an Employer or its parent or any Subsidiary and any Employee, or any group or category of Employees (whether for a definite or specific duration or otherwise), or to prevent the Employer, its parent or any Subsidiary from terminating any Employee's employment at any time, in accordance with the applicable Local Law. Nothing in this Plan shall be construed as conferring any rights of a shareholder in any Employee or any other person until the Shares are credited to the Plan Account.

23. Applicable Law

(a) Section 423 of the Code. The Plan shall be construed, administered and governed having regard to Section 423 of the Code.

(b) Other Applicable Law. Subject to Paragraph 23(a) hereof, the Plan shall be construed, administered and governed in all respects under the laws of the State of California.

24. Merger or Consolidation

Each outstanding purchase right will automatically be exercised immediately prior to the effective date of any Corporate Transaction (as defined below), by applying the accumulated payroll deductions or alternative contributions and interest where payable under the applicable Local Law, of each Participant for the Election Period in which such Corporate Transaction occurs to the purchase of whole Shares at the Purchase Price for such Election Period by treating the day immediately prior to the effective date of any Corporate Transaction as the last Trading Day of the Election Period, unless the Committee determines, in the exercise of its sole discretion, to establish an earlier date as the last Trading Day of the Election Period, or to provide that purchase rights shall be assumed by a successor entity that is a party to the Corporate Transaction or terminate the Plan as of the end of the Election

Period immediately preceding the effective date of the Corporate Transaction and promptly refund to Participants all payroll deductions or alternative contributions and interest where payable under the applicable Local Law accumulated through such effective date. The applicable limitation on the number of whole Shares purchasable per Participant will continue to apply to any purchase made hereunder. With respect to Shares acquired prior to or in connection with a Corporate Transaction, each Participant will thereafter be entitled to receive as soon as practicable following the effective date of such Corporate Transaction the securities or property which a holder of Shares of the Company was entitled to receive in connection with such Corporate Transaction. For purposes of this Paragraph 24, "Corporate Transaction" shall mean, a transaction by which the Company is acquired by merger or sale of all or substantially all of the Company's assets or outstanding voting stock.

I. Addenda

Appendix A

The terms for the operation of the Plan in relation to Participants in Australia

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in Australia and employed by the Designated Subsidiary or Designated Subsidiaries located in Australia.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(m) of the Plan to read as follows:

“(m) “Employee” shall mean:

- (i) an individual who is a regular full time or part time employee of the Employer as defined under Local Law;
- (ii) an individual who is employed by the Employer and who works either a full time or part time work schedule and is normally included in the authorized staffing targets and budget of the Employer.”

2. Paragraph 2(p) of the Plan to read as follows:

“(p) “Holding Period” shall mean the period during which the Participant is not permitted to transfer, sell, pledge or otherwise deal in the Shares credited to the Participant’s Plan Account. The Holding Period for the purposes of this Addendum will be the earlier of

- (i) three (3) years beginning on the day the Shares are acquired by the Participant, or
- (ii) cessation of employment of the Participant with the Company or a Designated Subsidiary.”

3. Payroll Deduction or Alternative Contribution:

In respect of Paragraphs 2(k), 2(s) and 2(u); 4(c); 7; 8(a) and (b); 9 (a) 13; 14; 15; 17, 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.

4. Paragraph 7 of the Plan to read as follows:

“7. Use of Funds

All payroll deductions received or held by the Employer under the Plan will be used to purchase Shares in accordance with the provisions of the Plan. Any amounts held by an Employer or other party in connection with or as a result of payroll deductions made pursuant to the Plan and pending the purchase of Shares hereunder shall be held by the Employer in trust for the Participant in an account of an Australian Authorized Deposit Taking Institution, which has been established and will be kept by the Employer solely for the purpose of depositing Participant’s contributions under the Plan.”

5. Paragraph 12 of the Plan to read as follows:

“12. In-Service Sale or Distribution of Shares

(a) Sale of Shares. Subject to the provisions of Paragraph 20 of the Plan, a Participant may at any time after the end of the Holding Period defined in Section 2 of this Addendum and without withdrawing from the Plan, by giving notice to the Administrator, direct the Administrator to sell all or part of the Shares held on behalf of the Participant. Upon receipt of such a notice, the Administrator shall, as soon as practicable after receipt of such notice, sell such Shares and transmit the net proceeds of such sale (less any bank service fees, brokerage charges, transfer or withholding taxes, and any other transaction fee, expense or cost) to the Participant.

(b) In-Service Share Distributions. A Participant may, after the end of the Holding Period defined in Section 2 of this Addendum and without withdrawing from the Plan, request that a certificate for all or part of the whole number of Shares held in his or her Plan Account be sent to him or her. All such requests must be submitted in writing to the Administrator. The Administrator may impose a reasonable charge, to be paid by the Participant, for each stock certificate so issued.

Appendix B

The terms for the operation of the Plan in relation to Participants in Belgium

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in Belgium and employed by the Designated Subsidiary or Designated Subsidiaries located in Belgium.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(l) of the Plan to read as follows:

“(l) “Eligible Employee” shall mean an Employee of a Designated Subsidiary with one (1) year service with the Designated Subsidiary on an Enrollment Date. Employees of Designated Subsidiaries that have become subsidiaries by reason of having been acquired by the Company or a Subsidiary and companies that have been merged with the Company or a Subsidiary may, in the discretion of the Committee, receive credit for the time they have worked for such acquired or merged company prior to the affiliation with Company or Designated Subsidiary.

The Committee in its sole discretion may determine that the following Employees shall not be Eligible Employees under the Plan:

- (i) Employees who are actually not on the Employer’s payroll at the beginning of a six-month Election Period;
- (ii) Any Employee who would own more than five (5) percent of the common stock in the Company immediately after the Share purchase opportunity is granted to them under the Plan. Shares that the Employee may purchase under all outstanding stock options or such other share-based compensation plan of the Company shall be treated as stock owned by the Employee for such purposes, even though the option is not presently exercisable or the Shares are not presently receivable by the Employee;
- (iii) Employees who are subject to Section 16(a) of the 1934 Act; and
- (iv) Employees who are eligible to participate or who participate in the Company’s 1989 Employee Stock Purchase Plan.”

2. Paragraph 2(m) of the Plan to read as follows:

“(m) “Employee” shall mean,

- (i) an individual working full-time or part-time under an employment contract for an indefinite duration;
- (ii) an individual, other than an individual described in (i) and (iii) hereof, who is not self-employed who works either a full-time or part-time work schedule and who is normally included in the authorized staffing targets and budget of the Employer; and

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- (iii) an individual working full-time or part-time under a fixed term or a temporary employment contract but who is expected to fill a permanent staffing need.”
3. Paragraph 2(p) of the Plan to read as follows:
- (p) “Holding Period” shall mean, the period during which the Participant is not permitted to transfer, sell, pledge or otherwise deal in the Shares credited to the Participant’s Plan Account regardless of the termination of any employment contract for whatever reason including but not limited to death, disability, or dismissal. The Holding Period for the purposes of this Addendum will be a period of two (2) years beginning on the day the Shares are purchased by the Participant.”
4. Paragraph 2(w) of the Plan to read as follows:
- (w) “Purchase Price” shall mean, for each Share purchased in accordance with Paragraph 9 of the Plan, an amount equal to any percentage figure from ninety percent (90%) to one-hundred percent (100%), as approved by the Committee, of the Closing Value on the last Trading Day of the Election Period, which for the Plan purposes shall be deemed to be the date the right to purchase such Shares granted to each Eligible Employee was exercised.
- The Committee may in its sole discretion, approve in lieu of the forgoing formula, such other formula, as it deems appropriate.
- The Purchase Price as determined hereunder may be in respect of one or more Election Periods and shall remain in effect until changed by the Committee.
- In no event, however, may the Committee select a Purchase Price that would be lower than that allowed under Section 423(b)(6) of the Code or any successor section.”
5. Payroll Deduction or Alternative Contribution:
- (I) In respect of Paragraphs 2(k), 2(s) and 2(u); 4(c); 7; 8(a) and (b); 9 (a); 13; 14; 15; 17; 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.
- (II) Paragraphs 7 and 13 of the Plan will be modified as shown in Sections 7 and 9 of this Addendum.
6. Payment of Interest:
- (I) Interest will be payable on the accumulated payroll deductions. The provisions of Paragraphs 4(b); 9(a), (b), (c) and (d); 14; 15; 17; 24 and such other Paragraphs of the Plan, insofar as they relate to the payment of interest, shall read accordingly.

