JACOBS ENGINEERING GROUP INC /DE/ (JEC)

10-K
Annual report pursuant to section 13 and 15(d)
Filed on 11/20/2012
Filed Period 09/28/2012

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 28, 2012 Commission File No. 1-7463

Jacobs Engineering Group Inc.

Delaware	**95-4081636**
State of incorporation	**IRS Employer identification number**
1111 South Arroyo Parkway **Pasadena, California 91105**	**(626) 578-3500**
Address of principal executive offices	**Telephone number (including area code)**

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

Title of Each Class	Name of Each Exchange on Which Registered
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 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 whether the Registrant: has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
☒ 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 130,076,572 shares of common stock outstanding as of November 15, 2012. The aggregate market value of the Registrant's common equity held by non-affiliates was approximately $5.7 billion as of March 30, 2012, 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 2013 Annual Meeting of Shareholders.

JACOBS ENGINEERING GROUP INC.

Fiscal 2012 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", "see", "estimates", "plans", "intends", and similar words identify forward-looking statements. You should not place undue reliance on any such 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. 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 (the "SEC").

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 Jacobs Engineering Group Inc. and its consolidated subsidiaries.

Item 1. BUSINESS

General Background Information

We are one of the largest technical professional services firms in the world. We provide a diverse range of technical, professional, and construction services to a large number of industrial, commercial, and governmental clients. We provide four broad categories of services:

- Project Services (including engineering, design, architecture, interiors, planning, environmental, and similar services);
- Process, Scientific, and Systems Consulting services (including services performed in connection with scientific testing, analysis, and consulting activities, as well as information technology and systems engineering and integration activities);
- Construction services (encompassing traditional field construction services as well as modular construction activities, direct hire construction, and construction management services); and
- Operations and Maintenance services (including services performed in connection with operating large, complex facilities on behalf of clients, as well as services involving process plant and facilities maintenance).

We focus our services on clients operating in the following industries and markets:

- Oil and gas exploration, production, and refining;
- Chemicals and polymers;
- Programs for various national governments, including aerospace, defense, and environmental programs;
- Buildings (including specialized buildings for clients operating in the fields of healthcare, education, and high technology; governmental complexes; other specialized civic and mission critical buildings, installations, and laboratories; and retail and commercial buildings);
- Infrastructure;
- Mining and minerals;
- Pharmaceuticals and biotechnology;
- Power;
- Pulp and paper;
- Technology and manufacturing; and,
- Food and consumer products, among others.

We are headquartered in Pasadena, California, USA, and provide our services through more than 200 offices located around the globe, primarily in North America, South America, Europe, the Middle East, India, Australia, Africa, and Asia.

How We Operate

The relationships we have with our clients drive our business. As a broad-based technical professional services firm, we offer a range of services to help our clients maintain a competitive edge in their respective markets. From feasibility studies to design, to engineering, to construction, to start-up and commissioning, and then to operations and maintenance, we customize our services to meet business and project goals. Our global network of professionals works with a multi-office approach in an effort to provide clients with the best, most economical project or program solutions.

We strive to provide client value through continuous improvement in our performance. We regularly monitor our clients' expectations, our quality system, and our operational performance. Tools such as our Jacobs Value Enhancing Practices, Global Standard Operating Procedures, project reviews, the Jacobs System to Ensure Project Success ("JSTEPS") and Safe Plans of Action ("SPAs") provide added value to our clients' projects. They also allow us to create performance improvement actions during the project execution. Through continuous improvement upon our performance, our tools, and our processes, we believe we can offer our clients superior value when they do business with us.

JacobsValue+SM ("Value Plus") is an internal tool we use to document and quantify the actual value or savings we provide to our clients and their projects. Some of the benefits achieved through the Value Plus program include lower total installed cost, shorter schedule, and reduced life cycle cost. Value Plus is implemented at project initiation: a project goal is created, and cost-saving ideas are entered into the Value Plus database. When the Value Plus cycle is complete, the project team and client identify unique cost and/or schedule reductions for the project.

Our Business Model

Our organizational structure and integrated system for delivering services are key components of our business strategy. Our operating units generally use a matrix organizational structure whereby our project management functions are supported by the various technical planning, design, and construction disciplines that are necessary to effectively execute long-term engineering and construction contracts. We recognize that technical expertise alone cannot grow our business; project management skills and the ability to manage multi-million dollar projects and programs for our clients is critical to our success. Crucial functions, such as project controls and procurement, are embedded within each of our major offices and serve operations by providing specialized services required by projects.

In managing our business, we encourage cooperation, not competition, across all of our offices. We do not maintain profit centers, and we expect our offices to provide and share resources to deliver those services required by our client contracts regardless of which office "owns" the contract. As an example, we sponsor one, company-wide incentive bonus plan that rewards employees based on the results of the Company as a whole. Our organizational structure encourages our operating groups to work collaboratively, while simultaneously helping to reduce costs and promote an efficient delivery system for all of our services.

Three important concepts support our business model: a multi-domestic approach, a boundaryless approach, and a focus on cost management.

Our global reach enables us to provide local, customized service worldwide. We work in many countries with locally-staffed offices that share a common set of values and a single vision while maintaining one-on-one contact with individual clients. This approach provides customized services suited to the locale and defines our multi-domestic approach.

We take a boundaryless approach to our business. This means that we try to enhance local expertise with the best talent and the best technology the Company has to offer regardless of office location. The diversity of our employees reflects our geographic reach as well as the wide range of our technical capabilities. Our talent pool is flexible, so we are able to be where our clients need us, doing the work that is necessary to achieve solutions for them.

Our continual emphasis on managing costs is an important component of our business model. As 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 an advantage. Managing general and administrative (“G&A”) costs is in our nature: since Jacobs' founding in 1947, keeping costs down has been critical to the way we operate. Another way we provide savings to our clients is by utilizing resources in our overseas offices that may be more cost competitive. With our focus on driving costs down throughout every level of our organization, we strive to deliver superior technical, professional, and construction services safely, efficiently, and within the cost and time parameters our clients require.

The Company's Culture

Our employees are our most important and valuable asset and, therefore, the prevention of job-related injuries is given top priority. It is the policy of the Company to provide and maintain a safe and healthy working environment and to follow operating practices that safeguard all employees and result in a more efficient operation.

BeyondZero® , the name of our program that promotes our culture of caring, moves beyond efforts to have an incident and injury-free safety performance. We implement a true culture of caring where concern for employees' health, safety, and welfare extends outside the office walls, beyond the project site fences and into their homes, cars, and all the places where they interact with family, friends, and fellow employees.

Our employees and business partners are expected to follow the highest principles of business conduct, integrity, and ethics as they carry out their responsibilities. Our employees are guided by the following principles in carrying out their responsibilities: loyalty, compliance with applicable laws, observance of ethical standards, avoidance of conflicts of interest, and communication. We endeavor to deal fairly with our employees, customers, suppliers, and competitors, and to respect the policies and procedures of those outside the Company.

Our objective is to present a clear and consistent image of our Company to our clients, employees, shareholders, and business partners — regarding how we behave, how we communicate, how we look, and most importantly, how our promises to our clients are delivered — anywhere in the world.

We accomplish this foremost through our core values, which allow us to behave as one company and unify us worldwide. By keeping our core values as a central focus of our Company, we are able to think the same way and arrive at similar conclusions, regardless of our physical location. Our core values are:

- People are our greatest asset;
- We are relationship-based; and
- Growth is an imperative.

Our core values are consistent with our commitment to sustainability. We see sustainability as a balance between the social, economic, and environmental aspects of a business. Too much emphasis on any single aspect cannot achieve sustainability. Our core values drive us to continuously improve efficiencies and reduce energy and natural resources; practices that drive down costs and contribute to a lower impact on the environment. Around the world, across all disciplines, we work to demonstrate our commitment to sustainability through our actions and project delivery. That commitment is reflected every day through our low-cost posture, our BeyondZero® safety philosophy, and our adherence to our seven principles of sustainability. These principles are:

- Sustainable development is a corporate priority;
- We seek broad, deep, differentiated capabilities and services;
- Sustainable development is integrated into our business;
- Training and education are important;
- Our facilities and operations follow sustainable principles;
- We contribute to the common effort for sustainability; and
- We are open and transparent.

Delivering timely and efficient engineering and design services and effective, tailored sustainable solutions are the best way we can save our clients money and make their businesses successful. Such sustainable solutions that allow our clients to achieve their project goals are a key aspect of the creation of an enduring sustainable legacy.

Applying the best, most efficient and effective sustainable solutions for our clients worldwide, in all major industries in which we operate, allows us to make a significant contribution to a safe and sustainable future.

With respect to human resources, our goal is to establish an inclusive, diverse workplace that energizes the people who fuel our Company's growth. Although we are a large company with over 60,000 employees in more than 25 countries, our employees are unified in their focus on superior value, safety, and ethical business practices; regardless of the country.

Our work locations around the world are multicultural, and our people are successful at building networks, breaking down boundaries, and embracing diversity. They collaborate and learn new skills from one another. We recognize that an inclusive environment is a healthy one that results in better decisions, better talent, and more creative solutions to offer our clients. We seek employees that operate with a boundaryless mindset.

We have engaged, committed, and productive people who add value to our project teams. We focus on hiring the best, keeping the best, and continually improving the skills and capabilities of individuals and teams.

How We Grow

We are committed to a relationship-based business model, which is central to our sustained growth and profitability. We pursue the development of long-term relationships and alliances with our clients. By working 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 specific projects. This increased understanding enables us, we believe, to provide superior value to our clients. Our approach provides us with opportunities to market all the services our clients are expected to need in the pre-design phase, such as master planning, permitting, or project finance options; in the design phase; and in the construction, post-start-up and commissioning phases of a facility, including operations and maintenance services.

Our relationships with clients also present ongoing opportunities to expand into adjacent markets. For example, clients operating in the mining and minerals market often have a need for our infrastructure and buildings capabilities. The same is true for clients operating in other markets.

We market our services to clients in a wide range of public and institutional, process, and industrial markets. We increase our opportunities through selective market diversity, and are able to price contracts more competitively and enhance overall profitability while delivering additional value to our clients by integrating and bundling our services. In complex economic times, we have the ability to evolve along with market cycles worldwide. When opportunities decrease in a particular market or geography, other opportunities often increase. Because of our selective market diversity, we believe we are well-positioned to address a wide range of opportunities across many markets and geographies, which helps us grow our business.

Closely linked to our relationship-based business model is our multi-domestic geographic strategy. Our core clients can depend on us for assistance with their engineering and construction needs when they move projects around the world. We therefore follow our clients into new geographic regions, which helps us perform meaningful portions of their projects by utilizing local resources rather than exporting the work to other offices.

The Role of Acquisitions in the Development Our Business

When we review acquisition targets, we are conscious of the effect the acquisition may have on our client base. We favor acquisitions that allow us to (i) expand into a new client market; (ii) enhance the range of services we provide existing clients; and/or (iii) access 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 recent key acquisitions:

- In August 2012, we acquired a consulting project management business based in Sydney, Australia. The primary purpose of this acquisition was to expand our geographic presence and grow our infrastructure business in Australia.

- In July 2012, we acquired a majority ownership of DM Petroleum Operations Company ("DMP") headquartered in New Orleans, Louisiana. DMP manages and operates the Strategic Petroleum Reserve ("SPR") under contract to the United States ("U.S.") Department of Energy (the "DoE"). The SPR is the world's largest reserve of emergency crude oil, and DMP has been the SPR management and operating contractor since 1993. DMP builds on our locally-based petroleum operations and maintenance expertise.

- In December 2011, we acquired Unique World Pty Ltd., headquartered in Sydney, Australia. Unique World is an information management and knowledge management consultancy specializing in enabling technologies such as collaboration, business process automation, business intelligence, intranets, and portals. Unique World expands the Company's capabilities in Australia to include such information technology ("IT") services, as well as expanding the client base to which we can offer these services.

- In November 2011, we acquired KlingStubbins, Inc., a 500-person firm headquartered in Philadelphia, Pennsylvania, USA, with offices located throughout the U.S. and in China. KlingStubbins provides professional services in the areas of architecture, engineering, interiors, planning, and landscape architecture. The markets served by KlingStubbins include corporate/commercial, governmental, science and technology, higher education, mission critical, and interiors.

- In May 2011, we acquired an additional 55% interest in Consulting Engineering Services (India) Private Limited (“CES”), a leading power, infrastructure, and civil engineering company headquartered in Delhi, India. Founded in 1969, CES employs more than 2,000 people and provides a range of solutions in infrastructure development, planning, engineering, and construction management. This acquisition significantly increased our existing resources and capabilities in India to more than 4,500 employees and expanded our presence in other regions in Asia and the Middle East.

- In February 2011, we acquired Aker Solutions’ Process and Construction (“P&C”) business, a 4,500-person operating unit serving clients in the oil, gas, and refining markets, as well as the mining and minerals, chemicals, energy and environmental industries. The primary purpose for acquiring Aker’s P&C business was to expand significantly our global presence in the mining and metals market; provide a new geographic region with South America; and enhance our regional presence in Australia, Europe, and North America. In a related transaction completed in April 2011, we acquired Aker Projects (Shanghai) Company Limited (Aker Solutions’ onshore P&C operations in China). This element of the Aker transactions greatly expanded our presence and capabilities in China. The businesses and operations acquired in this transaction are sometimes referred to herein collectively as the "Aker Entities".

- In December 2010, we acquired Damon S. Williams (“DSWA”), a 50-person professional services firm headquartered in Phoenix, Arizona. Founded in 1987, DSWA specializes in water and wastewater facilities, with expertise in planning, design, construction administration and operations services. The primary purpose for acquiring DSWA was to expand our water and wastewater capabilities to better serve our customers in the western U.S.

- In October 2010, we acquired Sula Systems Ltd (“Sula”), a 70-person professional services firm headquartered in Gloucestershire, England. Founded in 1996, Sula provides systems engineering and technical services on large, complex programs and projects to clients in the United Kingdom defense and aerospace markets. Sula is also involved in a number of major defense programs in areas such as armored vehicles, complex weapons, test and evaluation, submarine nuclear propulsion, and capability and network level systems engineering. Sula also provides services relating to civil airliners and space-based subsystems. The primary purpose for acquiring Sula was to expand the Company’s position in the defense and aerospace markets.

- In October 2010, we acquired TechTeam Government Solutions, Inc. ("TechTeam") a 500-person IT solutions company that provides support to U.S. federal, state and local government agencies, including the U.S. Department of Homeland Security, U.S. Army and U.S. Army Corps of Engineers. The firm’s core competencies include systems integration, enterprise application integration, ERP implementation support, IT infrastructure support, network operations management, and call center operations. The primary purpose for acquiring TechTeam was to expand the Company’s IT, modeling, and simulation services capabilities with the U.S. federal government.

- In February 2010, we acquired Jordan, Jones and Goulding, Inc. (“JJG”), a 500-person professional services firm headquartered in Atlanta, Georgia. Founded in 1958, JJG provides engineering, planning, and consulting services for water, wastewater, environmental and other clients. The primary purpose for acquiring JJG was to expand the Company’s capabilities in the North American areas of water and wastewater.

- In December 2009, we acquired TYBRIN Corporation (“TYBRIN”), a 1,500-person professional services firm headquartered in Fort Walton Beach, Florida. Founded in 1972, TYBRIN is a leading supplier of mission planning solutions, systems engineering, software development, modeling and combat environment simulation, engineering and testing, range safety, and other services to the U.S. Department of Defense (“DoD”), the National Aeronautics and Space Administration (“NASA”), and other government clients. The primary purpose for acquiring TYBRIN was to expand our professional services business with the U.S. federal government.