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7. Paragraph 7 of the Plan to read as follows:

“7. Use of Funds

All payroll deductions and interest received or held by the Employer under the Plan will be used to purchase Shares in accordance with the provisions of the Plan. Any amounts held by an Employer or other party in connection with or as a result of payroll deductions made pursuant to the Plan and pending the purchase of Shares hereunder shall be held in an interest bearing account with a Belgian bank or branch of a foreign bank authorized to carry out business in Belgium. Administrative expenses of the Plan shall be allocated to each Participant's Plan Account unless the Employer pays such expenses. The Participant agrees to sign any and all appropriate documents to facilitate such allocation.”

8. Paragraph 12 of the Plan to read as follows:

“12. In-Service Sale or Distribution of Shares

(a) Sale of Shares. Subject to the provisions of Paragraph 20 of the Plan, a Participant may at any time after the end of the Holding Period as defined in Section 3 of this Addendum, and without withdrawing from the Plan, by giving notice to the Administrator, direct the Administrator to sell all or part of the Shares held on behalf of the Participant. Upon receipt of such a notice, the Administrator shall, as soon as practicable after receipt of such notice, sell such Shares, and transmit the net proceeds of such sale (less any bank service fees, brokerage charges, transfer or withholding taxes, and any other transaction fee, expense or cost) to the Participant.

(b) In-Service Share Distributions. A Participant may, without withdrawing from the Plan, after the end of the Holding Period specified in Section 3 of this Addendum, request that a certificate for all or part of the whole number of Shares held in his or her Plan Account be sent to him or her. All such requests must be submitted in writing to the Administrator. The Administrator may impose a reasonable charge, to be paid by the Participant, for each stock certificate so issued.”

9. Paragraph 13 to read as follows:

“13. Cessation of Active Participation

A Participant may during the Enrollment Period, by giving notice to the Committee or Employer, revoke his or her authorization for payroll deduction for the Election Period to which such Enrollment Period relates. A Participant may revoke his or her authorization for payroll deduction for the Election Period before the end of such Election Period. Except as provided in Paragraph 15 of the Plan, the Company shall, as soon as administratively possible, refund to the Participant, with interest, the payroll deductions for the Election Period in which such cessation occurs. Any revocation after the end of the Election Period will be valid for the next Election Period.”

Appendix C
The terms for the operation of the Plan in relation to Participants in
France

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in France and employed by Designated Subsidiary or Designated Subsidiaries located in France.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(i) of the Plan to be modified as follows:

The words “regular fixed basic compensation” in the definition of the term “Compensation” under Paragraph 2(i) of the Plan shall be read as “Salaire de Base”.

2. Paragraph 2(m) of the Plan to read as follows:

“(m) “Employee” shall mean an individual who is a full time or part time employee of the Employer as defined under Local Law.”

3. Paragraph 2(p) of the Plan to read as follows:

“(p) “Holding Period” shall mean, the period during which the Participant is not permitted to transfer, sell, pledge or otherwise deal in the Shares credited to the Participant’s Plan Account regardless of the termination of any employment contract for whatever reason including but not limited to death, disability, or dismissal. The Holding Period shall be determined by the Committee in its sole discretion. The determination of the Committee may be in respect of Shares credited in respect of one or more Election Periods and shall remain in effect until changed by the Committee.”

4. Payroll Deduction or Alternative Contribution:

(I) In respect of Paragraphs 2(k), 2(s) and 2(u); 7; 4(c); 8(a) and (b); 9 (a); 13; 14; 15; 17; 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.

5. Paragraph 2(w) of the Plan to read as follows:

“(w) “Purchase Price” shall mean, for each new Share issued in accordance with Paragraph 9 of the Plan, the fair value of such a Share as determined by a financial advisor or appraiser, as selected by the Committee or Employer in their sole and absolute discretion, taking into account the Holding Period. The fair value of a Share, that is subject to the Holding Period, shall approximate a value not less than eighty five (85%) of the Closing Value on the last Trading Day of the Election Period for Shares that bare no Holding Period and are freely tradable. Such date, for the purposes of this Addendum, being deemed to be the date the right to purchase such Shares granted to each Eligible Employee was exercised. The Committee may, in its sole discretion, approve in lieu of the foregoing formula any other formula.

The Purchase Price determined hereunder may be in respect of one or more Election Periods and shall remain in effect until changed by the Committee.

In no event, however, may the Committee select a Purchase Price that would be lower than that allowed under Section 423(b)(6) of the Code or any successor section.”

6. Paragraph 6 of the Plan - Number and Types of Shares to be Made Available under the Plan

The total number of Shares required for purchase by Participants granted rights under this Addendum which are exercised under Paragraph 9 of the Plan will be made available by way of authorized and unissued Shares or treasury Shares only. In other words, Shares to be credited to the Participant’s Plan Account will not be purchased from the open market on the date the Participant exercises such rights.

7. Paragraph 12 of the Plan to read as follows:

“12. In-Service Sale or Distribution of Shares

(a) Sale of Shares. Subject to the provisions of Paragraph 20 of the Plan, a Participant may at any time after the end of the Holding Period as defined in Section 3 of this Addendum and without withdrawing from the Plan, by giving notice to the Administrator, direct the Administrator to sell all or part of the Shares held on behalf of the Participant. Upon receipt of such a notice, the Administrator shall, as soon as practicable after receipt of such notice, sell such Shares and transmit the net proceeds of such sale (less any bank service fees, brokerage charges, transfer or withholding taxes, and any other transaction fee, expense or cost) to the Participant.

(b) In-Service Share Distributions. A Participant may, after the end of the Holding Period specified in Section 3 of this Addendum and without withdrawing from the Plan, request that a certificate for all or part of the whole number of Shares held in his or her Plan Account be sent to him or her. All such requests must be submitted in writing to the Administrator. The Administrator may impose a reasonable charge, to be paid by the Participant, for each stock certificate so issued.”

Appendix D
The terms for the operation of the Plan in relation to Participants in
Germany

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in Germany and employed by the Designated Subsidiary or Designated Subsidiaries located in Germany.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(i) of the Plan to read as follows:

The words “regular fixed basic gross compensation” under Paragraph 2(i) of the Plan shall be read as “regular fixed basic after-tax compensation”.

2. Paragraph 2(l) of the Plan to read as follows:

“(l) “Eligible Employee” shall mean, an Employee of a Designated Subsidiary with one (1) year service on an Enrollment Date. Employees of Designated Subsidiaries that have become subsidiaries by reason of having been acquired by the Company or a Subsidiary and companies that have been merged with the Company or a Subsidiary may, in the discretion of the Committee, receive credit for the time they have worked for such acquired or merged company prior to the affiliation with Company or Designated Subsidiary.