- 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.

After we complete an acquisition, we move very quickly to integrate the newly-acquired operations. We typically assign senior operations personnel to manage the overall integration process with assistance from our sales, accounting, legal, IT, human resources, and risk management departments. Although integrating newly acquired businesses can be very challenging, the assimilation process is critical in order to assure (i) that our global businesses processes and systems are properly deployed throughout the newly-acquired entities and (ii) that we can begin to leverage-off the acquired talents, skills, and expertise to grow our business and help our clients execute their capital programs. Newly-acquired businesses are not left as stand-alone entities within the Company’s internal reporting system. The businesses we acquire are typically folded-in to existing operational organizations within the Company.

Financial Information About Segments

Although we describe our business in this Annual Report on Form 10-K in terms of the various 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 those accounting principles generally accepted in the U.S. (“U.S. GAAP”). In making this determination, we considered the various economic characteristics of our operations, including: the nature of the services we provide, the nature of our internal processes for delivering and distributing 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 among the workforces employed across the categories of services we provide. For example, professionals in 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 operations and maintenance ("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).

All of our offices 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 our clients and us and are ultimately responsible for delivering projects to our clients safely, on time, and on budget). Additionally, all of our operating regions 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.

Each of the Company's operating regions provide most of the services the Company offers generally, and each of our operating regions include in its customer base many of the same or similar clients as our other regions.

The use of technology throughout our organization is highly uniform. Whether it is computer-aided design and drafting (“CADD”) applications used by our engineering and design staff, or modeling programs used by the scientific and consulting staff, or 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.

Furthermore, the types of information and internal reports used by the Company’s chief operating decision maker (the “CODM”), who is also the Company’s chief executive officer and other members of 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 disclosures included in this Annual Report on Form 10-K.

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

	2012	2011	2010	2009	2008
Project Services	$ 5,693,419	$ 5,070,575	$ 4,224,898	$ 4,644,043	$ 5,128,456
Process, Scientific, and Systems Consulting	772,031	815,561	888,405	894,446	770,223
Construction	3,145,311	3,060,820	3,722,101	4,763,640	4,239,439
Operations and Maintenance (“O&M”)	1,283,017	1,434,708	1,080,113	1,165,247	1,114,041
	$ 10,893,778	$ 10,381,664	$ 9,915,517	$ 11,467,376	$ 11,252,159

Project Services

We employ the engineering, architecture, interiors, design, planning, and related disciplines necessary to design and engineer modern process plants, buildings, infrastructure projects, technology and manufacturing facilities, consumer products manufacturing facilities, power plants and stations, pulp and paper plants, and other facilities.

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 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.

Project Services also includes planning, scheduling, procurement, estimating, cost engineering, project accounting, quality and safety, and all other key support services needed for complete cradle-to-grave project delivery.

Process, Scientific, and Systems Consulting Services

We employ the professional and technical skills and expertise with respect to 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; and performing geological and metallurgical studies.

Also included in this service category are revenues relating to 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; aerospace, testing, and propulsion systems and facilities; and other highly technical or scientific tasks.

Construction

In addition to the construction management services included under Project Services above, we provide traditional field construction services to private and public sector clients. We also provide our clients with a modular construction option. Our modular construction includes the engineering and construction of a facility in an off-site fabrication and assembly environment, with final completion during the field erection phase. The option provides our clients with an alternative approach to traditional methods of engineering and construction, which can compress and shorten the construction schedule, reduce risk, lower costs, and provide environmental benefits. In the area of environmental remediation and restoration, we also provide environmental remedial construction services for a variety of public and private sector clients.

Historically, our field construction activities have been focused primarily on those construction projects for which we perform much of the related engineering and design work. By focusing our construction efforts in this way, we minimize the risks associated with constructing complex projects based on designs prepared by third parties. The financial risk to us of constructing complex assets 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 we believe can result in a fair return for the degree of risk we assume.

Operations and Maintenance ("O&M") Services

O&M refers to all of the tasks required to operate and maintain large, complex facilities on behalf of clients. We provide key management and support services over all aspects of the operations of a facility, including managing subcontractors and other on-site personnel. O&M also includes process plant maintenance services, which generally involves all tasks required to keep a process plant (typically a refinery or chemical plant) in day-to-day operation.

Within the aerospace and defense areas, O&M often requires us to provide the management and technical support services necessary to operate and maintain such sites as engine test facilities, weapons integration facilities, 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.

Within the environmental area, O&M often includes engineering and technical support services as well as program management services necessary to remediate contaminated sites.

Although the gross profit margins 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. Also, O&M services offer us an opportunity for long-term relationships with clients. This aspect of maintenance services greatly reduces the selling costs in respect of such services.

The Industries and Markets in Which Our Clients Operate

We market our services to clients where the scope of work required by their capital projects and programs is within our expertise. Within each market, we may offer specialty services unique to the sector, or services which differentiate us from our competitors in the marketplace.

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 (in thousands):

	2012	2011	2010	2009	2008
Refining – Downstream	$ 2,379,750	$ 2,256,092	$ 2,876,059	$ 3,850,734	$ 3,525,838
National Government Programs	2,272,611	2,313,240	2,314,548	2,148,688	1,784,150
Chemicals and Polymers	1,704,723	1,461,125	1,203,373	1,210,027	1,409,868
Infrastructure	1,085,649	1,219,633	938,978	933,519	935,333
Buildings	843,938	893,528	869,248	793,041	900,115
Oil & Gas – Upstream	790,546	753,471	559,492	895,284	1,102,743
Pharmaceuticals and Biotechnology	576,303	404,687	589,795	875,007	978,867
Mining & Minerals	550,134	449,194	26,161	136,851	66,206
Industrial and Other	690,124	630,694	537,863	624,225	549,039
	$ 10,893,778	$ 10,381,664	$ 9,915,517	$ 11,467,376	$ 11,252,159

Refining - Downstream

Our typical refining projects for global clients include new design and construction, revamps or expansions of existing plants, turnarounds, upgrades of individual process units within refineries, and long-term maintenance services. We also provide process assessments, facility appraisals, feasibility studies, technology evaluations, project finance structuring and support, and multi-client subscription services.

Our modular construction capabilities, asset management/maintenance services, and formal client alliances help differentiate us to customers operating in this industry. Using modular construction decreases congestion at the construction site and provides enhanced safety, cost, and project execution benefits in remote locations.

We also include power generation projects within our clients' refining and processing facilities, such as simple and combined cycle power projects, industrial gas turbines, and emergency power generation stations. In addition, we offer support in the procurement and commissioning of equipment.

Oil & Gas - Upstream

As international oil companies develop reserves and try to maximize their existing resources, our expertise in a range of production methods, combined with our commitment to safety and strength in project management, helps us deliver a wide range of projects for oil and gas operators.

In the exploration and production market, our projects range from oil recovery through steam injection to gas treating, gas gathering, and gas storage projects including extraction of commercially valuable elements of the gas stream, utilizing new technologies such as Steam-Assisted Gravity Drainage ("SAGD").

Typical projects for our clients in this sector involve the design and construction of projects that recover oil and gas, and include oil thermal recovery facilities either by in-situ means or oil sands mining, upgraders, pipelines, gas plants, and CO_2 flood. These are typically large projects that may involve many of our offices and often include work-share with our Mumbai, India office as a value-added engineering center to reduce project costs.

We also provide substantial maintenance and modification services for aging oil and gas facilities around the world. In connection with the refining market, we also provide process assessments, facility appraisals, feasibility studies, technology evaluations, project finance structuring consulting services, and other support services.

National Government Programs

We categorize our National Government Programs as generally relating to aerospace and defense programs or environmental programs for government entities.

Aerospace and Defense Programs

We provide an in-depth range of science, engineering, construction and technical support services to the aerospace and defense industry. Long-term clients include the Ministry of Defence in the U.K., NASA, the DoD, the U.S. Special Operations Command ("USSOCOM"), and the Australian Department of Defence. Specific to NASA is our ability to design, build, operate, and maintain highly complex facilities relating to space systems, including test and evaluation facilities, launch facilities, and support infrastructure.

Our experience in the defense sector includes military systems acquisition management and strategic planning; operations and maintenance of test facilities and ranges; test and evaluation services 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 have provided advanced technology engineering services to the DoD for more than 50 years, and currently support major defense programs in the U.S. and internationally. We operate and maintain several DoD test centers and provide services and assist in 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.

We 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 also support the DoD in a number of information technology programs, including network design, integration, and support; command and control technology; development and maintenance of databases and customized applications; and security solutions.

Environmental Programs

We provide environmental investigation, permitting, restoration, remediation, engineering, and site operations services to a number of European, North American, and Middle Eastern government agencies. Our projects include hazardous and nuclear waste management and site cleanup and closure; the preparation of feasibility studies and environmental investigations; environmental design; and remediation services on several national programs, as well as compliance with various national environmental policies.

Additionally, we support our clients in such areas as pollution prevention assessments; underground storage tank removal; contaminated soil and water remediation, monitoring and systems cleanup; long-term water quality management plans; and air quality planning and permitting. Much of this type of work is in support of large infrastructure projects that are underway in both Europe and in North America.

As a differentiating aspect of our support to our government clients, we provide asset management services in the form of long-term infrastructure operations and maintenance. Asset management also includes building closures that involve deactivation, decommissioning, and demolition of government facilities. This is an integral part of our services for the DoE.

Chemicals and Polymers

Our clients in this sector rely on our extensive knowledge of and experience with feedstock synthesis, chemical synthesis, and polymerization, including advanced polymerization reactors and state-of-the-art, post-reactor processing techniques to help bring new products and new facilities to market quickly and economically. We apply best practices on capital and maintenance work by leveraging resources within our alliances and partnerships. Specialty services we provide to our clients in these industries include project finance structuring consulting, market analysis, facility appraisal, and procurement with global inspection capabilities.

An important capability we offer our clients in the chemicals 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 and lead us to numerous formal alliances.

Infrastructure

The strengths we offer our clients in this industry segment include expertise in transportation, transit, aviation, water and wastewater, and civil construction projects throughout North America, Europe, India, the Middle East, and Asia. Representative clients include national government departments and agencies in the U.S. and the U.K.; state departments of transportation within the U.S.; other regional and local agencies; and private industry freight transport firms.

Transportation development/rehabilitation is a core competency of our infrastructure business. Typical projects include highways, bridges, transit, tunnels, airports, railroads, intermodal facilities, and maritime or port projects where our interdisciplinary teams work independently or as an extension of the client's staff. Providing alternative financing methods has proven successful in Europe where there is privatization of public infrastructure systems.

In water infrastructure, we help public and private sector clients develop or rehabilitate critical water resource systems. Emerging economies are investing heavily in water and wastewater systems, while governments in North America and Europe are addressing the challenges of drought and aging infrastructure. We continue to develop water/wastewater conveyance systems and water flood defense projects.

Buildings

We have planned, designed, and constructed buildings for a variety of clients and markets for more than 60 years. We believe our global presence and understanding of contracting and delivery demands keep us in an excellent position to provide professional services worldwide.

Our diversified client base encompasses both public and private sectors and relates primarily to institutional, commercial, government and corporate buildings, including projects at many of the world's leading medical and research centers, and universities. We focus our efforts and resources in areas where capital spending initiatives drive demand, and where changes and advances in technology require innovative, value-adding solutions. We also provide integrated facility management services (sometimes through joint ventures with third parties) for which we assume responsibility for the ongoing operation and maintenance of entire commercial or industrial complexes on behalf of clients.

We have specific capabilities in energy and power, master planning, and commissioning for office headquarters, aviation facilities, mission-critical facilities, municipal and civic buildings, courts and correctional facilities, mixed-use and commercial centers, healthcare and education campuses, and recreation complexes.

Advanced technology clients require highly specialized buildings in the fields of medical research, nano science, biotechnology, and laser sciences. We offer total integrated design and construction management solutions to these projects, many of which are world leaders in their functions.

Our recent acquisition of design firm KlingStubbins reinforces our commitment to our clients in this industry group, expanding our capabilities to clients in the pharma-bio, data center, government intelligence, corporate headquarters/interiors, and science and technology-based education markets around the globe.

Our government building projects include large, multi-year programs in the U.S. and Europe. U.S. government agencies we serve include the Federal Aviation Administration ("FAA"); the General Services Administration ("GSA"); the Internal Revenue Service ("IRS"); the U.S. Departments of State, Treasury, Agriculture, Homeland Security, and Defense; and the Army National Guard, among others. In the U.K., we are leading the Custodial Services' project management delivery program to upgrade the U.K. prison stock and also certain security-led programs such as upgrading works to the Palace of Westminster and some regional police authorities.

We are providing 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 ("BRAC") program.

Mining and Minerals

Our mining and minerals business targets the non-ferrous and ferrous metal markets, precious metals, energy minerals (uranium, coal, oil sands), and industrial and fertilizer minerals (mineral sands, borates, trona, phosphates and potash). We work with many of the resources companies undertaking new and existing facility upgrades and process plant developments. We offer project management; front-end studies; and full engineering, procurement, construction, and maintenance ("EPCM") capabilities; completions, commissioning and start-up services specializing in new plant construction, brownfield expansions, and sustaining capital and maintenance projects.

For our mining and mineral clients, we provide the industry proprietary sulfuric acid production technology through our Chemetics® product - an important synergistic by-product of the smelting process and a key consumable in mines employing ore leaching technology. We are also able to deliver value to our mining clients by providing distinctive adjacent capabilities such as infrastructure, major equipment and materials to support their mining operations.

By focusing on mitigating our clients' resource risk, we are able to address challenges of tight labor markets by providing a reliable and familiar labor pool for their ongoing projects. We host local offices in the most active mining geographies (South America, Australia, Canada, India, South Africa), and can thereby effectively help our clients improve their project delivery and resource availability.

Pharmaceuticals and Biotechnology

We provide our pharmaceuticals and biotechnology clients single-point consulting, engineering, procurement, construction management, and validation ("EPCMV") project delivery, enabling us to execute the industry's largest capital programs on a single-responsibility basis. Typical projects in this sector include laboratories, research and development facilities, pilot plants, bulk active pharmaceutical ingredient production facilities, full-scale biotechnology production facilities, and secondary manufacturing facilities.

As companies in this 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.

Regulatory compliance, state-of-the-art technology, and increased efficiencies are critical issues to our clients in these industries. We have expertise in containment, barrier technology, locally controlled environments, building systems automation, and off-the-site design and fabrication of facility modules; in addition to vaccine production and purification, and aseptic processing.

Industrial and Other

We provide a broad range of services to our clients operating in the power; pulp and paper; high-technology manufacturing; food, beverage, and consumer products industries and markets.

Power

Global energy demand is expected to grow by nearly 50 percent over the next 25 years, according to the U.S. Energy Information Administration. Significant capital spend in the power business is being driven by plant obsolescence and the need for utilities to comply with regulatory requirements and changes in environmental legislation. Our typical projects include simple and combined cycle power projects, cogeneration power plants, asset lifetime extension projects, and emergency power generation stations. In addition to traditional engineering, we offer services in procurement and commissioning of equipment, as well as construction services for the power market including thermal, biomass, renewables, and nuclear energy facilities.

Pulp and Paper

The pulp and paper industry has been consolidating for many years, and several of our traditional pulp and paper clients have emerged 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. Typical projects range from small mill projects to complex, multi-million-dollar paper machine rebuilds, mill expansions, and the construction of new facilities.

Pulp and paper projects encompass many areas of a mill, and our expertise also includes the converting and packaging of paper products for distribution and consumer use. Our pulp and paper capability extends through our offices in the U.S., U.K., France, Spain, Italy, and Mexico to clients worldwide. A significant portion of our work consists of assisting our clients in their compliance with environmental regulations and standards that affect the pulp and paper industry. We monitor all key environmental regulations affecting our clients and offer compliance studies, permitting support, design of pollution control systems, and compliance services regarding air pollutant standards and hazardous air pollutant emission limits from industrial boilers.

High Technology Manufacturing

We provide our core services for a variety of high tech manufacturing and test facilities, particularly for clients in the automotive and industrial industries. Typical automotive 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 also serve advanced technology and 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.

In addition, we perform projects for clients operating in the semiconductor industry. Projects in the semiconductor industry are typically more complex than many other commercial facilities, requiring a greater emphasis on cleanroom and similar high-end technologies. Our projects range from on-site plant engineering and tool hookups 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.

Food, Beverage, and Consumer Products

As a provider to the entire food, beverage, and consumer products supply chain, our global presence and capabilities allow us to help our clients with targeted expansion and new investments. Our food processing services include hygienic design, clean-in-place ("CIP") systems, heat transfer systems, material handling of liquids and solids, refrigeration, and compliance with government requirements. From facility design to raw materials processing to converting, packaging, and distribution, our vast depth of expertise helps our clients do just that. Our knowledge of food and beverage processing results in plants that are productive, efficient, and economical.

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 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. 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. Accordingly, backlog is not necessarily indicative of our future revenues or earnings.

Our backlog includes expected revenues for contracts that are based on estimates. For information regarding our backlog including those risk factors specific to backlog, please refer to Item 1A — *Risk Factors* , and 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:

2012	2011	2010	2009	2008
22.1%	24.4%	25.4%	20.3%	16.8%

It is uncommon for a commercial customer to contribute 10% or more of the Company's total revenues. 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 October 2, 2009 revenues earned from Motiva Enterprises LLC accounted for 12.2% 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.

Contracts

While there is considerable variation in the pricing provisions of the contracts we undertake, our contracts generally fall into two broad categories: cost-reimbursable and fixed-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:

	2012	2011	2010	2009	2008
Cost-reimbursable	85%	84%	87%	86%	88%
Fixed-price	15%	16%	13%	14%	12%

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, which is discussed in greater detail in Item 1A — *Risk Factors.* 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 (in millions of dollars):

2012	2011	2010	2009	2008
$ 2,328.4	$ 2,118.5	$ 2,723.3	$ 4,017.0	$ 3,517.4

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; 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 typically 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. In contrast, 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.

Competition

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

Employees

At September 28, 2012, we had approximately 48,600 full-time, staff employees (including contract staff). Additionally, as of September 28, 2012, there were approximately 14,800 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.

Executive Officers of the Registrant

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) and Item 405 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.

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

Name	Age	Position with the Company	Year Joined the Registrant
Craig L. Martin	62	President, Chief Executive Officer and Director	1994
Thomas R. Hammond	61	Executive Vice President, Operations	1975
George A. Kunberger, Jr.	60	Executive Vice President, Global Sales	1979
Gregory J. Landry	64	Executive Vice President, Operations	1984
Joseph G. Mandel	52	Executive Vice President, Operations	2011
John W. Prosser, Jr.	67	Executive Vice President, Finance and Administration and Treasurer	1974
Cora L. Carmody	55	Senior Vice President, Information Technology	2008
Nazim G. Thawerbhoy	65	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 Mr. Mandel and Ms. Carmody, have served in executive and senior management capacities with the Company for more than five years.

Prior to joining Jacobs in 2008, Ms. Carmody served as the Chief Information Officer for SAIC Inc., a large provider of scientific, engineering, systems integration and technical services and solutions, from August 2003 to April 2008. Mr. Mandel joined the Company in February 2011 through the acquisition of the Aker Entities. Mr. Mandel served in various senior management roles with Aker Solutions ASA since first joining them in 1995.

Available Information

You 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

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our business, financial condition, and results of operations. The risks described below highlight some of the factors that have affected and could affect us in the future. We may also be affected by unknown risks or risks that we currently think are immaterial. If any such events actually occur, our business, financial condition, and results of operations could be materially adversely affected.

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. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our clients, and raise our operating costs. Any of the foregoing 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, and could have a material adverse impact on our business, financial condition, and results of operations.

Negative conditions in the credit and financial markets could impair our ability to operate our business, implement our acquisition strategy, or access our cash and short-term investments; it could also adversely affect our customers’ businesses.

Although we finance much of our operations using cash provided by operations, at times we depend on the availability of credit to grow our business and to help fund business acquisitions. In addition, some of our clients depend on 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 be relatively difficult or expensive to obtain in spite of government efforts to stabilize the credit markets. This situation could make it more difficult or more expensive for us to access funds, refinance our existing indebtedness, enter into agreements for new indebtedness, or obtain funding through the issuance of securities or such additional capital may not be available on terms acceptable to us. In addition, these market conditions could negatively impact our clients’ ability to fund their projects and, therefore, utilize our services, which could have a material adverse impact on our business, financial condition, and results of operations.

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. We also routinely enter into contracts with counterparties including vendors, suppliers, and subcontractors that may be negatively impacted by 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 on less favorable terms 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 have a material adverse impact on 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 a material adverse impact on our liquidity, financial condition, and results of operations.

Furthermore, our cash balances and short-term investments are maintained in accounts held by major banks and financial institutions located primarily in North America, Europe, South America, Australia and Asia. Some of our accounts hold deposits in amounts that exceed available insurance. Although none of the financial institutions in which we hold our cash and investments have gone into bankruptcy or forced receivership, or have been seized by their governments, there is a risk that this may occur in the future. If this were to occur, we would be at risk of not being able to access our cash which may result in a temporary liquidity crisis that could impede our ability to fund operations.

Our vulnerability to the cyclical nature of the markets in which our clients operate is exacerbated during economic downturns.

We provide technical, professional, construction, and O&M 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; mining and minerals; pharmaceuticals and biotechnology; infrastructure; buildings; power; and other, general industrial and consumer businesses and markets (such as technology and manufacturing; pulp and paper; and food and consumer products). 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, particularly during periods of economic uncertainty.

Current global economic conditions have negatively impacted many of our clients' ability and willingness to fund their projects. They have also caused our clients to reduce their capital expenditures, alter the mix of services purchased, seek more favorable price and other contract terms, and otherwise slow their spending on our services. For example, in the public sector, declines in state tax revenues as well as other economic declines may result in lower state and local government spending. In addition, due to these conditions many of our competitors may be more inclined to take greater or unusual risks or accept terms and conditions in contracts that we might not deem acceptable. These conditions have reduced the demand for our services, which has had a significant negative impact on our business and results of operations.

Current economic conditions also make it extremely difficult for our clients, our vendors, and us to accurately forecast and plan future business activities and could cause businesses to continue to slow spending on our services. We cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery worldwide or in our clients' markets. In addition, our business has traditionally lagged recoveries in the general economy and, therefore, may not recover as quickly as the economy at large. A continuation or worsening of current weak economic conditions or a reduction in government spending could have a material adverse impact on our business, financial condition, and results of operations.

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 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 customers' 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. For example, for those customers that produce commodity products such as oil, gas, copper, or fertilizers, fluctuations in price can have a direct effect on their profitability and cash flow and, therefore, their willingness to continue to invest or make new capital investments. To the extent commidity prices decline and our customers defer new investments or cancel or delay existing projects, the demand for our services decreases, which may have a material adverse impact on our business, financial condition, and results of operations.

Commodity prices can 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, and result in customers deferring new investments or canceling or delaying existing projects. Cancellations and delays have affected our past results and may continue to do so in significant and unpredictable ways and could have a material adverse impact on our business, financial condition, and results of operations.

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

The success of our business is dependent upon our ability to hire, retain, and utilize qualified personnel, including engineers, architects, designers, craft personnel, and corporate management professionals who have the required experience and expertise. From time to time, it may be difficult to attract and retain qualified individuals with the expertise and in the timeframe demanded by our clients. 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 personnel.

In addition, as some of our key personnel approach retirement age, we 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 impact on our business, financial condition, and results of operations.

The cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. For example, the uncertainty of contract award timing can present difficulties in matching our workforce size with our contracts. If an expected contract award is delayed or not received, we could incur cost resulting from excess staff, reductions in staff, or redundancy of facilities that could have a material adverse impact on our business, financial conditions, and results of operations.

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

We are a party to litigation in the normal course of business. Since we engage in engineering and construction activities for large facilities and projects where design, construction or systems failures can result in substantial injury or damage to employees or others, we are exposed to substantial claims and litigation if there is a failure at any such project. Such claims could relate to, among other things, personal injury, loss of life, business interruption, property damage, pollution, and environmental damage and be brought by our clients or third parties, such as those who use or reside near our clients' projects. We can also be exposed to claims if we agreed that a project will achieve certain performance standards or satisfy certain technical requirements and those standards or requirements are not met. 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. In addition, while clients and subcontractors may agree to indemnify us against certain liabilities, such third parties may refuse or be unable to pay us.

We maintain insurance coverage for various aspects of our business and operations. Our insurance programs have varying coverage limits and maximums, and insurance companies may seek to deny claims we might make. 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 also subject to business risk and, as a result, one or more of them may be unable to fulfill their insurance obligations due to insolvency or otherwise.

In addition, 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, reduced profits or, in some cases, a loss for a project. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial results. 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.

Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. Pending or future claims against us could result in professional liability, product liability, criminal liability, warranty obligations, and other liabilities which, to the extent we are not insured against a loss or our insurer fails to provide coverage, could have a material adverse impact on our business, financial condition, and results of operations.

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, which are a significant source of our revenue and profit, are subject to various uncertainties, restrictions, and regulations including oversight audits by various government authorities as well as 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 reduce the scope or 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 (for example, those with the U.S. federal government represented approximately 22.1% of our total revenue in fiscal 2012), a significant reduction in government funding or the loss of such contracts could have a material adverse impact on our business, financial condition, and results of operations. If the U.S. federal government is unable to agree on a budget by the end of 2012 and the terms of the Budget Control Act of 2011 go into effect, it may have a material adverse impact on our business with the U.S. federal government and could potentially cause a more general recession in the U.S.

Most government contracts are awarded through a rigorous competitive process. The U.S. federal government has increasingly relied upon multiple-year contacts with multiple contractors that generally require those contractors to engage in an additional competitive bidding process for each task order issued under a contract. This process may result in us facing significant additional pricing pressure and uncertainty and incurring additional costs. Moreover, we may not be awarded government contracts because of existing policies designed to protect small businesses and under-represented minorities. Our inability to win new contracts or be awarded work under existing contracts could have a negative impact on our business and results of operations.

In addition, government contracts are subject to specific procurement regulations and a variety of other socio-economic requirements, which affects how we transact business with our clients and, in some instances, impose additional costs on our business operations. 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 numerous regulations governing security, environmental protection, and employment practices. 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. For example, government agencies such as the U.S. Defense Contract Audit Agency routinely review and audit us to determine the adequacy of and our compliance with our internal control systems and policies and whether allowable costs are in accordance with applicable regulations. These audits can result in a determination that a rule or regulation has been violated or that adjustments are necessary to the amount of contract costs we believe are reimbursable by the agencies and the amount of our overhead costs allocated to the agencies.

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, any or all of our government contracts could be terminated, we could be suspended or debarred from all government contract work, or payment of our costs could be disallowed. For example, in 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, treble damages can be awarded. The occurrence of any of these actions could harm our reputation and could have a material adverse impact on our business, financial condition, and results of operations.

Many of our federal government contracts require us to have security clearances, which can be difficult and time consuming to obtain. If our employees are unable to obtain or retain the necessary securities clearances, our clients could terminate or not renew existing contracts or award us new contracts. To the extent this occurs, our operations and results of operations could be negatively impacted.

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

For fiscal 2012 , approximately 15.0% of our revenues were earned under contracts that were fixed-price in nature. For these contracts, we bear the risk of paying some, if not all, of any cost overruns. Fixed-price contract amounts 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.

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

As of the end of fiscal 2012, our backlog totaled approximately $15.9 billion. There is no assurance that backlog will actually be realized as revenues in the amounts reported or, if realized, will result in profits. 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 revenue for certain contracts included in backlog are based on estimates. Projects can remain in backlog for extended periods of time because of the nature of the project and the timing of the particular services required by the project. The risk of contracts in backlog being cancelled or suspended generally increases during periods of wide-spread economic slowdowns.

Additionally, the way we perform on our individual contracts can affect greatly our gross margins and hence, future profitability. In some markets, there is a continuing 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 perform certain contracts as a member of 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 or unwilling to provide the required levels of financial support to the partnerships. If these circumstances occur, we may be required to pay financial penalties or liquidated damages, provide additional services, or make additional investments to ensure adequate performance and delivery of the contracted services. Under agreements with joint and several liabilities, we could be liable for both our obligations and those of our partners. These circumstances could also lead to disputes and litigation with our partners or clients, all of which could have a material adverse impact on our reputation, business, financial condition, and results of operations.

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. These joint ventures may not be subject to the same requirements regarding internal controls and internal control over financial reporting that we follow. To the extent the controlling partner makes decisions that negatively impact the joint venture or internal control problems arise within the joint venture, it could have a material adverse impact on our business, financial condition, and results of operations.

The failure by a joint venture partner to comply with applicable laws, regulations or client requirements could negatively impact our business and, for government clients, could result in fines, penalties, suspension or even debarment being imposed on us, which could have material adverse impact on our business, financial condition, and results of operations.

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 we are not able to locate qualified third-party subcontractors or the amount we are required to pay 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 on less favorable terms, 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 have a material adverse impact on our business, financial condition, and results of operations. In addition, a failure by a third party subcontractor, supplier or manufacturer to comply with applicable laws, regulations or client requirements could negatively impact our business and, for government clients, could result in fines, penalties, suspension or even debarment being imposed on us, which could have material adverse impact on our business, financial condition, and results of operations.

Maintaining adequate bonding and letter of credit capacity is necessary for us to successfully bid on and win some 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.

Historically, we have had adequate bonding and letter of credit capacity but, as is typically the case, the issuance of a bond is at the surety's sole discretion and the issuance of a letter of credit is based on the Company's credit worthiness. Because of an overall lack of worldwide bonding capacity, we may find it difficult to find sureties who will provide required levels of bonding or such bonding 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 impact 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 these 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 a material adverse impact on our financial condition and results of operations.

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 impact 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 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 could have a material adverse impact on our business, financial condition, and result of operations.

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.

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 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 routinely 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 and could have a material adverse impact on our business, financial condition, and results of operations.

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"), the U.K. Bribery Act of 2010, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments 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. Despite our training and compliance programs, there is no assurance that our internal control policies and procedures will protect us from acts committed by our employees or agents. If we are found to be liable for FCPA or other 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 impact on our business, financial condition, and results of operations.

The loss of or a significant reduction in business from one or a few customers could have an adverse impact on us.

A few clients have in the past and may in the future account for a significant portion of our revenue and/or backlog in any one year or over a period of several consecutive years. For example, in fiscal 2012, 2011, and fiscal 2010, approximately 22.1%, 24.4%, and 25.4%, 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, delay, or cancel their contracts at any time. Our loss of or a significant reduction in business from a significant client could have a material adverse impact on our business, financial condition, and results of operations.