The Committee in its sole discretion may determine that the following Employees shall not be Eligible Employees under the Plan:

- (i) Employees who are not actively employed by the Employer at the beginning of a six-month Election Period. Provided however that Employer on maternity and paternity leave should not be excluded.
- (ii) Any Employee who would own more than five (5) percent of the common stock in the Company immediately after the Share purchase opportunity is granted to them under the Plan. Shares that the Employee may purchase under all outstanding stock options or such other share-based compensation plan of the Company shall be treated as stock owned by the Employee for such purposes, even though the option is not presently exercisable or the Shares are not presently receivable by the Employee;
- (iii) Employees who are subject to Section 16(a) of the 1934 Act; and
- (iv) Employees who are eligible to participate or who participate in the Company’s 1989 Employee Stock Purchase Plan.”

3. Paragraph 2(m) of the Plan to read as follows:

“(m) “Employee” shall mean,

- (i) an individual who is a regular full time or part time employee of the Employer as defined under Local Law;

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- (ii) an individual who works either a full time or part time work schedule and is normally included in the authorized staffing targets and budget of the Employer; and
 - (iii) an individual who has been hired on a temporary contract but who is expected to fill a permanent staffing need.”
4. Payroll Deduction or Alternative Contribution:
- (I) In respect of Paragraphs 2(k), 2(s) and 2(u); 4(c); 7; 8(a) and (b); 9 (a); 13; 14; 15; 17; 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.
- (II) Paragraph 13 will be modified as shown in Section 5 of this Addendum.
5. Paragraph 13 of the Plan to read as follows:
- “13. Cessation of Active Participation
- A Participant may during the Enrollment Period, by giving notice to the Committee or Employer, revoke his or her authorization for payroll deduction for the Election Period to which such Enrollment Period relates. A Participant may revoke his or her authorization for payroll deduction for the Election Period before the end of such Election Period. Except as provided in Paragraph 15 of the Plan, the Company shall, as soon as administratively possible, refund to the Participant, the payroll deductions for the Election Period in which such cessation occurs. Any revocation after the end of the Election Period will be valid for the next Election Period.”

Appendix E
The terms for the operation of the Plan in relation to Participants in
Ireland

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in Ireland and employed by the Designated Subsidiary or Designated Subsidiaries located in Ireland.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(m) of the Plan to read as follows:

“(m) “Employee” shall mean:

- (i) an individual who is a regular full time or part time employee of the Employer as defined under the Local Law;
- (ii) an individual who works either a full-time or part-time work schedule and is normally included in the authorized staffing targets and budget of the Employer; and
- (iii) an individual who has been hired on a temporary contract but who is expected to fill a permanent staffing need.

2. Payroll Deduction or Alternative Contribution:

In respect of Paragraphs 2(k), 2(s) and 2(u); 4(c); 7; 8(a) and (b); 9 (a) 13; 14; 15; 17, 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.

Appendix F
The terms for the operation of the Plan in relation to Participants in Italy

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in Italy as defined under the applicable Italian tax code.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Payroll deduction or Alternative Contribution:
 - I) In respect of Paragraphs 2(k), 2(s) and 2(u); 4(c); 7; 8(a) and (b); 9 (a) ; 13; 14; 15; 17; 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.
 - II) Paragraph 8(a) of the Plan will be modified as shown in Section 6 of this Addendum.
 - III) Paragraph 13 of the Plan will be modified as shown in Sections 8 of this Addendum.
2. Paragraph 2(l) of the Plan to read as follows:

“(l) “Eligible Employee” shall mean an Employee of a Designated Subsidiary. The Committee, in accordance with the applicable legislation in the United States, may determine that the following Employees shall not be Eligible Employees under the Plan:

 - (i) Any Employee who would own more than five (5) percent of the common stock in the Company immediately after the Share purchase opportunity is granted to them under the Plan. Shares that the Employee may purchase under all outstanding stock options or such other share-based compensation plan of the Company shall be treated as stock owned by the Employee for such purposes, even though the option is not presently exercisable or the Shares are not presently receivable by the Employee;
 - (ii) Employees who are subject to Section 16(a) of the 1934 Act.”
3. Paragraph 2(m) of the Plan to read as follows:

“(m) “Employee” shall mean:

 - (i) an individual who is a regular full time or part time employee of the Employer as defined under Local Law;
 - (ii) an individual who works either a full time or part time work schedule and is normally included in the authorized staffing targets and budget of the Employer; and

(iii) an individual who has been hired on a temporary contract but who is expected to fill a permanent staffing need.”

4. Paragraph 2(p) of the Plan to read as follows:

“(p) “Holding Period” shall mean, the period during which the Participant is not permitted to transfer, sell, pledge or otherwise deal in the Shares credited to the Participant’s Plan Account regardless of the termination of any employment contract for whatever reason including but not limited to death, disability, or dismissal. The Holding Period shall be determined as the period of time beginning on the last day the Shares are assigned to the Participant and ending the same day of the third subsequent year.”

5. Paragraph 2(w) of the Plan to read as follows:

“(w) “Purchase Price” shall mean, for each Share purchased in accordance with Paragraph 9 of the Plan, an amount equal to any percentage figure from eighty-five percent (85%) to one-hundred percent (100%), as approved by the Committee, of the Closing Value on the last Trading Day of the Election Period, which for the Plan purposes shall be deemed to be the date the right to purchase such Shares granted to each Eligible Employee was exercised.

However, the Committee may in its sole discretion determine that the total Fiscal Value of Discount with respect to all Shares credited to a Participant’s Plan Account under the Plan in any one calendar year shall be limited to four million (4.000.000) Lira or Euro equivalent of four million (4.000.000) Lira, or such other amount as it may determine.

The total Fiscal Value of Discount should be determined as the difference between the Purchase Price and the arithmetical average of the closing sales prices for such Share (or the closing bid, if no sales were reported) as quoted on the New York Stock Exchange, or such other established stock exchange or national market system on which the Share is listed or traded, for the Last Month before ending on the day in which Shares are assigned to the Participant.

For the purposes of this definition, Last Month shall mean the period of time ending on the date of determination and beginning on the same day of the preceding month. The Share prices (or the closing bid price) on the date of determination and on the same day of the preceding month are included in the determination. If in this Last Month period there is no one Share price (or closing bid price) on the Stock Exchange, or such other established stock exchange or national market system on which the Share is listed or traded, Last Month shall mean the period of time ending on the same day of the month preceding the date of the determination and beginning on the same day of the two months preceding the last day of the Election Period.

The Purchase Price as determined hereunder may be in respect of one or more Election Periods and shall remain in effect until changed by the Committee.

In no event, however, may the Committee select a Purchase Price that would be lower than that allowed under Section 423(b)(6) of the Code or any successor section.”

6. Paragraph 8(a) of the Plan to read as follows:

“ 8(a) Payroll Deduction or Alternative Contribution . Except as otherwise specifically provided herein, the Purchase Price will be payable by each Participant by means of payroll deduction. The payroll deduction shall be in increments of one percent (1%). Unless otherwise authorized by the Committee, the minimum payroll deduction permitted shall be an amount equal to two percent (2%) of a Participant’s Compensation and the maximum payroll deduction contribution shall be an amount equal to fifteen percent (15%) of a Participant’s Compensation. In any event, the total payroll deduction permitted to be made by any Participant in any calendar year shall be limited to the lower of (i) Lira 22.666.000 (Lira 22.666 million) or Euro equivalent of Lira 22.666 million or (ii) legal currency equivalent of U.S. \$25,000 as defined under Section 423 (b)(8)(C) of the Code, or such other amount as Section 423(b)(8)(C) of the Code, or any successor section, may hereafter allow. The actual percentage of Compensation to be deducted or contributed shall be specified by a Participant in his or her authorization to participate in the Plan. Unless otherwise authorized by the Committee, Participants may not deposit any separate cash payments into their Plan Accounts.

Payroll deductions will commence with the first payroll issued during the Election Period and will, except as otherwise provided herein, continue with each payroll throughout the entire Election Period, except for pay periods for which such Participant receives no Compensation. A pay period which ends at such time that it is administratively impracticable to credit any payroll for such pay period to the then current Election Period will be credited in its entirety to the immediately subsequent Election Period. A pay period that overlaps Election Periods will be credited in its entirety to the Election Period in which it is paid. Alternative contributions will be made in accordance with the procedure established by the Committee.”

7. Paragraph 12 of the Plan to read as follows:

“(a) Sale of Shares . Subject to the provisions of Paragraph 20 of the Plan, a Participant may at any time after the end of the Holding Period as defined under Section 4 of this Addendum and without withdrawing from the Plan, by giving notice to the Administrator, direct the Administrator to sell all or part of the Shares held on behalf of the Participant. Upon receipt of such a notice, the Administrator shall, as soon as practicable after receipt of such notice, sell such Shares in the open market and transfer the net proceeds of such sale (less any bank service fees, brokerage charges, transfer or withholding taxes, and any other transaction fee, expense or cost) to the Participant.

(b) In-Service Share Distributions. A Participant may, after the end of the Holding Period requirement of Section 4 of this Addendum and without withdrawing from the Plan, request that a certificate for all or part of the whole number of Shares held in his or her Plan Account be sent to him or her. All such requests must be submitted in writing to the Administrator. The Administrator may impose a reasonable charge, to be paid by the Participant, for each stock certificate so issued.”

8. Paragraph 13 of the Plan to read as follows:

“13. Cessation of Active Participation

A Participant may during the Enrollment Period, by giving notice to the Committee or Employer, revoke his or her authorization for payroll deduction for the Election Period to which such Enrollment Period relates. A Participant may revoke his or her authorization for payroll deduction for the Election Period before the end of such Election Period. Except as provided in Paragraph 15 of the Plan, the Company shall, as soon as administratively possible, refund to the Participant, the payroll deductions for the Election Period in which such cessation occurs. Any revocation after the end of the Election Period will be valid for the next Election Period.”

Paragraph 20 (b) of the Plan to read as follows:

“(b) Specific Responsibilities. The Committee’s responsibilities shall include, but shall not be limited to:

- (i) interpreting the Plan (including issues relating to the definition and application of “Compensation”);
- (ii) identifying and compiling a list of persons who are Eligible Employees for an Election Period;
- (iii) identifying those Eligible Employees not entitled to be granted rights or other rights for an Election Period, in compliance with the U.S. legislation;
- (iv) providing to Participants upon request Company financial statements which are publicly available; and
- (v) delivering to the Participants stock certificates, subject to the Holding Period, if any, representing the Shares purchased or credited to the Participant’s Plan Account.

The Committee may from time to time adopt rules and regulations for carrying out the terms of the Plan. Interpretation or construction of any provision of the Plan by the Committee shall be final and conclusive on all persons, absent specific and contrary action taken by the Board. Any interpretation or construction of any provision of the Plan by the Committee shall be final and conclusive.”

Appendix G
The terms for the operation of the Plan in relation to Participants in
Netherlands

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in Netherlands and employed by the Designated Subsidiary or Designated Subsidiaries located in Netherlands.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(l) of the Plan to read as follows:

“(l) “Eligible Employee” shall mean an Employee of a Designated Subsidiary with one (1) year service on an Enrollment Date. Employees of Designated Subsidiaries that have become subsidiaries by reason of having been acquired by the Company or a Subsidiary and companies that have been merged with the Company or a Subsidiary may, in the discretion of the Committee, receive credit for the time they have worked for such acquired or merged company prior to the affiliation with the Company or Designated Subsidiary.

The Committee in its sole discretion may determine that the following Employees shall not be Eligible Employees under the Plan:

- (i) Employees who are not actively employed by the Employer at the beginning of a six-month Election Period. Provided, however, that Employees on maternity, paternity and parental leave should not be excluded. Provided also that Employees who are disabled should not be excluded from participation
- (ii) Any Employee who would own more than five (5) percent of the common stock in the Company immediately after the Share purchase opportunity is granted to them under the Plan. Shares that the Employee may purchase under all outstanding stock options or such other share-based compensation plan of the Company shall be treated as stock owned by the Employee for such purposes, even though the option is not presently exercisable or the Shares are not presently receivable by the Employee;
- (iii) Employees who are subject to Section 16(a) of the 1934 Act; and
- (iv) Employees who are eligible to participate or who participate in the Company’s 1989 Employee Stock Purchase Plan.”

2. Paragraph 2(m) of the Plan to read as follows:

“(m) “Employee” shall mean, an individual who is a regular full time or part time employee of the Employer as defined under Local Law.”

3. Payroll Deduction or Alternative Contribution:

(I) In respect of Paragraphs 2(k), 2(s) and 2(u); 4(c); 7; 8(a) and (b); 9 (a); 13; 14; 15; 17; 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.

(II) Paragraph 13 will be modified as shown in Section 4 of this Addendum.

4. Paragraph 13 of the Plan to read as follows:

“13. Cessation of Active Participation

A Participant may during the Enrollment Period, by giving notice to the Committee or Employer, revoke his or her authorization for payroll deduction for the Election Period to which such Enrollment Period relates. A Participant may revoke his or her authorization for payroll deduction for the Election Period before the end of such Election Period. Except as provided in Paragraph 15 of the Plan, the Company shall, as soon as administratively possible, refund to the Participant, the payroll deductions for the Election Period in which such cessation occurs. Any revocation after the end of the Election Period will be valid for the next Election Period.”

Appendix H
The terms for the operation of the Plan in relation to Participants in
Spain

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Except to the extent modified under this Addendum, all the provisions of the Plan apply to the Eligible Employees and Participants resident in Spain and employed by the Designated Subsidiary or Designated Subsidiaries located in Spain.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(l) of the Plan to read as follows:

“(l) “Eligible Employee” shall mean an Employee of a Designated Subsidiary with one (1) year service on an Enrollment Date. Employees of Designated Subsidiaries that have become subsidiaries by reason of having been acquired by the Company or a Subsidiary and companies that have been merged with the Company or a Subsidiary may, in the discretion of the Committee, receive credit for the time they have worked for such acquired or merged company prior to the affiliation with the Company or Designated Subsidiary.

The Committee in its sole discretion may determine that the following Employees shall not be Eligible Employees under the Plan:

- (i) Employees whose customary employment is less than 20 hours per week or who are employed for less than five months in any calendar year.
- (ii) Employees who are not actively employed by the Employer at the beginning of a six-month Election Period. Provided however that Employees on disability and on maternity, paternity and parental leave, as defined by applicable Spanish Social Security Regulations, should not be excluded from participation unless the exclusion can be objectively justified.
- (iii) Any Employee who would own more than five (5) percent of the common stock in the Company immediately after the Share purchase opportunity is granted to them under the Plan. Shares that the Employee may purchase under all outstanding stock options or such other share-based compensation plan of the Company shall be treated as stock owned by the Employee for such purposes, even though the option is not presently exercisable or the Shares are not presently receivable by the Employee;
- (iv) Employees who are subject to Section 16(a) of the 1934 Act; and
- (v) Employees who are eligible to participate or who participate in the Company’s 1989 Employee Stock Purchase Plan.”