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 impact 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, KBR, Technip, WorleyParsons, the Shaw Group, and AMEC. In the area of buildings, our competitors include several of the competitors previously mentioned as well as HDR, HOK, AECOM, and Turner. In the area of infrastructure, our competitors include several of the competitors previously mentioned as well as URS, Parsons Brinckerhoff, HNTB, Tetra Tech, Parsons, and W.S. Atkins. In the area of national government programs, our principal competitors include several of the competitors listed above as well as SAIC, CH2M Hill, Weston, Lockheed Martin, and Computer Sciences Corporation.

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 2012, approximately 38.0% 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 and other economic crises in other regions, such as Europe, or specific foreign economies and the impact on our costs of doing business in those countries;
- Difficulties in staffing and managing foreign operations, including logistical and communication challenges;
- Unexpected changes in foreign government policies and regulatory requirements;
- Lack of developed legal systems to enforce contractual rights;
- Renegotiation or nullification of our existing contracts;
- The adoption of new, and the expansion of existing, trade or other restrictions;
- Embargoes;
- Acts of war, civil unrest, force majeure, and terrorism;
- The ability to finance efficiently our foreign operations;
- Social, political, and economic instability;
- Expropriation of property;
- Tax increases;
- Limitations on the ability to repatriate foreign earnings; and
- U.S. government policies.

The lack of a well-developed legal system in some of these countries may make it difficult to enforce our contractual rights. In addition, military action or continued unrest, particularly in the Middle East, could impact the supply or pricing of oil, disrupt our operations in the region and elsewhere. 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.

Foreign exchange risks may affect our ability to realize a profit from certain projects.

While we generally attempt to denominate our contracts in the currencies of our expenditures, we do enter into contracts that expose us to currency risk, particularly to the extent contract revenue is denominated in a currency different than the contract costs. We attempt to minimize our exposure from currency risks by obtaining escalation provisions for projects in inflationary economies or entering into derivative (hedging) instruments, when there is currency risk exposure that is not naturally mitigated via our contracts. These actions, however, may not always eliminate currency risk exposure. Based on fluctuations in currency, the U.S. dollar value of our backlog may from time to time increase or decrease significantly. We may also be exposed to limitations on our ability to reinvest earnings from operations in one country to fund the financing requirements of our operations in other countries.

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 presents a number of risks, including:

- Assumption of liabilities of an acquired business, including liabilities that were unknown at the time the acquisition was negotiated;
- Valuation methodologies may not accurately capture the value of the acquired business;
- Failure to realize anticipated benefits, such as cost savings and revenue enhancements;
- Difficulties relating to combining previously separate entities into a single, integrated, and efficient business;
- The effects of diverting management’s attention from day-to-day operations to matters involving the integration of acquired companies;
- 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;
- Increased burdens on our staff and on our administrative, internal control and operating systems, which may hinder our legal and regulatory compliance activities; and
- Difficulties in applying and integrating our system of internal controls to an acquired business.

While we often obtain indemnification rights from the sellers of acquired businesses, such rights may be difficult to enforce, the losses may exceed any dedicated escrow funds, and the indemnitors may not have ability to financially support the indemnity.

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. The 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 7, 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 material negative effect on the price of our common stock.

Our quarterly operating results may fluctuate significantly, which could have a material negative effect on the price of our common stock, 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;
- The timing of resolving change orders, requests for equitable adjustments, and other contract adjustments;
- Delays incurred in connection with a project;
- Changes in prices of commodities or other supplies;
- 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.

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. GAAP 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;
- Collectability 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;
- Valuation of stock-based compensation; and
- The determination of liabilities under pension and other post-retirement benefit programs.

Our actual business and financial results could differ from our estimates of such results, which could have a material negative impact on our financial condition and results of operations.

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

Under U.S. GAAP, 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. As of September 28, 2012, we had $2.0 billion of goodwill, representing 29.4% of our total assets of $6.8 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 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 carrying value, we could be required to record an impairment charge. The amount of any impairment could be significant and could have a material adverse impact on our financial condition and results of operations for the period in which the charge is taken. For a further discussion of goodwill impairment testing, please see Item 7—*Management's Discussion and Analysis of Financial Condition and Results of Operations* below.

We may be required to contribute additional cash to meet any underfunded benefit obligations associated with retirement and post-retirement benefit plans we manage.

We have various employee benefit plan obligations that require us to make contributions to satisfy, over time, our underfunded benefit obligations, which are generally determined by calculating the projected benefit obligations minus the fair value of plan assets. For example, as of September 28, 2012 and September 30, 2011, our defined benefit pension and post-retirement benefit plans were projected to be underfunded by $463.7 million and $421.0 million, respectively. See Note 7—*Pension Plans* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K for additional disclosure. In the future, our benefit plan obligations may increase or decrease depending on changes in the levels of interest rates, pension plan asset performance and other factors. If we are required to contribute a significant amount of the deficit for underfunded benefit plans, our cash flows could be materially and adversely affected.

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. Because a significant portion of our revenues are earned from cost-reimbursable type contracts (approximately 85.0% during fiscal 2012), 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 impact on our business, financial condition, and results of operations.

We may be affected by market or regulatory responses to climate change.

Growing concerns about climate change may result in the imposition of additional environmental regulations. For example, there is a growing consensus that new and additional regulations may be enacted concerning, among other things, greenhouse gas emissions could result in increased compliance costs for us and our clients. Legislation, international protocols, regulation or other restrictions on emissions could also affect our clients, including those who are involved in the exploration, production or refining of fossil fuels. Such changes could increase the costs of projects for our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for our services, which would in turn have a material adverse impact on our business, financial condition, and results of operations. However, these changes could also increase the pace of projects, such as carbon capture or storage projects, that could have a positive impact on our business. We cannot predict when or whether any of these various proposals may be enacted or what their effect will be on us or on our customers.

Our effective tax rate may increase or decrease.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Although we believe that our tax estimates and tax positions are reasonable, they could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new tax accounting standards, legislation, regulations, and related interpretations, our global mix of earnings, the realizability of deferred tax assets and changes in uncertain tax positions. An increase or decrease in our effective tax rate could have a material adverse impact on our financial condition and results of operations.

Systems and information technology interruption could adversely impact our ability to operate.

We rely heavily on computer, information, and communications technology and related systems in order to properly operate our business. From time to time, we experience occasional system interruptions and delays. In the event we are unable to regularly deploy software and hardware, effectively upgrade our systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of our systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, our computer and communication systems and operations could be damaged or interrupted by natural disasters, telecommunications failures, acts of war or terrorism, computer viruses, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on our business, financial condition, protection of intellectual property, and results of operations, as well as those of our clients.

We may not be able to protect our intellectual property or that of our clients.

Our technology and intellectual property provide us, in many instances, with a competitive advantage. Although we protect our property through patent registrations, license restrictions, and similar mechanisms, we may not be able to successfully preserve our rights and they could be invalidated, circumvented, challenged or become obsolete. In addition, the laws of some foreign countries in which we operate do not protect intellectual property rights to the same extent as the U.S. If we are unable to protect and maintain our intellectual property rights or if there are any successful intellectual property challenges or infringement proceedings against us, our ability to differentiate our service offerings could be reduced. In addition, our clients or other third parties may also provide us with their technology and intellectual property. There is a risk we may not sufficiently protect our or their information from improper use or dissemination and, as a result, could be subject to claims and litigation and resulting liabilities, loss of contracts or other consequences that could have an adverse impact on our business, financial condition, and results of operations.

We are subject to professional standards, duties and statutory obligations on professional reports and opinions we issue, which could subject us to monetary damages.

We issue reports and opinions to clients based on our professional engineering expertise as well as our other professional credentials that subject us to professional standards, duties and obligations regulating the performance of our services. For example, we issue opinions and reports to government clients in connection with securities offerings. If a client or another third party alleges that our report or opinion is incorrect or it is improperly relied upon and we are held responsible, we could be subject to significant monetary damages.

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 ability to adopt a shareholder rights agreement in the future, 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; Australia; Austria; Belgium; Canada; Chile; China; Finland; France; Germany; Greece; India; Italy; Mexico; Morocco; The Netherlands; Poland; Puerto Rico; Peru; Republic of Ireland; Saudi Arabia; Singapore; Spain; Sweden; United Arab Emirates; and the United Kingdom. Such space is used for operations (providing technical, professional, and other home office services), sales, and administration. 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. We also have fabrication facilities located in Canada in Pickering, Ontario and Edmonton and Lamont, Alberta. The total amount of space used by us for all of our operations is approximately 7.6 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 most 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.

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 Composite Price History:

	Low Sales Price	High Sales Price
Fiscal 2012:		
First quarter	$ 30.74	$ 43.10
Second quarter	40.53	48.17
Third quarter	33.61	45.00
Fourth quarter	36.07	43.90
Fiscal 2011:		
First quarter	$ 37.39	$ 47.97
Second quarter	44.92	55.73
Third quarter	40.53	51.84
Fourth quarter	31.69	43.96

Shareholders

According to the records of our transfer agent, there were 1,330 shareholders of record as of November 15, 2012.

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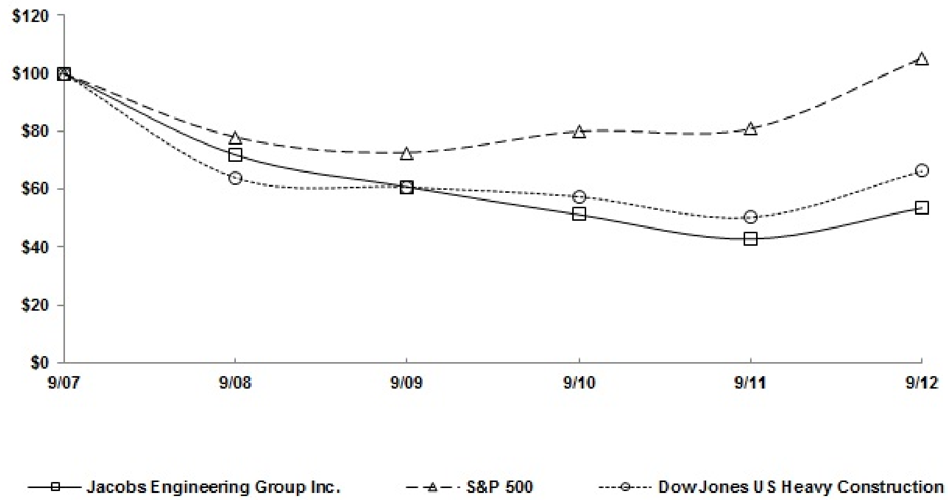
Dividends

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 and considers the merits of paying cash dividends and buying back shares of our common stock, we currently have no plans to pay cash dividends or repurchase our common stock in the foreseeable future.

Performance Graph

The following graph and table shows the changes over the past five-year period in the value of $100 invested at the end of fiscal 2007 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, provided any were paid. The investments are assumed to have occurred at the beginning of the period presented. The stock performance included in this graph is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Jacobs Engineering Group Inc., the S&P 500 Index, and the Dow Jones US Heavy Construction Index



*$100 invested on 9/30/07 in stock or index, including reinvestment of dividends.
Fiscal year ending September 30.

	2007	2008	2009	2010	2011	2012
Jacobs Engineering Group Inc.	**100.00**	**71.86**	**60.80**	**51.20**	**42.72**	**53.49**
S&P 500	**100.00**	**78.02**	**72.63**	**80.01**	**80.93**	**105.37**
Dow Jones US Heavy Construction	**100.00**	**64.03**	**60.74**	**57.43**	**50.23**	**66.25**

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 and ratios:

	2012 (a)	2011	2010 (b)	2009	2008
Results of Operations:					
Revenues	$ 10,893,778	$ 10,381,664	$ 9,915,517	$ 11,467,376	$ 11,252,159
Net earnings attributable to Jacobs	378,954	331,029	245,974	399,854	420,742
Financial Position:					
Current ratio	2.07 to 1	1.53 to 1	2.23 to 1	2.17 to 1	1.74 to 1
Working capital	$ 1,865,025	$ 1,099,308	$ 1,527,589	$ 1,522,548	$ 1,173,237
Current assets	3,612,077	3,157,353	2,767,042	2,818,449	2,750,234
Total assets	6,839,433	6,049,428	4,683,917	4,428,614	4,278,238
Cash	1,032,457	905,633	938,842	1,033,619	604,420
Long-term debt	528,260	2,042	509	737	55,675
Total Jacobs stockholders’ equity	3,722,473	3,312,988	2,859,048	2,625,913	2,245,147
Return on average equity	10.77%	10.73%	8.97%	16.42%	20.58%
Backlog:					
Technical professional services	$ 10,266,500	$ 9,100,100	$ 7,588,900	$ 8,209,300	$ 8,085,200
Field services	5,643,200	5,189,700	5,613,100	7,010,100	8,611,400
Total	$ 15,909,700	$ 14,289,800	$ 13,202,000	$ 15,219,400	$ 16,696,600
Per Share Information:					
Basic earnings per share	$ 2.97	$ 2.63	$ 1.98	$ 3.26	$ 3.47
Diluted earnings per share	2.94	2.60	1.96	3.21	3.38
Stockholders’ equity	28.65	25.93	22.71	21.14	18.30
Average Number of Shares of Common Stock and Common Stock Equivalents Outstanding (Diluted)	128,692	127,235	125,790	124,534	124,357
Common Shares Outstanding at Year End	129,936	127,785	125,909	124,230	122,701

(a) Includes a one-time, after-tax gain of $4.0 million, or $0.03 per diluted share, related to the sale of the Company's intellectual property for iron ore pelletizing and certain other related assets.

(b) Includes non-recurring, after-tax charges totaling $60.3 million, or $0.48 per diluted share, relating to the SIVOM Judgment (refer to Item 7 — *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, below, for a description of this matter and its effects on the Company’s fiscal 2010 Consolidated Financial Statements, as well as for a reconciliation to the Company’s fiscal 2010 consolidated results of operations in accordance with U.S. GAAP).

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

Critical Accounting Policies

In order to understand better the changes that occur to key elements of our financial condition, results of operations, and cash flows, a reader of this Management's Discussion and Analysis ("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 U.S. GAAP. 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 – *Significant Accounting Policies* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K, the following discussion is intended to highlight and 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 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 as of the balance sheet dates. In making such estimates, judgments are required to evaluate the possible effects of variances in schedule; the costs of materials and labor; 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. For contracts containing incentive fee arrangements, fees are frequently based 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. For multiple contracts with a single customer we account for each contract separately.

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 that are 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. 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 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. Very few of our joint ventures have employees. 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 U.S. GAAP, 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 evaluating the Company's joint ventures (also referred to as "variable interest entities", or "VIEs") for accounting and consolidation purposes, we perform a qualitative analysis to determine whether or not the Company has a “controlling financial interest” in the VIE. The Company is deemed to have a controlling financial interest in a VIE if it has (i) the power to direct the activities of the VIE that most significantly impact the VIEs economic performance; and (ii) the right to receive benefits, or obligation to absorb losses, that could potentially be significant to the VIE. In making our qualitative analysis, the Company assesses each VIE to determine those activities that most significantly impact the VIE's economic performance and whether the Company, another entity, or multiple entities have the power to direct those activities.

If we determine that we have the power to direct those activities of the VIE that most significantly impact its financial performance and have the right or obligation to receive benefits or absorb losses that could potentially be significant to the VIE, then we are the primary beneficiary of the VIE and we consolidate the VIE. If we determine that we do not have the power to direct the most significant activities of the VIE or power is shared by two or more unrelated parties, then we are not the primary beneficiary and we do not consolidate the VIE.

For the Company's unconsolidated joint ventures, we use the equity method of accounting. The Company does not currently participate in any significant VIEs in which it has a controlling financial interest. There were no changes in facts and circumstances in the period that caused the Company to reassess the method of accounting for its VIEs.