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2. Paragraph 2(m) of the Plan to read as follows:
- “(m) “Employee” shall mean:
- (i) an individual who is a regular full time or part time employee of the Employer as defined under Local Law;
 - (ii) an individual who works either a full time or part time work schedule and is normally included in the authorized staffing targets and budget of the Employer; and
 - (iii) an individual who has been hired on a temporary contract but who is expected to fill a permanent staffing need.”
3. Payroll Deduction or Alternative Contribution:
- (I) In respect of Paragraphs 2(k), 2(s) and 2(u); 4(c); 7; 8(a) and (b); 9 (a); 13; 14; 15; 17; 21; 24 and such other Paragraphs of the Plan, where reference is made to “payroll deduction or alternative contribution” that reference shall be read as “payroll deduction” only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.
4. Paragraph 2(w) of the Plan to read as follows:
- “(w) “Purchase Price” shall mean, for each Share purchased in accordance with Paragraph 9 hereof, an amount equal to any percentage figure from eighty-five percent (85%) to one-hundred percent (100%) as approved by the Committee of the Closing Value on the last Trading Day of the Election Period, which for the Plan purposes shall be deemed to be the date the right to purchase such Shares granted to each Eligible Employee was exercised.
- Provided however that the Committee may in its sole discretion determine, considering each purchase of Shares following the last Trading Day of the Election Period, that (i) the total discount corresponding to Shares purchased in each such Election Period, together with the discount corresponding to Shares purchased within the year prior to the date of such last purchase, shall not exceed five-hundred thousand (500.000) Spanish Pesetas or Euro equivalent of five-hundred thousand (500.000) Spanish Pesetas, and that (ii) the total discount corresponding to Shares purchased in each such Election Period, together with the discount corresponding to Shares purchased within the five-year period prior to the date of such last purchase, shall not exceed one million (1.000.000) Spanish Pesetas or Euro equivalent of one million (1.000.000) Spanish Pesetas.
- The Purchase Price as determined hereunder may be in respect of one or more Election Periods and shall remain in effect until changed by the Committee.
- In no event, however, may the Committee select a Purchase Price that would be lower than that allowed under Section 423(b)(6) of the Code or any successor section.”

Appendix I
The Terms for the Operation of the Plan in relation to Participants in
The United Kingdom

These terms are made under the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. All the provisions of the Plan apply to Eligible Employees and Participants resident in the United Kingdom except to the extent modified under this Addendum.

Pursuant to Paragraph 19 of the Plan, the following regulations are made:

1. Paragraph 2(b) of the Plan to read as follows:
 - (b) “Administrator” shall mean the bank(s), brokerage firm(s), financial institution(s), or other entity or entities or person(s) engaged, retained or appointed by the Committee to act as the agent of the Employer and of the Participants under the Plan from time to time.
2. Paragraph 2(l) of the Plan to read as follows:
 - (l) “Eligible Employee” shall mean an Employee of a Designated Subsidiary with one (1) year service on an Enrollment Date. Employees of Designated Subsidiaries that have become subsidiaries by reason of having been acquired by the Company or a Subsidiary and companies that have been merged with the Company or a Subsidiary may, in the discretion of the Committee, receive credit for the time they have worked for such acquired or merged company.

The Committee in its sole discretion may determine that the following Employees shall not be Eligible Employees under the Plan:

- (i) Employees who are not actively employed by an Employer at the beginning of a six-month Election Period. Provided however that Employees on maternity, paternity and parental leave should not be excluded. Provided also that Employees who are disabled as defined under the Disability Discrimination Act of 1995 should not be excluded from participation unless the exclusion can be objectively justified;
- (ii) Any Employee who would own more than five (5) percent of the common stock in the Company immediately after the Share purchase opportunity is granted to them under the Plan. Shares that the Employee may purchase under all outstanding stock options or such other share-based compensation plan of the Company shall be treated as stock owned by the Employee for such purposes, even though the option is not presently exercisable or the Shares are not presently receivable by the Employee;
- (iii) Employees who are subject to Section 16(a) of the 1934 Act; and
- (iv) Employees who are eligible to participate or who participate in the Company’s 1989 Employee Stock Purchase Plan.”

3. Paragraph 2(w) of the Plan to read as follows:

- (w) "Purchase Price" shall mean, for each Share purchased in accordance with Paragraph 9 hereof, an amount equal to the lesser of:
- (i) one hundred percent (100%) of the Closing Value of a Share on the first Trading Day of each Election Period or the earliest date thereafter as is administratively feasible, which for Plan purposes shall be deemed to be the date the right to purchase such Shares was granted to each Eligible Employee who is, or elects to become, a Participant; and
 - (ii) one hundred percent (100%) of the Closing Value of such Share on the last Trading Day of the Election Period or the earliest date thereafter as is administratively feasible, which for Plan purposes shall be deemed to be the date each such right to purchase such Shares was exercised;

The Committee may in its sole discretion, approve in lieu of the forgoing formula, such other formula as it deems appropriate.

The Purchase Price as determined hereunder may be in respect of one or more Election Periods and shall remain in effect until changed by the Committee.

In no event, however, may the Committee select a Purchase Price that would be lower than that allowed under Section 423(b)(6) of the Code or any successor section."

4. Payroll Deduction or Alternative Contribution:

In respect of Paragraphs 2(k), 2(r) and 2(t); 4(c); 7; 8(a) and (b); 9 (a); 13; 14; 15; 17; 21; 24 and other Paragraphs of the Plan, where reference is made to "payroll deduction or alternative contribution" that reference shall be read as "payroll deduction" only. In other words, a Participant shall only be allowed to contribute to the Plan by authorizing payroll deductions. Alternative contributions shall not be permitted.

5. Paragraph 13 of the Plan to read as follows:

"13. Cessation of Active Participation

A Participant may during the Enrollment Period, by giving notice to the Committee or the Employer, in the manner established by the Committee, revoke his or her authorization for payroll deduction or alternative contribution for the Election Period to which such authorization relates.

A Participant may cease participation during an Election Period by giving notice to the Committee or the Employer in the manner established by the Committee. A Participant who ceases participation in such manner may resume participation once during the same Election Period by giving notice to the Committee or the Employer in the manner established by the Committee. A Participant who has ceased and resumed participation during one Election Period may not resume participation during that Election Period if he or she subsequently ceases participation again during that Election Period.

If a Participant terminates his or her participation in the Plan during an Election Period, such termination shall be effective for the next Election Period, and only if such termination is made by the Participant by giving notice to the Committee or the Employer in the manner established by the Committee.”

JACOBS ENGINEERING GROUP INC.**Form of Indemnification Agreement**

THIS AGREEMENT is made this _____ day of _____ 20 __ between JACOBS ENGINEERING GROUP INC., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

R E C I T A L S

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as directors or officers of corporations unless they are protected by comprehensive liability insurance or indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors and officers;

B. The statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors and officers with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take;

C. Plaintiffs often seek damages in such large amounts, and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of officers and directors;

D. The Company believes that it is unfair for its directors and officers to assume the risk of huge judgments and other expenses which may occur in cases in which the director or officer received no personal profit and in cases where the director or officer was not culpable;

E. The Company recognizes that the issues in controversy in litigation against a director or officer of a corporation such as the Company or a subsidiary of the Company are often related to the knowledge, motives and intent of such director or officer, that she or he is usually the only witness with knowledge of the essential facts and exculpatory circumstances regarding such matters, and that the long period of time which usually elapses before the trial or other disposition of such litigation often extends beyond the time that the director or officer can reasonably recall such matters; and may extend beyond the normal time for retirement for such director or officer with the result that she or he, after retirement or in the event of his or her death, his or her spouse, heirs, executors or administrators, may be faced with limited ability and undue hardship in maintaining an adequate defense, which may discourage such a director or officer from serving in that position;