Accounting for Stock Issued to Employees and Others — We measure the cost of employee services received in exchange for an award of equity instruments based on the estimated grant-date fair value of the award. We estimate the fair value of stock options granted to employees and directors using the Black-Scholes option-pricing model. Like all option-pricing models, the Black-Scholes models require 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. For restricted stock units containing service and performance conditions with measures external to the Company, compensation expense is based on the fair value of such units determined using Monte Carlo Simulations. Due to the uncertainties inherent in the use of assumptions and the results of applying Monte Carlo Simulations, the amount of expense recorded in the accompanying consolidated financial statements may not be representative of the effects on our future consolidated financial statements because equity awards tend to vest over several years and additional equity awards may be made in the future.

Accounting for Pension Plans— The accounting for pension plans requires 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. The actuarial assumptions used in determining the funded statuses of the plans are provided in Note 7 – *Pension Plans* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

The expected rates of return on plan assets for fiscal 2013 range from 2.4% to 8.5%; this compares to a range of 2.7% to 7.5% for fiscal 2012. We believe the range of rates selected for fiscal 2013 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 2.6% to 5.9% in fiscal 2011 to a range of 0.6% to 8.4% in fiscal 2012. These assumptions represent the Company’s best estimate of the rates at which its pension obligations could be effectively settled.

Changes in the actuarial assumptions often have a material affect on the values assigned to plan assets and liabilities, and the associated pension expense. For example, if the discount rate used to value the net pension benefit obligation (“PBO”) at September 28, 2012 was higher (lower) by 0.5%, the PBO would have been lower (higher) at that date by approximately $100.8 million for non-U.S. plans, and by approximately $24.4 million for U.S. plans. If the expected return on plan assets was higher (lower) by 1.0%, the net periodic pension cost for fiscal 2013 would be lower (higher) by approximately $8.9 million for non-U.S. plans, and by approximately $3.5 million for U.S. plans. Differences between actuarial assumptions and actual performance (i.e., actuarial gains and losses) that are not recognized as a component of net periodic pension cost in the period in which such differences arise are recorded to accumulated other comprehensive income (loss) and are recognized as part of net periodic pension cost in future periods in accordance with U.S. GAAP. Management monitors trends in the marketplace within which our pension plans operate in an effort to assure the fairness of the actuarial assumptions used.

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 in which we are involved has 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, and we intend to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of our contracts.

In accordance with U.S. GAAP, we record in our Consolidated Balance Sheets amounts representing our estimated liability relating to such guarantees, litigation, and insurance claims. We include any adjustments to such liabilities in our consolidated results of operations.

In addition, as a contractor providing services to the U.S. federal government and several of its agencies, 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 Possible Impairment— The goodwill carried in our Consolidated Balance Sheets is tested annually for possible impairment. In performing the annual impairment test, we evaluate our goodwill at the reporting unit level. We have determined that we have two reporting units, which are based on geography. We refer to these reporting units internally as "Europe" and "Non-Europe". Each of our reporting units conducts the business activities described elsewhere in this 2012 Form 10-K, which includes providing professional technical services such as design, engineering, and architectural services; construction and/or construction management services; and maintenance and operations services.

Our geography-based reporting units reflect the Company's organizational structure, which is based predominately on geography, as well as our acquisition strategy, which favors acquisition targets that, among other things, provide access to new geographic areas. Our reporting units represent rational groupings into which substantially all of our major acquisitions (which are responsible for the goodwill appearing in our consolidated balance sheet) have been assimilated, and where all of the operations under each reporting unit share in the benefits of the goodwill created by our acquisitions.

U.S. GAAP does not prescribe a specific valuation method for estimating the fair value of reporting units. The valuation technique used to estimate the fair value of the reporting units requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates and future market conditions, among others.

For fiscal years 2011 and 2010 , we used a market approach for valuing our reporting units. Under this method, the fair value of our reporting units was estimated by multiplying their respective after-tax earnings for the trailing twelve months by the Company's overall average market earnings multiple.

The key inputs used in the valuation model were the after-tax earnings of our reporting units and the Company's market-driven average earnings multiple. The multiples used for fiscal 2011 and 2010 were approximately 18 and 14, respectively.

For fiscal year 2012, we used both an income approach and a market approach to test our goodwill for possible impairment. Such approaches require us to make estimates and judgments. Under the income approach, fair vale is determined by using the discounted cash flows of our reporting units. Under the market approach, the fair value of our reporting units is determined by reference to guideline companies that are reasonably comparable to our reporting units; the fair values are estimated based on the valuation multiples of the invested capital associated with the guideline companies. In assessing whether there is an indication that the carrying value of goodwill has been impaired, we utilize the results of both valuation techniques and consider the range of fair values indicated. The fair values for each reporting unit exceeded the respective book values by over 30%. The key assumptions used to determine the fair value of our reporting units in our testing were:

<u>Income Approach</u>

- Company financial projections for fiscal years 2012 to 2015
- Weighted average cost of capital of 12%
- Residual period growth rate of 3%

Market Approach

With respect to the market approach, the Company used multiples ranging from 6.2 to 8.0 of EBITDA (generally, earnings before interest, taxes, depreciation, and amortization), and from 7.3 to 9.6 for EBIT (generally, earnings before interest and taxes) for guideline publicly traded companies reasonably comparable to the Company's reporting units applied to the trailing twelve months results of operations for each of our reporting units.

It is possible that changes in market conditions, economy, facts and circumstances, judgments, and assumptions used in estimating the fair value could change, resulting in possible impairment of goodwill in the future. The fair values resulting from the valuation technique used are not necessarily representative of the values we might obtain in a sale of the reporting units to willing third parties.

The Company performs the annual goodwill impairment test for the reporting units in the third quarter of our fiscal year. The Company will test goodwill for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We have determined that the fair value of our reporting units substantially exceeded their respective carrying values for fiscal years 2012, 2011 and 2010.

Based on the most recent results of our annual impairment tests, there were no indications of impairment of the goodwill shown in our Consolidated Balance Sheets at either September 28, 2012 or September 30, 2011.

Fiscal 2012 — Overview

The Company’s net earnings increased $47.9 million , or 14.5% , from $331.0 million for fiscal 2011 to $379.0 million for fiscal 2012 . Included in net earnings for fiscal 2012 is a one-time, after-tax gain of $4.0 million, or $0.03 per diluted share, related to the sale of the Company's intellectual property for iron ore pelletizing and other related assets ("pelletizing gain"). The sale was completed in the fourth quarter of fiscal 2012. Excluding the pelletizing gain, the Company's net earnings for fiscal 2012 grew 13.3% from the prior year.

Although any fiscal 2012 information that excludes the pelletizing gain is non-U.S. GAAP, we use such information in this MD&A because Management believes such information provides a better point of reference for assessing the Company’s current financial performance and operating trends.

In spite of the difficult economic environment that continued to plague many of the end-markets that we serve, the Company was able to grow net earnings by 13.3% and revenues by 4.9% from the prior year. This growth was facilitated by increased activity across several of the major markets in which our clients operate, including the hydrocarbons business (refining and upstream oil and gas), chemicals and polymers, mining and minerals, and pharmaceuticals and biotechnology. This growth occurred principally within the technical, professional services areas of our business.

Backlog at September 28, 2012 increased $1.62 billion , or 11.3% , to $15.91 billion . Backlog at September 28, 2012 includes new awards from clients operating in the Chemicals and Polymers, Oil & Gas - Upstream, and Mining and Minerals industries and markets.

Results of Operations

General

Our business focuses exclusively on providing technical professional services and field 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, interiors, planning, and similar services);
- Process, Scientific, and Systems Consulting services (which include a wide variety of services performed in connection with scientific testing, analysis, and consulting activities, as well as information technology, and systems engineering and integration 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 include services performed in connection with operating large, complex facilities on behalf of clients, as well as services involving process plant and facilities 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 contracts, to services required in the post start-up phases of a project such as maintenance and operations services.

The following table sets forth our revenues by type of service for each of the last three fiscal years (in thousands):

	2012	2011	2010
Technical Professional Services revenues:			
Project Services	$ 5,693,419	$ 5,070,575	$ 4,224,898
Process, Scientific, and Systems Consulting	772,031	815,561	888,405
Total Technical Professional Services revenues	6,465,450	5,886,136	5,113,303
Field Services revenues:			
Construction	3,145,311	3,060,820	3,722,101
Operations and Maintenance (“O&M”)	1,283,017	1,434,708	1,080,113
Total Field Services revenues	4,428,328	4,495,528	4,802,214
	$ 10,893,778	$ 10,381,664	$ 9,915,517

We focus our services on clients operating in select 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 of the last three fiscal years (in thousands):

	2012	2011	2010
Refining – Downstream	$ 2,379,750	$ 2,256,092	$ 2,876,059
National Government Programs	2,272,611	2,313,240	2,314,548
Chemicals and Polymers	1,704,723	1,461,125	1,203,373
Infrastructure	1,085,649	1,219,633	938,978
Buildings	843,938	893,528	869,248
Oil & Gas – Upstream	790,546	753,471	559,492
Pharmaceuticals and Biotechnology	576,303	404,687	589,795
Mining & Minerals	550,134	449,194	26,161
Industrial and Other	690,124	630,694	537,863
	$ 10,893,778	$ 10,381,664	$ 9,915,517

We recorded net earnings of $379 million, or $2.94 per diluted share ($375 million, or $2.91 per diluted share excluding the pelletizing gain), for the fiscal year ended September 28, 2012, compared to $331.0 million, or $2.60 per diluted share, for the fiscal year ended September 30, 2011.

Revenues increased $512.1 million, or 4.9%, from $10.38 billion for fiscal 2011 to $10.89 billion for fiscal 2012.

Revenues from clients operating in the Chemicals and Polymers industries increased $243.6 million, or 16.7%, from $1.5 billion for fiscal 2011 to $1.7 billion for fiscal 2012. The effect of shale gas projects and the low price of natural gas had an impact on the chemicals market in fiscal 2012. Because there is now a large source of feedstock available outside refineries which can grow independently of the refining infrastructure, we believe more projects are now economically viable and capital is being deployed to develop these opportunities. Furthermore, our clients are looking at various options to monetize natural gas.

Revenues from clients operating in the Pharmaceutical and Biotechnology markets increased $171.6 million, or 42.4%, from $404.7 million for fiscal 2011 to $576.3 million for fiscal 2012. This increase was due primarily to a number of new and continuing projects, including projects relating to vaccine production facilities. Although we view this market as being steady, we see growth prospects in the areas of biotechnology-based drug development in Europe and North America and for secondary manufacturing expansion in Asia and South America.

Revenues from clients operating in the Refining—Downstream market increased $123.7 million, or 5.5%, from $2.26 billion for fiscal 2011 to $2.38 billion for fiscal 2012. The increase was due primarily to higher business volume principally within the Company's operations in the U.S. and Canada. We believe the level of profits realized by our refinery clients will help drive new capital projects, particularly as refiners assess possible changes in their crude slate and the need to revamp decades-old facilities to meet changing demand and the continuing effects of recent environmental regulations. We believe the Refining - Downstream market will remain strong in fiscal 2013.

Revenues from clients operating in the Mining and Minerals market increased $100.9 million, or 22.5%, from $449.2 million for fiscal 2011 to $550.1 million for fiscal 2012. This increase is due primarily to the inclusion of the revenues of the Aker Entities for all of fiscal 2012, versus only a portion of fiscal 2011. The "Aker Entities" refer to certain businesses that were acquired in separate transactions that were completed in February and April 2011, and which are described in more detail in Note 3— *Business Combinations* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K. Although we see opportunities to grow this business in fiscal 2013, our clients in this market have been affected negatively by falling spot prices for iron ore, coking, and thermal coal and weaker commodity prices - albeit these declines have occurred from prices that were generally high from a historical perspective. Further influencing this market is continued European banking instability, the weak U.S. recovery, and a general slowdown in the Chinese economy. Despite this cooling market we believe that we are well positioned to capture additional market share during fiscal 2013, particularly in the area of small-cap projects and maintenance-driven work.

Revenues from clients operating in the Oil and Gas—Upstream market increased $37.1 million, or 4.9%, from $753.5 million for fiscal 2011 to $790.5 million for fiscal 2012. The Canadian oil and gas business continues to improve. The Company anticipates this market to remain strong during fiscal 2013. Projections continue to show a strong oil price forecast which should keep the market moving forward. We also anticipate an increase in our field services activities for clients in this market in fiscal 2013.

National Government Programs revenues for fiscal 2012 remained relatively flat compared to fiscal 2011. We believe that uncertainties associated with sequestration (i.e., that mechanism within the Budget Control Act of 2011 that can trigger automatic U.S. government spending cuts in the event the U.S. Congress and the President fail to to agree on a budget by the end of calendar 2012) caused several agencies to slow the release of work in 2012. We believe the impact to the Company, if any, of sequestration, should it occur, will likely begin in late fiscal 2013. Nevertheless, certain recent changes in government contracting in the U.S. have helped to stabilize this area of our business and may continue to help stabilize it in the future. We have seen an increasing volume of work released by U.S. government agencies in the form of multiple award task order contracts ("MATOC"). These types of awards allow the Company to bid on, and participate in, more government sites than large, single-award contracts. We believe our cost profile makes us very competitive for MATOC-type awards.

Revenues from clients operating in the Buildings market decreased $49.6 million, or 5.5%, from $893.5 million for fiscal 2011 to $844.0 million for fiscal 2012. In general, we see a shift in this industry group towards projects for clients in the private sector; driven by a continuing decline in government spending. Growth in the private sector business is coming from mission critical, education, healthcare, aviation, and corporate and commercial programs and projects. We anticipate continued growth in fiscal 2013.

Direct costs of contracts increased $344.6 million, or 3.9%, from $8.82 billion during fiscal 2011 to $9.17 billion during fiscal 2012. Direct costs of contracts include all costs incurred in connection with and directly for the benefit of client contracts, including depreciation and amortization relating to assets used in connection with providing the services required by client projects. The level of direct costs of contracts may fluctuate between reporting periods due to a variety of factors including the amount of pass-through costs we incur during a period. On those projects where we are responsible for subcontract labor or third-party materials and equipment, we reflect the amounts of such items in both revenues and costs (and we refer to such costs as “pass-through 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 considered pass-through costs and are, therefore, not reflected in either revenues or costs. To the extent that we incur a significant amount of pass-through costs in a period, our direct cost of contracts are likely to increase as well.

Pass-through costs increased $209.9 million, or 9.9%, from $2.12 billion during fiscal 2011 to $2.33 billion for fiscal 2012. In general, pass-through costs are more significant on projects that have a higher content of field services activities. Field services revenues however, decreased $67.2 million, or 1.5%, from $4.50 billion during fiscal 2011 to $4.43 billion during fiscal 2012. Pass-through costs are generally incurred at a specific point in the lifecycle of a project and are highly dependent on the needs of our individual clients and the nature of the clients’ projects. However, because we have hundreds of projects which start at various times within a fiscal year, the effect of pass-through costs on the level of direct costs of contracts can vary between fiscal years without there being a fundamental or significant change to the underlying business.

As a percentage of revenues, direct costs of contracts were 84.1% for fiscal 2012, compared to 85.0% for fiscal 2011. 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 ratio will be of direct costs of contracts to revenues. Because revenues from pass-through costs typically have lower margin rates associated with them, it is not unusual for us to experience an increase or decrease in such revenues without experiencing a corresponding increase or decrease in our gross margins and operating profit. The decrease in the ratio of direct costs of contracts to revenues in fiscal 2011 as compared to last year was due primarily to improved margins for our project services (margins relating to our field services were virtually unchanged).