F. Based upon their experience as business managers, the Board of Directors of the Company (the "Board") has concluded that, to retain and attract talented and experienced individuals to serve as officers and directors of the Company and to encourage such individuals to take the business risks necessary for the success of the Company, it is necessary for the Company to contractually indemnify its officers and directors and to assume for itself maximum liability for expenses and damages

in connection with claims against such officers and directors in connection with their service to the Company, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its shareholders;

G. Section 145 of the General Corporation Law of Delaware, under which the Company is organized, ("Section 145") empowers the Company to indemnify its officers, directors, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive;

H. The Company, after reasonable investigation, believes that the interests of its shareholders would best be served by a combination of such liability insurance coverage as the Company may from time to time obtain and the indemnification by the Company of the directors and officers of the Company and its subsidiaries;

I. The Company desires and has requested the Indemnitee to serve or continue to serve as a director or officer of the Company of one or more of its subsidiaries free from undue concern for claims for damages arising out of or related to such services to the Company; and

J. The Indemnitee is willing to serve, or to continue to serve, the Company and/or such subsidiaries, provided that he or she is furnished the indemnity provided for herein.

NOW, THEREFORE, in consideration of Indemnitee's continued service after the date hereof the parties hereto agree as follows:

1. Certain Definitions.

(a) *Change in Control* : shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Company representing 25% or more of the total voting power represented by the Company's then outstanding Voting Securities (as defined below), (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of 50% or more of the Company's assets.

(b) *Potential Change in Control* : shall be deemed to have occurred if (i) the Company enters into an agreement or arrangement, the consummation of which will result in the occurrence of a

Change in Control; (ii) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or (iii) the Board adopts a resolution to the effect that, for purposes of this Agreement a Potential Change in Control has occurred.

(f) *Reviewing Party* : the Company's Non-Employee Directors (as defined by Rule 16b-3 of the 1934 Act) or any other person or body appointed by the Board who is not a party to the particular proceeding for which Indemnitee is seeking indemnification.

(d) *Voting Securities* : any securities of the Company which vote generally in the election of directors.

2. Indemnification.

(a) *Third Party Proceedings.* The Company shall indemnify Indemnitee if Indemnitee is or was a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that Indemnitee is or was a director or officer of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while an officer or director or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (an "Affiliate"), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such action, suit or proceeding if Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful.

(b) *Proceedings by or in the Right of the Company.* The Company shall indemnify Indemnitee if Indemnitee was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Company or any subsidiary of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director or officer of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while an officer or director or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such action, suit or proceeding if Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

(c) *Proceedings involving a Deceased Indemnitee.* The Company shall indemnify Indemnitee if Indemnitee is or was a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that Indemnitee is or was a director or officer of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while a director

of officer or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such action, suit or proceeding if Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and prior to, during the pendency or after completion of such suit, action or proceeding Indemnitee is deceased, except that no indemnification shall be due under the provisions of this subsection to the extent a court of competent jurisdiction shall have found in such suit, action or proceeding that Indemnitee defrauded or stole from the Company or an Affiliate of the Company or converted to his own personal use and benefit business or properties of the Company or an Affiliate of the Company or was guilty of gross negligence or willful misconduct of a culpable nature to the Company or an Affiliate of the Company.

(d) **Mandatory Payment of Expenses.** To the extent that Indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Subsections (a), (b) or (c) of this Section 2 or the defense of any claim, issue or matter therein, Indemnitee shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by Indemnitee in connection therewith.

3. Assumption of Liability by the Company. If Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, the Company shall indemnify Indemnitee's estate and his or her spouse, heirs, administrators and executors against and the Company shall, and does hereby agree, to assume any and all expenses (including attorneys' fees), penalties and fines actually and reasonably incurred by or for Indemnitee or his or her estate, in connection with the investigation, defense, settlement or appeal of any such action, suit or proceeding. Further, when requested in writing by the spouse of Indemnitee, and/or the heirs, executors or administrators of Indemnitee's estate, the Company shall provide appropriate evidence of the Company's agreement set out herein, to indemnify Indemnitee against, and to itself assume, such costs, liabilities and expenses.

4. Limitation of Actions and Release of Claims. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any Affiliate of the Company against Indemnitee, his or her spouse, heirs, executors or administrators after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its Affiliate shall be extinguished and deemed released unless asserted by filing of a legal action within such two (2) year period.

5. Agreement to Serve. In consideration of the protection afforded by this Agreement, if Indemnitee is a director of the Company, he or she agrees to serve at least for the balance of the current term as a director and not to resign voluntarily during such period without the written consent of a majority of the Board of Directors. If Indemnitee is an officer of the Company, he or she agrees to serve in such capacity at least for the balance of the current fiscal year of the Company and not to resign voluntarily during such period without the written consent of a majority of the Board of Directors. Following the applicable period set forth above, Indemnitee agrees to continue to serve in such capacity at the will of the Company (or under separate agreement, if such agreement exists) so long as she or he is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws of the Company or any subsidiary of the Company or until such time as he or she tenders his or her resignation in writing. Nothing contained in this Agreement is intended to create any right to continued employment of Indemnitee.

6. Expenses; Indemnification Procedure.

(a) **Advancement of Expenses.** The Company shall advance all expenses incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of any civil or criminal action, suit or proceeding referenced in Section 2(a), (b) or (c) hereof, including attorneys' fees and fees of expert witnesses, professional advisors, (e.g. accountants) and private investigators. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined by a court in a final adjudication from which there is no further right of appeal that Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to Indemnitee within twenty (20) days following delivery of a written request therefor by Indemnitee to the Company. Notwithstanding the foregoing, any indemnification provided for in Section 2 and this Section 6 shall be made no later than forty-five (45) days after receipt of the written request of Indemnitee.

(b) **Notice/Cooperation by Indemnitee.** Indemnitee shall, as a condition precedent to his or her right to be indemnified under this Agreement, give the Company notice in writing pursuant to Section 22, below, as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice shall be deemed received on the third business day after the date postmarked if sent by domestic certified or registered mail, properly addressed; otherwise notice shall be deemed received when such notice shall actually be received by the Company. In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(c) **Procedure.** Any indemnification and advances provided for in Section 2 and this Section 6 shall be made no later than forty-five (45) days after receipt of the written request of Indemnitee unless a determination is made by the Reviewing Party that Indemnitee is not entitled to indemnification pursuant to the terms of this Agreement. If a claim under this Agreement, under any statute, or under any provision of the Company's Certificate of Incorporation or Bylaws providing for indemnification, is not paid in full by the Company within forty-five (45) days after a written request for payment thereof has first been received by the Company, then Indemnitee may, but need not, at any time within two (2) years thereafter bring an action against the Company to recover the unpaid amount of the claim, and, subject to Section 20 of this Agreement, Indemnitee shall also be entitled to be paid for the expenses (including attorneys' fees) of bringing such action. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in connection with any action, suit or proceeding in advance of its final disposition) that Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Company, and Indemnitee shall be entitled to receive interim payments of expenses pursuant to Section 6(a) unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists. It is the parties' intention that, if the Company contests Indemnitee's right to indemnification, the question of Indemnitee's right to indemnification shall be for the court to decide, and neither the failure of the Reviewing Party to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct required by applicable law, nor an actual determination by the Reviewing Party that Indemnitee has not met such applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct.