Selling, general, and administrative ("SG&A") expenses for fiscal 2012 increased by $90.3 million, or 8.7%, to $1.13 billion, compared to $1.04 billion for fiscal 2011. These increases were due primarily to the SG&A expenses attributable to acquired businesses.

Operating profit was $596.1 million for the fiscal year ended September 28, 2012, compared to $518.9 million, for the fiscal year ended September 30, 2011. As a percentage of revenues, operating profit was 5.5% for fiscal 2012, compared to 5.0% in fiscal 2011. Improved margins for our Project Services contributed to this increase.

Interest income during fiscal 2012 increased $1.1 million as compared to the prior year. Contributing to this increase was higher average cash balances on deposit in fiscal 2012 as compared to fiscal 2011.

Interest expense for fiscal 2012 increased $2.9 million, as compared to fiscal 2011. Interest expense in both fiscal 2011 and fiscal 2012 was due primarily to the debt incurred in connection with the acquisition of the Aker Entities. The increase is due primarily to the inclusion of interest expense associated with acquisition indebtedness for all of fiscal 2012, versus only a portion of fiscal 2011.

The Company's consolidated effective income tax rate was 34.1% for fiscal 2012, compared to 35.1% in fiscal 2011. In general, the lower effective tax rate in fiscal 2012 as compared to fiscal 2011 is due to the changing geographical source of our earnings combined with an increase in the utilization of U.S. foreign tax credits. 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 U.S., and by various government agencies representing many jurisdictions outside the U.S. 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 2011 Compared to Fiscal 2010

The most significant event that affects the comparability of the Company's consolidated results of operations for fiscal 2011 to fiscal 2010 was the loss recorded last year in connection with the SIVOM Judgment.

During the third quarter of fiscal 2010, we received an unfavorable court judgment relating to a waste incineration project in France for the SIVOM de Mulhousienne (the "SIVOM Judgment"). The SIVOM project was performed by a consortium of contractors that was led by one of our subsidiaries under a contract that was entered into in 1996, prior to our acquisition of that subsidiary. As a result of the judgment, we recorded a pre-tax charge to earnings of approximately $93.3 million. Net of the effects of the charge on the Company's long-term incentive bonus plan and income taxes, the effect on net earnings attributable to Jacobs for the fiscal year ended October 1, 2010 was approximately $60.3 million, or $0.48 per diluted share.

Because of the unusual nature of the SIVOM Judgment, we include in certain places within this MD&A a discussion of the Company's consolidated results of operations for fiscal 2011 as it compares to fiscal 2010, both with and without the effects of the SIVOM Judgment. Although any fiscal 2010 information that excludes the effects of the SIVOM Judgment is non-U.S. GAAP, it is presented because Management believes such information provides a better point of reference for assessing the Company's current financial performance and operating trends.

The following table reconciles the Company's fiscal 2010 consolidated results of operations presented in accordance with U.S. GAAP to its fiscal 2010 consolidated results of operations excluding the effects of the SIVOM Judgment (in thousands, except earnings per share):

Financial Statement Element	Results as Presented (U.S. GAAP)	Effects of the SIVOM Judgment	Results Before the Effects of the SIVOM Judgment (non-U.S. GAAP)
Revenue	$ 9,915,517	$ (25,894)	$ 9,941,411
Direct costs of contracts	$ (8,582,912)	$ (58,641)	$ (8,524,271)
Selling, general, and administrative expenses	$ (932,522)	$ 6,363	$ (938,885)
Net interest income (expense)	$ (5,083)	$ (8,725)	$ 3,642
Earnings (loss) before taxes	$ 391,934	$ (86,897)	$ 478,831
Income tax (expense) benefit	$ (145,647)	$ 26,620	$ (172,267)
Net earnings (loss) attributable to Jacobs	$ 245,974	$ (60,277)	$ 306,251
Diluted earnings (loss) per share	$ 1.96	$ (0.48)	$ 2.44

We recorded net earnings of $331.0 million, or $2.60 per diluted share for the fiscal year ended September 30, 2011, compared to $246.0 million, or $1.96 per diluted share for the fiscal year ended October 1, 2010. Excluding the effects of the SIVOM Judgment, net earnings and earnings per share for fiscal 2010 were $306.3 million and $2.44, respectively.

Revenues increased $466.1 million, or 4.7%, from $9.9 billion for fiscal 2010 to $10.4 billion for fiscal 2011. Revenues from clients operating in the Mining and Minerals markets increased significantly during fiscal 2011 due primarily to the acquisition of the Aker Entities. Revenues from clients for Infrastructure projects increased $280.7 million, or 29.9%, from $939.0 million for fiscal 2010 to $1.2 billion for fiscal 2011. Contributing to this increase were higher Project Services revenues for various transportation projects in the U.S. combined with revenues attributable to the Aker Entities. Revenues from clients operating in the Chemicals & Polymers markets increased $257.8 million, or 21.4%, from $1.2 billion for fiscal 2010 to $1.5 billion for fiscal 2011. Revenues from clients operating in the Oil & Gas – Upstream markets increased $194.0 million, or 34.7%, from $559.5 million for fiscal 2010 to $753.5 million for fiscal 2011. Contributing to this increase were several large, EPC projects performed in North America.

Direct costs of contracts increased $239.3 million, or 2.8%, from $8.6 billion during fiscal 2010 to $8.8 billion during fiscal 2011. Pass-through costs decreased $604.8 million, or 22.2%, from $2.7 billion during fiscal 2010 to $2.1 billion for fiscal 2011. Field services revenues decreased $306.7 million, or 6.4%, from $4.8 billion during fiscal 2010 to $4.5 billion during fiscal 2011.

As a percentage of revenues, direct costs of contracts were 85.0% for fiscal 2011, compared to 86.6% for fiscal 2010. The decrease in the ratio of direct costs of contracts to revenues in fiscal 2011 as compared to last year was due primarily to lower levels of pass-through costs.

SG&A expenses for fiscal 2011 increased by $108.1 million, or 11.6%, to $1.04 billion, compared to $932.5 million for fiscal 2010. The Aker Entities contributed $113.0 million (inclusive of due diligence and integration costs) of SG&A expenses for the fiscal year ended September 30, 2011. Excluding the SG&A expenses of the Aker Entities, SG&A expenses for fiscal 2011 decreased by $4.9 million compared to fiscal 2010. The decrease in SG&A expenses during fiscal 2011 was due primarily to management's efforts to reduce SG&A expenses.

Operating profit was $518.9 million for the fiscal year ended September 30, 2011, compared to $400.1 million ($478.3 million, before the effects of the SIVOM Judgment), for the fiscal year ended October 1, 2010. As a percentage of revenues, operating profit was 5.0% for fiscal 2011, compared to 4.0% in fiscal 2010 (4.8%, before the effects of the SIVOM Judgment).

Even though the Company maintained significant cash balances during fiscal 2011, the rate of interest earned on our deposits and investments remained low in fiscal 2011.

Interest expense for fiscal 2011 decreased $1.1 million, as compared to fiscal 2010. Excluding the effects of the SIVOM Judgment, interest expense for fiscal 2011 increased $8.8 million as compared to fiscal 2010. The increase in interest expense in fiscal 2011 was due primarily to the debt incurred in connection with the acquisition of the Aker Entities. Interest expense in fiscal 2010 included the reversal of $2.9 million of interest expense that was accrued over a number of years in connection with an income tax matter that was resolved successfully.

The Company's consolidated effective income tax rate was 35.1% for fiscal 2011, compared to 37.2% in fiscal 2010. The tax rate in fiscal 2011 decreased from fiscal 2010 due to a change in the mix of international work and the successful resolution of a U.S. domestic tax issue.

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Contractual Obligations

The following table sets forth certain information about our contractual obligations as of September 28, 2012 (in thousands):

		Payments Due by Fiscal Period			
	Total	1 Year or Less	2 - 3 Years	4 - 5 Years	More than 5 Years
Debt obligations	$ 528,260	$ —	$ —	$ 528,260	$ —
Operating leases (a)	871,857	153,328	285,176	168,636	264,717
Obligations under defined benefit pension plans (b)	474,555	63,065	133,799	144,717	132,974
Obligations under nonqualified deferred compensation plans (c)	105,806	6,100	12,941	13,997	72,768
Purchase obligations (d)	1,123,389	1,123,389	—	—	—
Interest (e)	26,201	5,822	11,645	8,734	—
Total	$ 3,130,068	$ 1,351,704	$ 443,561	$ 864,344	$ 470,459

(a) Assumes the Company will make the end of lease term residual value guarantee payment of $38.8 million in 2015 with respect to the lease of an office building in Houston, Texas. Please refer to 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.

(b) Assumes that future contributions will be consistent with amounts projected to be contributed in fiscal 2013, allowing for certain growth based on rates of inflation and salary increases, but limited to the amount recorded as of September 28, 2012. 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 2012, 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 28, 2012.

(d) Represents those liabilities estimated to be under firm contractual commitments as of September 28, 2012; primarily accounts payable and accrued payroll.

(e) Determined based on borrowings outstanding at the end of fiscal 2012 using the interest rates in effect at that time and concluding with the expiration date of the 2012 Facility.

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 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.

The following table summarizes our backlog for each of the last three fiscal years (in millions):

	2012	2011	2010
Technical professional services	$ 10,266.5	$ 9,100.1	$ 7,588.9
Field services	5,643.2	5,189.7	5,613.1
Total	$ 15,909.7	$ 14,289.8	$ 13,202.0

The entire value of contract awards are added to backlog when the contracts are awarded to us. Accordingly, backlog can fluctuate from one reporting period to the next due to the timing of when new contracts are added to backlog and when the contract revenue is recognized in our consolidated financial statements. Many of our contracts require us to provide services that span over a number of fiscal quarters (and sometimes over fiscal years). Our backlog at September 28, 2012 increased by$1.6 billion, or 11.3%, to $15.9 billion from $14.3 billion at September 30, 2011. The increase in backlog from September 30, 2011 to September 28, 2012 was due primarily to new awards from clients operating in the Chemicals and Polymers, Oil & Gas—Upstream, and Mining and Minerals industries and markets.

In accordance with industry practice, substantially all of our contracts are subject to cancellation or termination at the discretion of the client. 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. There were no significant project cancellations in fiscal 2012.

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. Accordingly, backlog is not necessarily a reliable indicator of future revenues.

Backlog relating to work to be performed either directly or indirectly for the U.S. federal government and its agencies totaled approximately $3.6 billion (or 22.9% of total backlog), $3.6 billion (or 24.9% of total backlog), and $4.3 billion (or 32.6% of total backlog) at September 28, 2012, September 30, 2011, and October 1, 2010, 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 $8.6 billion, or 54.0%, of total backlog at September 28, 2012 will be realized as revenues within the next fiscal year.

Effects of Inflation

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

Liquidity and Capital Resources

At September 28, 2012, our primary sources of liquidity consisted of $1.03 billion of cash and cash equivalents, and $664.6 million of available borrowing capacity under our $1.21 billion unsecured revolving credit facility. We finance as much of our operations and growth as possible through cash generated by our operations.

During fiscal 2012, our cash and cash equivalents increased by $126.8 million from $905.6 million at September 30, 2011 to $1.03 billion at September 28, 2012. This compares to a net decrease in cash and cash equivalents of $33.2 million during the corresponding period last year. During fiscal 2012, our operating activities contributed $299.8 million of cash and cash equivalents and the effects of exchange rate changes added another $10.9 million. These increases in cash flows were offset in part by net cash uses of $181.1 million for investing activities and $2.7 million for financing activities.

Operations provided net cash of $299.8 million during fiscal 2012. This compares to net cash inflows of $236.5 million and $223.6 million during fiscal 2011 and 2010, respectively. The $63.3 million increase in cash provided by operations in fiscal 2012 as compared to fiscal 2011 was due primarily to a $55.7 million increase in net earnings attributable to the Group and a $22.9 million favorable change in the Company's working capital accounts, offset in part by a $16.9 million change relating to deferred income taxes.

Because such a high percentage of our revenues are earned on cost-plus type contracts, and due to the significance of revenues relating to pass-through costs, most of the costs we incur are included in invoices we send to clients. Although we continually monitor our accounts receivable, we manage the operating cash flows of the Company by managing the working capital accounts in total, rather than by the individual elements. The primary elements of the Company’s working capital accounts are accounts receivable, accounts payable, and billings in excess of cost. Accounts payable consists of obligations to third parties relating primarily to costs incurred for projects which are generally billable to clients. Accounts receivable consist of billings to our clients — a substantial portion of which is for project-related costs. Billings in excess of cost consist of billings to and payments from our clients for costs yet to be incurred.

This relationship between revenues and costs, and between receivables and payables is unique to our industry, and facilitates review of our liquidity at the total working capital level. The changes in cash flows relating to our working capital accounts were due simply to the timing of cash receipts and payments within our working capital accounts and is not indicative of any known trend or fundamental change to the underlying business. There were only minor changes within the components of our working capital accounts during fiscal 2012 when compared to fiscal 2011. We still continue to experience delays in certain payments and have seen an increase in the length of payment terms with certain customers. We believe that this situation does not present a significant risk to the Company's cash flows. We believe the risk of not collecting substantially all of the Company's outstanding receivables is remote. Though the Company provides services in a number of countries outside the U.S., we believe our credit risk is not significant. Our private sector customers are comprised principally of large, well known, and well established multi-national companies. Our government customers are comprised of national, state, and local agencies located principally in the U.S. and the U.K. We have not historically experienced significant collection issues with either of our governmental or non-governmental customers. Furthermore, our largest government customer in the U.K. provides advance payments to the Company.

We used $181.1 million of cash and cash equivalents for investing activities during fiscal 2012. This compares to $801.8 million and $398.5 million during fiscal 2011 and 2010, respectively. The $620.7 million decrease in cash used for investing activities during fiscal 2012 as compared to fiscal 2011 was due to to a decline in merger and acquisition activity.

Additions to property and equipment totaled $102.6 million, $98.7 million, and $49.1 million for fiscal years 2012, 2011, and 2010, respectively. Included in fiscal 2012 activity are significant expenditures for system software and hardware upgrades (relating principally to the businesses we recently acquired) and leasehold improvements (relating primarily to the consolidation of certain office space in one major market in the U.S., and the expansion of office space in several locations in the U.S. and overseas). Included in the fiscal 2011 activity was a $49.1 million addition to property plant and equipment related to the purchase of an office building we use in our operations and the associated equipment and furniture.

Our financing activities resulted in net cash outflows of $2.7 million during fiscal 2012. This compares to net cash inflows of $556.9 million and $93.1 million during fiscal 2011 and 2010, respectively. The $559.7 million net decrease in cash flows from financing activities during fiscal 2012 as compared to fiscal 2011 was due primarily to the overall higher level of borrowing activity that occurred last year in support of the Company's merger and acquisition activity.

The Company had $1.03 billion of cash and short term equivalents at September 28, 2012. Of this amount, approximately $779.5 million was held in the U.S. and $253.0 million was held outside of the U.S., primarily in Canada, the United Kingdom, the Eurozone, and Australia. Other than the tax cost of repatriating funds held outside the U.S. to the U.S. (see Note 9—*Income Taxes* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K), there are no impediments to repatriating these funds to the U.S.