(d) **Notice to Insurers.** If, at the time of the receipt of a notice of a claim pursuant to Section 6(b) hereof, the Company has directors and officers liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the

procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnatee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(e) Selection of Counsel. In the event the Company shall be obligated under Section 6(a) hereof to pay the expenses of any proceeding against Indemnatee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by Indemnatee, upon the delivery to Indemnatee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnatee and the retention of such counsel by the Company, the Company will not be liable to Indemnatee under this Agreement for any fees of counsel subsequently incurred by Indemnatee with respect to the same proceeding, provided that (i) Indemnatee shall have the right to employ his or her counsel in any such proceeding at Indemnatee's expense; and (ii) if (A) the employment of counsel by Indemnatee has been previously authorized by the Company, (B) Indemnatee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnatee in the conduct of any such defense or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnatee's counsel shall be at the expense of the Company.

7. Establishment of Trust. In the event of a Potential Change in Control, the Company shall, upon written request by Indemnatee, create a trust for the benefit of Indemnatee and from time to time upon written request of Indemnatee shall fund such trust in an amount (the "Trust Fund Amount") which is the lesser of (i) the total of all sums sufficient to satisfy the expenses (including attorneys' fees) reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for and defending any proceeding that is indemnifiable under this Agreement, plus any and all judgments, fines, penalties and settlement amounts relating to the proceeding from time to time actually paid or claimed, or reasonably anticipated or proposed to be paid or (ii) Five Million Dollars (\$5,000,000). The Trust Fund Amount shall be determined by the Reviewing Party. The Company shall maintain funds in the trust account in the Trust Fund Amount, depositing such additional amounts as may be appropriate as a result of disbursements from the account or increases which, from time to time, may occur in the Trust Fund Amount. The terms of the trust shall provide that upon a Change in Control (i) the trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnatee, (ii) the trustee shall advance, within twenty (20) business days of a request by Indemnatee, expenses to Indemnatee (and Indemnatee hereby agrees to reimburse the trust under the circumstances under which the Indemnatee would be required to reimburse the Company under Section 6(a) of this Agreement), (iii) the trust shall continue to be funded by the Company in accordance with the finding obligation set forth above, (iv) the trustee shall promptly pay to Indemnatee all amounts for which Indemnatee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in such trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that the Indemnatee has been fully indemnified under the terms of this Agreement. The trustee shall be chosen by Indemnatee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the trust shall be reported as income by the Company for federal, state, local and foreign tax purposes.

8. Additional Indemnification Rights; Nonexclusivity.

(a) Scope. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify Indemnatee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the

date of this Agreement, in any applicable law, statute, or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes shall be, ipso facto, within the purview of Indemnitee's rights and Company's obligations under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) **Nonexclusivity.** The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any agreement, any vote of stockholders or disinterested directors, the General Corporation Law of the State of Delaware, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he or she may have ceased to serve in such capacity at the time of any action, suit or other covered proceeding.

9. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses, judgments, fines or penalties actually and reasonably incurred by him or her in the investigation, defense, appeal or settlement of any civil or criminal action, suit or proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such expenses, judgments, fines or penalties to which Indemnitee is entitled.

10. Plea of Nolo Contendere. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful.

11. Mutual Acknowledgment. Both the Company and Indemnitee acknowledge that in certain instances, federal law or public policy may override applicable state law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. For example, the Company and Indemnitee acknowledge that the Securities and Exchange Commission has taken the position that indemnification is not permissible for liabilities arising under certain federal securities laws, and federal legislation prohibits indemnification for certain ERISA violations. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

12. Directors and Officers Liability Insurance. The Company shall, from time to time, make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses from wrongful acts, or to ensure the Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. In all policies of directors and officers liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if the Indemnitee is a director, or of the Company's officers if Indemnitee is not a director of the Company but is an officer. Notwithstanding the foregoing,

the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, or if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

13. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 13. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the fullest extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

14. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Claims Initiated by Indemnitee. To indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145 of the Delaware General Corporation Law, but such indemnification or advancement of expenses may be provided by the Company in specific cases if the Reviewing Party finds it to be appropriate;

(b) Lack of Good Faith. To indemnify Indemnitee for any expenses incurred by the Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceedings was not made in good faith or was frivolous;

(c) Insured Claims. To indemnify Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlements) which have been paid directly to Indemnitee by an insurance carrier under a policy of directors' and officers' liability insurance maintained by the Company; and

(d) Claims Under Section 16(b). To indemnify Indemnitee for expenses or the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

15. Settlement . The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action, suit or proceeding effected without the Company's prior written consent. The Company shall not settle any claim in any manner which would impose any fine or any obligation on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold their consent to any proposed settlement.

16. Construction of Certain Phrases . For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good

faith and in a manner Indemnatee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnatee shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

18. Successors and Assigns. This Agreement shall be (i) binding upon all successors and assigns of the Company (including any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law) and (ii) shall be binding on and inure to the benefit of Indemnatee and Indemnatee’s estate, heirs, legal representatives and assigns.

19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

20. Attorneys’ Fees. In the event that any action is instituted by Indemnatee under this Agreement to enforce or interpret any of the terms hereof, Indemnatee shall be entitled to be paid all court costs and expenses, including reasonable attorneys’ fees, incurred by Indemnatee with respect to such action, unless as a part of such action, the court of competent jurisdiction determines that each of the material assertions made by Indemnatee as a basis for such action were not made in good faith or were frivolous. In the event of an action instituted by or in the name of the Company under this Agreement or to enforce or interpret any of the terms of this Agreement, Indemnatee shall be entitled to be paid all court costs and expenses, including attorneys’ fees, incurred by Indemnatee in defense of such action (including with respect to Indemnatee’s counterclaims and cross-claims made in such action), unless as a part of such action the court determines that each of Indemnatee’s material defenses to such action were made in bad faith or were frivolous.

21. Notice. All notice, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee on the date of such receipt, or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

22. Consent to Jurisdiction. The Company and Indemnatee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

23. Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

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

JACOBS ENGINEERING GROUP INC.

ATTEST:

Michael S. Udovic, Secretary

(SEAL)

AGREED TO AND ACCEPTED:

(Name)

By: _____
Craig L. Martin
Its: President and Chief Executive Officer
1111 South Arroyo Parkway
Pasadena, California 91105



1111 South Arroyo
Pasadena, California 91105
USA
Main - 626.578.3500
FAX - 626.578.6894

Memorandum

Date March 24, 2005
To Tom Hammond
From Craig Martin
Subject UK Assignment

This memo serves as a correction and addendum to your Assignment Letter dated February 16, 2005.

1. Your assignment began on January 22, 2005.
2. The duration of your assignment will be at least 18 months, subject to change by mutual agreement.

Please call me if you have any questions.

/s/ Craig L. Martin

Craig L. Martin
President and CEO



ADDENDUM – EXPATRIATE AGREEMENT TO UNITED KINGDOM

Original Agreement Dated February 16, 2005
Amended on March 24, 2005

To: Thomas R. Hammond
From: Patricia H. Summers
Re: Temporary Assignment to United Kingdom
Date: April 23, 2008

This addendum extends your assignment agreement to April 23, 2010.

<u>/s/ Patricia H. Summers</u>	<u>4-23-08</u>
Patricia H. Summers	Date
Senior Vice President – Global Human Resources	

I acknowledge receipt, understanding and acceptance of this addendum.

<u>/s/ Thomas R. Hammond</u>	<u>4-28-08</u>
Thomas R. Hammond	Date

JACOBS ENGINEERING GROUP INC.
SUBSIDIARIES OF THE REGISTRANT

The following table sets forth all subsidiaries of the Company other than subsidiaries that, when considered in the aggregate, would not constitute a significant subsidiary, including the percentage of issued and outstanding voting securities beneficially owned by the Company.