On March 29, 2012, the Company and certain of its subsidiaries entered into a $1.21 billion unsecured, revolving credit facility (the "2012 Facility") with a syndicate of large, U.S. domestic and international banks and financial institutions. The 2012 Facility replaces and refinances the Company's previous revolving credit facility originally entered into by the Company on December 15, 2005 (the "2005 Facility"). Effective with the closing of the 2012 Facility, all commitments under the 2005 Facility were terminated and were refinanced under the 2012 Facility. The total amount utilized under the 2012 Facility at September 28, 2012 was $540.4 million ($528.3 million in the form of direct borrowings and $12.1 million utilized in the form of letters of credit). The 2012 Facility has a five year maturity. Please refer to Note 6—*Borrowings* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K for additional information regarding the 2012 Facility.

We believe we have adequate liquidity and capital resources to fund our operations, support our acquisition strategy, and service our debt for the next twelve months. We had $1.03 billion in cash and cash equivalents at September 28, 2012, compared to $905.6 million at September 30, 2011. Our consolidated working capital position at September 28, 2012 was $1.87 billion; an increase of $853.5 million from September 30, 2011. Contributing to this increase in working capital in fiscal 2012 was the refinancing of $566.0 million of short-term debt under the the 2012 Facility.

Additionally, there was $664.6 million of borrowing capacity available at September 28, 2012 under the 2012 Facility. We believe that the remaining capacity, terms and conditions of our revolving credit facility, combined with cash on-hand and the other committed and uncommitted facilities we have in place, are adequate for our working capital and general business requirements.

The Company had $224.9 million of letters of credit outstanding at September 28, 2012. Of this amount, $12.1 million had been issued under the 2012 Facility and $212.7 million were issued under separate, committed and uncommitted letter-of-credit facilities.

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 are not 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 July 2012, the Financial Accounting Standards Board ("FASB") adopted Accounting Standards Update ("ASU") No. 2012-02—*Testing Indefinite-Lived Intangible Assets for Impairment.* ASU 2012-02 amends Topic 350 of the FASB's Accounting Standards Codification ("ASC") regarding how entities test indefinite-lived intangible assets other than goodwill for possible impairment. ASU 2012-02 permits entities first to assess qualitative factors to determine whether it is more likely than not that an indefinite lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test pursuant to ASC Subtopic 350-30. If the entity determines that is is more likely than not that such asset is not impaired based on its qualitative assessment, no further testing is required. The amendments in ASU 2012-02 are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company does not believe that the adoption of ASU 2012-02 will have a material effect on its consolidated financial statements.

In December 2011, the FASB adopted ASU No. 2011-12—*Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* . ASU 2011-12 amends Topic 220 of the ASC as that Topic was affected by ASU 2011-05. ASU 2011-05 required entities to, among other things, present reclassification adjustments and the effect of such adjustment on the face of the financial statements where net earnings is presented, by component of net earnings, and on the face of the financial statements where other comprehensive income is presented, by component of other comprehensive income. The effect of ASU 2011-12 is to defer the effective date of certain of the presentation requirements of ASU 2011-05 in order to give the FASB more time to deliberate such requirements. The amendments in ASU 2011-12 are effective at the same time as the amendments in ASU 2011-05 so that entities will not be required to comply with the presentation requirements in Update 2011-05 that ASU 2012-12 is deferring.

Also in December 2011, the FASB adopted ASU No. 2011-11—*Disclosures about Offsetting Assets and Liabilities.* ASU 2011-11 amends Topic 210 of the ASC and requires entities to disclose information about offsetting and related arrangements to enable users of their financial statements to understand the effect of those arrangements on their respective financial positions. The scope of this ASU includes derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and securities lending agreements. Entities are required to apply the provisions of ASU 2011-11 for annual reporting periods beginning on or after January 1, 2013. The Company does not believe that the adoption of ASU 2011-11 will have a material effect on its consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08—*Intangibles-Goodwill and Other* . ASU 2011-08 amends Topic 350 of the ASC and simplifies how entities test goodwill for possible impairment. Under this ASU, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. Under this ASU, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company does not believe that the adoption of ASU 2011-08 will have a material effect on its consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05—*Comprehensive Income* . ASU 2011-05 amends Topic 220 of the ASC and provides that an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The provisions of ASU 2011-05 will be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company is currently evaluating the impact of ASU 2011-05, if any, 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

Please refer to the discussion of the Company's 2012 Facility in the liquidity and capital resources discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report on Form 10-K.

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 ASC 815-10 in accounting for our derivative contracts. The Company does not currently have exchange rate sensitive instruments that would have a material effect on our consolidated financial statements or results of operations.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item 8 is submitted as a separate section beginning on page F-1of this Annual Report on Form 10-K and is incorporate herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUTING 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 28, 2012, 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.

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 Company’s internal controls over 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 fiscal quarter ended September 28, 2012, 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

None.

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) and Item 405 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. The information required by Paragraph (b) of Item 401 of Regulation S-K is set forth in Part I, Item 1 of this Annual Report on Form 10-K.

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 SEC 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 by 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.

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 28, 2012:

Plan Category	Column A Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Column B Weighted-average exercise price of outstanding options, warrants, and rights	Column C 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)	5,756,734	$ 47.23	4,029,346
Equity compensation plans not approved by shareholders	—	—	—
Total	5,756,734	$ 47.23	4,029,346

(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 (the “1989 ESPP”), and the Global Employee Stock Purchase Plan (the “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 27.8 million shares of common stock to be issued through the 1989 ESPP and the GESPP. From the inception of the 1989 ESPP and the GESPP through September 28, 2012, a total of 24.4 million shares have been issued, leaving 3.4 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 28, 2012 and September 30, 2011 and for each of the three years in the period ended September 28, 2012, September 30, 2011 and October 1, 2010 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:

2.1	Share Purchase Agreement between Aker Solutions ASA and certain of its subsidiaries and the Registrant and certain of its subsidiaries, dated as of December 21, 2010, for the purchase of certain Aker Solutions businesses. Filed as Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2011 and incorporated herein by reference.
†3.1	Amended and Restated Certificate of Incorporation of the Registrant.
3.2	Jacobs Engineering Group Inc. Amended and Restated Bylaws, dated November 15, 2012. Filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on November 19, 2012 and incorporated herein by reference.
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.
10.1 #	The Jacobs Engineering Group Inc. Incentive Bonus Plan for Officers and Key Managers. Filed as Exhibit 10.10 to the Registrant's fiscal 2011 Annual Report on Form 10-K and incorporated herein by reference.
10.2 #	The Executive Security Program of Jacobs Engineering Group Inc. Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2009 and incorporated herein by reference.
10.3 #	Amendment to the Executive Security Program of Jacobs Engineering Group Inc., dated December 23, 2008. Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2009 and incorporated herein by reference.
10.4 #	Amendment to the Executive Security Program of Jacobs Engineering Group Inc., dated May 31, 2009. Filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2009 and incorporated herein by reference.
†10.5 #	Jacobs Engineering Group Inc. 1991 Executive Deferral Plan, effective June 1, 1991.
†10.6 #	Jacobs Engineering Group Inc. 1993 Executive Deferral Plan, effective December 1, 1993.
10.7 #	Jacobs Engineering Group Inc. 1995 Executive Deferral Plan, effective January 1, 1995. Filed as Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2009 and incorporated herein by reference.
†10.8 #	Jacobs Engineering Group Inc. Amended and Restated Executive Deferral Plan.
10.9 #	The Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan, as Amended and Restated-effective January 22, 2009. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated January 27, 2009 and incorporated herein by reference.
10.10 #	The Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan. Filed as Exhibit 10.10 to the Registrant's fiscal 2011 Annual Report on Form 10-K and incorporated herein by reference.

10.11 #	Form of Indemnification Agreement entered into between the Registrant and certain of its officers and directors. Filed as Exhibit 10.8 to the Registrant’s fiscal 2008 Annual Report on Form 10-K and incorporated herein by reference.
†10.12 #	Jacobs Engineering Group Inc. 401(k) Plus Savings Plan and Trust, as Amended and Restated April 1, 2003.
10.13 #	Jacobs Engineering Group Inc. 1999 Stock Incentive Plan, as Amended and Restated. Filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on January 27, 2012 and incorporated herein by reference.
10.14 #	Form of Indemnification Agreement entered into between the Registrant and certain of its officers and directors. Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2012 and incorporated herein by reference.
10.15 #	Form of Jacobs Engineering Group Inc. Non-Qualified Stock Option Agreement. Filed as Exhibit 4.3 to the Registrant’s Registration Statement on Form S-8 filed on January 29, 2009 and incorporated herein by reference.
10.16 #	Form of Jacobs Engineering Group Inc. Restricted Stock Agreement. Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2012 and incorporated herein by reference.
10.17 #	Form of Restricted Stock Unit Award Agreement (Market Stock Units). Filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on June 1, 2011 and incorporated herein by reference.
10.18 #	Form of Restricted Stock Unit Award Agreement. Filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on June 1, 2011 and incorporated herein by reference. Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2012 and incorporated herein by reference.
10.19 #	Form of Restricted Stock Award Agreement. Filed as Exhibit 10.3 to the Registrant’s Current Report on Form 8-K dated May 26, 2011 and incorporated herein by reference.
10.20 #	Amendment One to Restricted Stock Unit Award Agreement (Market Stock Units) by and between Craig Martin and the Company dated as of October 14, 2011. Filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on October 18, 2011 and incorporated herein by reference.
†10.21	Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan, as Amended and Restated
10.22	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 fiscal 2006 Annual Report on Form 10-K and incorporated herein by reference.
10.23	Credit Agreement dated as of March 29, 2012 among Jacobs Engineering Group Inc. and certain of its subsidiaries)as "borrowers"), and the Bank of America, N.AA. (as "Administrative Agent"); BNP Paribas, and Wells Fargo Bank, N.A. (as Co-Syndication Agents); Union Bank, N.A. (as Documentation Agent); Merrill Lynch, Pierce, Fenner & Smith Incorporated (as Sole Book Manager); and Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp, and Wells Fargo Securities, LLC (as Joint Lead Arrangers). Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2012 and incorporated herein by reference.
10.24	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 third quarter of fiscal 2007 and incorporated herein by reference
10.25 #	Assignment Letter Agreement dated February 16, 2005 between the Registrant and Thomas R. Hammond, Executive Vice President. Filed as Exhibit 10.17 to the Registrant’s fiscal 2010 Annual Report on Form 10-K and incorporated herein by reference.

10.26 #	Amendment dated March 24, 2005 to the February 16, 2005 Assignment Letter Agreement between the Registrant and Thomas R. Hammond, Executive Vice President. Filed as Exhibit 10.15 to the Registrant's fiscal 2008 Annual Report on Form 10-K and incorporated herein by reference.
10.27 #	Amendment dated April 23, 2008 to the February 16, 2005 Assignment Letter Agreement between the Registrant and Thomas R. Hammond, Executive Vice President. Filed as Exhibit 10.16 to the Registrant's fiscal 2008 Annual Report on Form 10-K and incorporated herein by reference.
10.28 #	Amendment dated October 1, 2009 to the February 16, 2005 Assignment Letter Agreement between the Registrant and Thomas R. Hammond, Executive Vice President. Filed as Exhibit 10.18 to the Registrant's fiscal 2009 Annual Report on Form 10-K and incorporated by reference.
10.29 #	Relocation/Repatriation Agreement, dated as of September 29, 2011, by and between the Registrant and Thomas Hammond. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated September 29, 2011 and incorporated herein by reference.
10.30 #	Relocation Agreement dated October 1, 2009 between the Registrant and George A. Kunberger, Executive Vice President. Filed as Exhibit 10.19 to the Registrant's fiscal 2009 Annual Report on Form 10-K and incorporated by reference.
10.31 #	Jacobs Engineering Group Inc. 2005 Executive Deferral Plan, effective January 1, 2005. Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2010 and incorporated herein by reference.
10.32 #	Agreement between Jacobs Engineering Group Inc. and Noel G. Watson dated July 1, 2010. Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2010 and incorporated herein by reference.
10.33 #	Consulting Agreement between Jacobs Engineering Group Inc. and Noel G. Watson dated July 1, 2010. Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2010 and incorporated herein by reference.
10.34 #	Amendment No. 1 to Consulting Agreement between the Registrant and Noel G. Watson dated July 1, 2011. Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2011 and incorporated herein by reference.
10.35	Term Loan Agreement dated January 27, 2011 between Jacobs Engineering U.K. Limited and Royal Bank of Scotland Finance (Ireland). Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2011 and incorporated herein by reference.
10.36	Senior Term Loan Facility dated January 26, 2011 between Jacobs Nederland B.V. and BNP Paribas. Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2011 and incorporated herein by reference.
10.37	Senior Term Loan Facility dated January 26, 2011 between Jacobs Engineering U.K. Limited and Bank of America, N.A., London Branch. Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2011 and incorporated herein by reference.
10.38	Senior Term Loan Facility dated January 26, 2011 between Jacobs Australia Pty Limited and Bank of America, N.A., Australian Branch. Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2011 and incorporated herein by reference.
10.39	Form of Guaranty among certain subsidiaries of the Registrant and Royal Bank of Scotland Finance (Ireland), BNP Paribas, Bank of America, N.A., London Branch, and Bank of America, N.A., Australian Branch. Filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2011 and incorporated herein by reference.

10.40 #	Employment Agreement dated December 23, 2010 between the Registrant and Gary Mandel. Filed as Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2011 and incorporated herein by reference.
†21.	List of Subsidiaries of Jacobs Engineering Group Inc.
†22.	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.
†101.INS	XBRL Instance Document
†101.SCH	XBRL Taxonomy Extension Schema Document
†101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
†101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
†101.LAB	XBRL Taxonomy Extension Label Linkbase Document
†101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

† Being filed herewith.

\# Management contract or compensatory plan or arrangement.