Jacobs Government Services Company, a California corporation	100.00%
Jacobs Field Services North America Inc., a Texas corporation	100.00%
Jacobs Field Services Ltd., a Canadian corporation	100.00%
JE Remediation Technologies Inc., a Louisiana corporation	100.00%
Jacobs Consultancy Inc., a Texas corporation	100.00%
Jacobs Engineering Inc., a Delaware corporation	100.00%
CODE International Assurance Ltd., a Nevada corporation	100.00%
Jacobs Engineering España, S.L., a Spanish corporation	100.00%
Jacobs Engineering Ireland Limited, a Republic of Ireland corporation	100.00%
Jacobs Lend Lease Ireland Limited, a Republic of Ireland corporation	50.00%
Jacobs Engineering de México, S.A. de C.V., a Mexican corporation	100.00%
Jacobs Luxembourg, Sarl, a Luxembourg corporation	100.00%
Jacobs Holding France SAS, a French corporation	100.00%
Jacobs France SAS, a French corporation	100.00%
Jacobs Italia, SpA, an Italian corporation	100.00%
Jacobs Spain S.L., a Spanish corporation	100.00%
Jacobs Engineering Deutschland GmbH, a German corporation	100.00%
Jacobs Services GmbH, a German corporation	100.00%
Jacobs Projects GmbH, a German corporation	100.00%
Jacobs Alliance Services GmbH, a German corporation	100.00%
Jacobs Nederland B.V., a Netherlands corporation	100.00%
Jacobs Österreich GmbH, an Austrian corporation	100.00%
Jacobs Advanced Manufacturing B.V., a Netherlands corporation	100.00%
Jacobs België N.V., a Belgian corporation	100.00%
Interhuis S.A., a Belgian corporation	100.00%
Jacobs Sverige A.B., a Swedish corporation	100.00%
Jacobs UK Holdings Limited, a corporation of England and Wales	100.00%
Jacobs Engineering U.K. Limited, a corporation of England and Wales	100.00%
Jacobs Consultancy U.K. Limited, a corporation of England and Wales	100.00%
Jacobs Industrial Services U.K. Limited, a corporation of England and Wales	100.00%
Lindsey Engineering Services Limited, a corporation of England and Wales	100.00%
L.E.S. Engineering Limited, a corporation of England and Wales	100.00%
Jacobs Engineering India Private Limited, an India corporation	100.00%
HGC Constructors Private Ltd	100.00%
Gibb Holdings Limited, a corporation of England and Wales	100.00%
Jacobs U.K. Limited, a corporation of Scotland	100.00%
Allott & Lomax (Holdings) Limited, a corporation of England and Wales	100.00%
Babtie International Limited, a corporation of Scotland	100.00%
Jacobs Consultancy Spol s.r.o, a Czech Republic corporation	100.00%
Jacobs China Limited, a Hong Kong corporation	100.00%
Babtie Asia Pte Limited, a Singapore corporation	100.00%
Babtie Asia Technical & Management Consultants Sdn Bhd, a Malaysian corporation	100.00%
BEAR Scotland Limited, a corporation of Scotland	25.00%
Ringway Babtie Limited, a corporation of Scotland	25.00%
Le Crossing Company Limited, a corporation of Scotland	57.00%

Babbie Fichtner Limited, a corporation of Scotland	50.00%
WUXI Babbie Engineering Consultants Company Limited, a Peoples Republic of China corporation	50.00%
Ringway Jacobs Limited, a corporation of England and Wales	50.00%
JacobsGIBB Limited, a corporation of England and Wales	100.00%
Westminster & Earley Services Limited, a corporation of England and Wales	100.00%
Jacobs Suomi Oy, a corporation of Finland	100.00%
Neste Jacobs Oy, a corporation of Finland	40.00%
JEG Acquisition Company Limited, a corporation of England and Wales	100.00%
Jacobs, Zamel and Turbag Consulting Engineers Company, a Saudi Arabian professional services partnership	60.00%
Jacobs International Holdings Inc., a Delaware corporation	100.00%
JacobsGIBB Hellas A.E. a Greek corporation	100.00%
Jacobs Polska S.p z.o.o., a Polish corporation	100.00%
Jacobs Puerto Rico Inc., a Puerto Rican corporation	100.00%
Jacobs Holdings Singapore Pte. Limited., a Singapore corporation	100.00%
Jacobs Constructors Singapore Pte. Limited, a Singapore corporation	100.00%
Jacobs Engineering Singapore Pte. Limited., a Singapore corporation	100.00%
Jacobs Canada Inc., a Canadian corporation (“J-CAN”)	100.00%
Jacobs Industrial Services Limited., a Canadian corporation	100.00%
Jacobs Consultancy Canada Inc., a Canadian corporation	100.00%
Jacobs DCSA Saudi Arabia Limited., a Saudi Arabian corporation	60.00%
Jacobs Advisers Inc., a California corporation	100.00%*
Jacobs Civil Consultants Inc., a New York corporation	100.00%
JE Professional Resources Inc., a California corporation	100.00%
Jacobs Technology Inc., a Tennessee corporation	100.00%
Jacobs Australia Pty Limited, an Australian corporation	100.00%
Jacobs Industrial Services Inc., a Delaware corporation	100.00%
Jacobs Maintenance Inc., a Louisiana corporation	100.00%
CRSS International Inc., a South Carolina corporation	100.00%
Jacobs Engineering New York Inc., a New York corporation	100.00%
Edwards and Kelcey Inc., a New Jersey corporation	100.00%
Edwards and Kelcey Engineers Inc., a New York corporation	100.00%
Jacobs Telecommunications Inc., a New Jersey corporation	100.00%
Edwards and Kelcey Caribe Inc., a Puerto Rico corporation	100.00%
Edwards and Kelcey Design Services Inc., a Illinois corporation	100.00%
Edwards and Kelcey Partners Inc., a New Jersey corporation	99.00%
Carter & Burgess Inc., a Texas corporation	100.00%
Jacobs Project Management Co. a Delaware corporation	100.00%

* Ownership is divided between Jacobs Engineering Inc. and Jacobs Canada Inc.

All subsidiaries and affiliates are included in the Consolidated Financial Statements.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-67048) pertaining to the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan,
- (2) Registration Statement (Form S-8 No. 333-123448) pertaining to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan
- (3) Registration Statement (Form S-8 No. 333-38984) pertaining to the Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan
- (4) Registration Statement (Form S-8 No. 333-60296) pertaining to the Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan,
- (5) Registration Statement (Form S-8 No. 333-45475) pertaining to the Jacobs Engineering Group Inc. 1981 Executive Incentive Plan, and
- (6) Registration Statement (Form S-4 No. 333-147936) and related Prospectus;

of our reports dated November 20, 2008, with respect to the consolidated financial statements of Jacobs Engineering Group Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Jacobs Engineering Group Inc., included in this Annual Report (Form 10-K) for the year ended September 30, 2008.

/s/ Ernst & Young LLP

Los Angeles, California
November 25, 2008

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Craig L. Martin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Jacobs Engineering Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ C RAIG L. M ARTIN

Craig L. Martin
Chief Executive Officer

November 20, 2008

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John W. Prosser, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of Jacobs Engineering Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/ s / J OHN W. P ROSSER , J R .

John W. Prosser, Jr.
Chief Financial Officer

November 20, 2008

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Jacobs Engineering Group Inc. (the "Company") on Form 10-K for the year ended September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig L. Martin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/ s / C RAIG L. M ARTIN

Craig L. Martin
Chief Executive Officer

November 20, 2008

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Jacobs Engineering Group Inc. (the "Company") on Form 10-K for the year ended September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John W. Prosser, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/ s / J O H N W. P R O S S E R , J R .

John W. Prosser, Jr.
Executive Vice President,
Finance and Administration

November 20, 2008

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.