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, 2012 By: /S/ Craig L. Martin

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:

Signature	Title	Date
/S/ Craig L. Martin Craig L. Martin	President, Chief Executive Officer and Director (Principal Executive Officer)	November 20, 2012
/S/ Noel G. Watson Noel G. Watson	Chairman of the Board	November 20, 2012
/S/ Joseph R. Bronson Joseph R. Bronson	Director	November 20, 2012
/S/ John F. Coyne John F. Coyne	Director	November 20, 2012
/S/ Robert C. Davidson, Jr. Robert C. Davidson, Jr.	Director	November 20, 2012
/S/ Ralph E. Eberhart Ralph E. Eberhart	Director	November 20, 2012
/S/ Edward V. Fritzky Edward V. Fritzky	Director	November 20, 2012
/S/ Linda Fayne Levinson Linda Fayne Levinson	Director	November 20, 2012
/S/ Benjamin F. Montoya Benjamin F. Montoya	Director	November 20, 2012
/S/ Peter J. Robertson Peter J. Robertson	Director	November 20, 2012
Christopher M.T. Thompson	Director	
/S/ John W. Prosser, Jr. John W. Prosser, Jr.	Executive Vice President, Finance and Administration and Treasurer (Principal Financial Officer)	November 20, 2012
/S/ Nazim G. Thawerbhoy Nazim G. Thawerbhoy	Senior Vice President and Controller (Principal Accounting Officer)	November 20, 2012

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

September 28, 2012

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

September 28, 2012

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share information)
At September 28, 2012 and September 30, 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$1,032,457	$ 905,633
Receivables	2,348,892	2,077,494
Deferred income taxes	142,369	133,418
Prepaid expenses and other current assets	88,359	63,546
Total current assets	3,612,077	3,180,091
Property, Equipment, and Improvements, Net	331,131	284,633
Other Noncurrent Assets:		
Goodwill	2,010,340	1,872,768
Miscellaneous	885,885	861,734
Total other noncurrent assets	2,896,225	2,734,502
	$6,839,433	$6,199,226
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$ —	$ 566,031
Accounts payable	376,694	351,299
Accrued liabilities	1,061,969	937,291
Billings in excess of costs	263,275	276,739
Income taxes payable	45,114	37,166
Total current liabilities	1,747,052	2,168,526
Long-term Debt	528,260	2,042
Other Deferred Liabilities	796,338	705,273
Redeemable Noncontrolling Interest	8,894	—
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—129,935,881 shares and 127,784,884 shares, respectively	129,936	127,785
Additional paid-in capital	953,983	858,460
Retained earnings	2,920,441	2,564,281
Accumulated other comprehensive loss	(281,887)	(237,538)
Total Jacobs stockholders' equity	3,722,473	3,312,988
Noncontrolling interests	36,416	10,397
Total Group stockholders' equity	3,758,889	3,323,385
	$6,839,433	$6,199,226

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

For the Fiscal Years Ended September 28, 2012 , September 30, 2011 , and October 1, 2010
(In thousands, except per share information)

	2012	2011	2010
Revenues	$ 10,893,778	$ 10,381,664	$ 9,915,517
Costs and Expenses:			
Direct costs of contracts	(9,166,789)	(8,822,171)	(8,582,912)
Selling, general and administrative expenses	(1,130,916)	(1,040,575)	(932,522)
Operating Profit	596,073	518,918	400,083
Other (Expense) Income:			
Interest income	6,049	4,917	4,791
Interest expense	(11,686)	(8,799)	(9,874)
Gain on sale of intellectual property, net	6,292	—	—
Miscellaneous income (expense), net	(3,392)	1,625	(3,066)
Total other expense, net	(2,737)	(2,257)	(8,149)
Earnings Before Taxes	593,336	516,661	391,934
Income Tax Expense	(202,382)	(181,440)	(145,647)
Net Earnings of the Group	390,954	335,221	246,287
Net Earnings Attributable to Noncontrolling Interests	(12,000)	(4,192)	(313)
Net Earnings Attributable to Jacobs	$ 378,954	$ 331,029	$ 245,974
Net Earnings Per Share:			
Basic	$ 2.97	$ 2.63	$ 1.98
Diluted	$ 2.94	$ 2.60	$ 1.96

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Fiscal Years Ended September 28, 2012 , September 30, 2011 , and October 1, 2010
(In thousands)

	2012	2011	2010
Net Earnings of the Group	$ 390,954	$ 335,221	$ 246,287
Other Comprehensive (Loss) Income:			
Foreign currency translation adjustments	30,038	(22,524)	(9,338)
Change in pension liability	(100,385)	99,881	(89,091)
Gains (losses) on cash flow hedges	3,567	137	(1,444)
Other Comprehensive Income (Loss) Before Income Taxes	(66,780)	77,494	(99,873)
Income Tax Benefit (Expense):			
Foreign currency translation adjustments	(750)	(2,500)	—
Change in pension liability	24,443	(26,707)	25,095
Gains (losses) on cash flow hedges	(1,262)	(84)	552
Total Income Tax Benefit (Expense)	22,431	(29,291)	25,647
Net Other Comprehensive Income (Loss)	(44,349)	48,203	(74,226)
Net Comprehensive Income of the Group	346,605	383,424	172,061
Net Comprehensive Income Attributable to Noncontrolling Interests	(12,000)	(4,192)	(313)
Total Comprehensive Income Attributable to Jacobs	$ 334,605	$ 379,232	$ 171,748

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the Fiscal Years Ended September 28, 2012, September 30, 2011, and October 1, 2010

(In thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comp-rehensive Income (Loss)	Total Jacobs Stock-holders' Equity	Non-controlling Interests	Total Group Stock-holders' Equity
Balances at 10/2/2009	$124,230	$703,860	$2,009,338	$ (211,515)	$2,625,913	$ 5,562	$2,631,475
Net earnings	—	—	245,974	—	245,974	313	246,287
Foreign currency translation adjustments	—	—	—	(9,338)	(9,338)	5	(9,333)
Pension liability, net of deferred tax benefit of $25,095	—	—	—	(63,996)	(63,996)	—	(63,996)
Other, miscellaneous elements of total comprehensive income (loss), net of deferred tax benefit of $552	—	—	—	(892)	(892)	—	(892)
Issuances of equity securities, net	1,802	66,635	—	—	68,437	—	68,437
Repurchases of equity securities	(123)	(2,981)	(3,946)	—	(7,050)	—	(7,050)
Balances at October 1, 2010	125,909	767,514	2,251,366	(285,741)	2,859,048	5,880	2,864,928
Net earnings	—	—	331,029	—	331,029	4,192	335,221
Foreign currency translation adjustments, net of deferred tax expense of $2,500	—	—	—	(25,024)	(25,024)	—	(25,024)
Pension liability, net of deferred tax expense of $26,707	—	—	—	73,174	73,174	—	73,174
Other, miscellaneous elements of total comprehensive income (loss), net of deferred tax expense of $84	—	—	—	53	53	—	53
Noncontrolling interest acquired / consolidated	—	—	—	—	—	4,942	4,942
Distributions to noncontrolling interests	—	—	—	—	—	(4,617)	(4,617)
Issuances of equity securities, net	2,282	96,010	—	—	98,292	—	98,292
Repurchases of equity securities	(406)	(5,064)	(18,114)	—	(23,584)	—	(23,584)
Balances at September 30, 2011	127,785	858,460	2,564,281	(237,538)	3,312,988	10,397	3,323,385
Net earnings	—	—	378,954	—	378,954	12,000	390,954
Foreign currency translation adjustments, net of deferred tax expense of $750	—	—	—	29,288	29,288	—	29,288
Pension liability, net of deferred tax benefit of $24,443	—	—	—	(75,942)	(75,942)	—	(75,942)
Other, miscellaneous elements of total comprehensive income (loss), net of deferred tax expense of $1,262	—	—	—	2,305	2,305	—	2,305
Noncontrolling interest acquired / consolidated	—	—	(3,971)	—	(3,971)	15,528	11,557
Distributions to noncontrolling interests	—	—	—	—	—	(5,376)	(5,376)
Contributions from noncontrolling interests	—	—	—	—	—	3,867	3,867
Issuances of equity securities, net	2,706	106,494	—	—	109,200	—	109,200
Repurchases of equity securities	(555)	(10,971)	(18,823)	—	(30,349)	—	(30,349)
Balances at September 28, 2012	$129,936	$953,983	$2,920,441	$ (281,887)	$3,722,473	$ 36,416	$3,758,889

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended September 28, 2012 , September 30, 2011 , and October 1, 2010
(In thousands)

	2012	2011	2010
Cash Flows from Operating Activities:			
Net earnings attributable to the Group	$ 390,954	$ 335,221	$ 246,287
Adjustments to reconcile net earnings to net cash flows from operations:			
Depreciation and amortization:			
Property, equipment and improvements	58,890	57,620	64,447
Intangible assets	41,934	37,750	24,048
Write-off of the SIVOM receivable	—	—	25,894
Purchase accounting gain	—	(3,716)	—
Gain on sale of certain intellectual property	(6,292)	—	—
Stock based compensation	32,442	29,084	24,361
Excess tax benefits from stock based compensation	(3,957)	(6,837)	(2,884)
Equity in earnings of investees, net of dividends	(8,980)	(8,729)	(1,759)
Change in pension plan obligations	(28,351)	(27,150)	2,516
Change in deferred compensation plans	(5,474)	—	—
(Gains) Losses on sales of assets, net	811	(481)	353
Changes in assets and liabilities, excluding the effects of businesses acquired:			
Receivables	(227,123)	(234,024)	(3,052)
Prepaid expenses and other current assets	(19,265)	(14,604)	(56)
Accounts payable	10,673	(15,997)	(46,920)
Accrued liabilities	80,806	41,529	(43,328)
Billings in excess of costs	(15,626)	13,304	(42,819)
Income taxes payable	10,015	26,387	(24,733)
Deferred income taxes	(1,036)	15,853	551
Other deferred liabilities	(4,764)	(1,218)	—
Other, net	(5,852)	(7,502)	715
Net cash provided by operating activities	299,805	236,490	223,621
Cash Flows from Investing Activities:			
Additions to property and equipment	(102,574)	(98,749)	(49,075)
Disposals of property and equipment	319	3,860	14,379
Purchases of investments	(38)	(193)	(106,733)
Sales of investments	15	4,667	—
Sale of intellectual property	12,726	—	—
Acquisitions of businesses, net of cash acquired	(91,575)	(711,421)	(259,492)
Other, net	—	—	2,435
Net cash used for investing activities	(181,127)	(801,836)	(398,486)

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended September 28, 2012 , September 30, 2011 , and October 1, 2010
(In thousands)
Continued

	2012	2011	2010
Cash Flows from Financing Activities:			
Proceeds from long-term borrowings	528,673	825,681	—
Repayments of long-term borrowings	(98)	(239,189)	(217)
Proceeds from short-term borrowings	2,586	77,055	105,184
Repayments of short-term borrowings	(579,901)	(159,394)	(47,094)
Proceeds from issuances of common stock	43,568	45,943	36,209
Excess tax benefits from stock based compensation	3,956	6,837	2,884
Distributions to noncontrolling interests	(5,376)	—	—
Contributions from noncontrolling interests	3,868	—	—
Other, net	—	—	(3,852)
Net cash provided by (used for) financing activities	(2,724)	556,933	93,114
Effect of Exchange Rate Changes	10,870	(24,796)	(13,026)
Increase (Decrease) in Cash and Cash Equivalents	126,824	(33,209)	(94,777)
Cash and Cash Equivalents at Beginning of Period	905,633	938,842	1,033,619
Cash and Cash Equivalents at End of Period	$ 1,032,457	$ 905,633	$ 938,842

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, South America, Europe, the Middle East, India, Australia, Africa, and Asia. We provide our services under cost-reimbursable and fixed-price contracts. The percentage of revenues realized from each of these types of contracts for each of the last three fiscal years was as follows:

	2012	2011	2010
Cost-reimbursable	85%	84%	87%
Fixed-price	15%	16%	13%

Basis of Presentation, Definition of Fiscal Year, and Other Matters

The accompanying Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and include the accounts of Jacobs Engineering Group Inc. and its subsidiaries and affiliates which it controls. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain amounts in the Statement of Cash flows for fiscal 2011 and 2010 have been reclassified to conform to the fiscal 2012 presentation.

The Company’s fiscal year ends on the Friday closest to September 30 (determined on the basis of the number of workdays) and, accordingly, an additional week of activity is added every five -to-six years.

During fiscal 2012, and within the measurement period prescribed by U.S. GAAP, we completed the purchase price allocations of two business combinations completed last year. Accordingly, the Consolidated Balance Sheet at September 30, 2011 has been revised to include the significant effects of the final purchase price allocations (see Note 3—*Business Combinations*).

Please refer to Note 16—*Definitions* for the definitions of certain terms used in the accompanying Consolidated Financial Statements and these Notes to Consolidated Financial Statements.

2. Significant Accounting Policies

Revenue Accounting for Contracts and Use of Joint Ventures

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. For multiple contracts with a single customer we account for each contract separately. 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.

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.

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 (and we refer to such costs as “pass-through” costs). 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.

The following table sets forth pass-through costs included in revenues for each of the last three fiscal years 2012 , 2011 , and 2010 (in millions):

2012	2011	2010
$ 2,328.4	$ 2,118.5	$ 2,723.3

As is common to the industry, we execute certain contracts jointly with third parties through various forms of joint ventures and consortiums. 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 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. Very few of our joint ventures have employees. 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 U.S. GAAP, 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.

Certain of our joint ventures meet the definition of a VIE. In evaluating our VIEs for possible consolidation, we perform a qualitative analysis to determine whether or not we have a “controlling financial interest” in the VIE as defined by U.S. GAAP. We consolidate only those VIEs over which we have a controlling financial interest.

For the Company’s unconsolidated joint ventures, we use either the equity method of accounting or proportional consolidation. The Company does not currently participate in any significant VIEs in which it has a controlling financial interest that it does not consolidate.

There were no changes in facts and circumstances during the period that caused the Company to reassess the method of accounting for its VIEs.

Fair Value Measurements

The net carrying amounts of cash and cash equivalents, trade receivables and payables, and notes payable approximate Fair Value due to the short-term nature of these instruments. Similarly, we believe the carrying value of 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 in Note 10 -*Commitments and Contingencies, and Derivative Financial Instruments* are required to be carried in our Consolidated Financial Statements at Fair Value.

The Fair Value of the Company’s reporting units (needed for purposes of determining whether there is an indication of possible impairment of the carrying value of goodwill) was determined in fiscal years 2010 and 2011 using a market approach that multiplies the after-tax earnings of each reporting unit for the trailing twelve months by the Company’s overall average market earnings multiple. For fiscal year 2012, we used both an income approach and a market approach to test our goodwill for possible impairment. Such approaches require us to make estimates and judgments. Under the income approach, Fair Vale is determined by using the discounted cash flows of our reporting units. Under the market approach, the Fair Value of our reporting units is determined by reference to guideline companies that are reasonably comparable to our reporting units; the Fair Values are estimated based on the valuation multiples of the invested capital associated with the guideline companies. In assessing whether there is an indication that the carrying value of goodwill has been impaired, we utilize the results of both valuation techniques and consider the range of Fair Values indicated. The range of value (both end of the range) for each reporting unit, exceeded the respective book values by more than 30%.

With respect to share-based payments, we estimate the Fair Value of stock options granted to employees and directors using the Black-Scholes option-pricing model. 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. For restricted stock units containing service and performance conditions with measures external to the Company, compensation expense is based on the Fair Value of such units using a Monte Carlo simulation. Due to the uncertainties inherent in the use of assumptions and the results of applying Monte Carlo simulations, the amount of expense recorded in the accompanying consolidated financial statements may not be representative of the effects on our future consolidated financial statements because equity awards tend to vest over several years and additional equity awards may be made in the future.

The Fair Values of the assets owned by the various pension plans that the Company sponsors are determined based on the type of asset, consistent with U.S. GAAP. Equity securities are valued by using market observable data such as quoted prices. Publicly traded corporate equity securities are valued at the last reported sale price on the last business day of the year of the plans. Securities not traded on the last business day are valued at the last reported bid price. Debt securities are valued at the last reported sale price on the last business day applicable. Real estate consists primarily of common or collective trusts, with underlying investments in real estate. They are valued using the best information available, including quoted market prices or market prices for similar assets when available or internal cash flow estimates discounted at an appropriate interest rate or independent appraisals, as appropriate. Insurance contracts, investments in infrastructure/raw goods, and hedge funds are valued using actuarial assumptions and values reported by the fund managers.

The methodologies described above and elsewhere in these Notes to Consolidated Financial Statements may produce a Fair Value measure that may not be indicative of net realizable value or reflective of future Fair Values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the Fair Value of certain financial instruments could result in a different Fair Value measurement.

Cash Equivalents

We consider all highly liquid investments with original maturities of less than three months to be cash equivalents. Cash equivalents at September 28, 2012 and September 30, 2011 consisted primarily of money market mutual funds and overnight bank deposits.

Receivables and Billings in Excess of Costs

“Receivables” include billed receivables, unbilled receivables, and retentions receivable. Billed receivables represent amounts invoiced to clients in accordance with the terms of our client contracts. They are recorded in our financial statements when they are issued. Unbilled receivables and retentions receivable represent reimbursable costs and amounts earned and reimbursable under contracts in progress as of the respective balance sheet dates. 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. We anticipate that substantially all of such unbilled amounts will be billed and collected over the next fiscal year.

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

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; instead, we test goodwill for possible impairment. We conduct such tests annually (or more frequently if events occur or circumstances change that would more likely than not reduce the Fair Values of our reporting units below their respective carrying values). The first step in the test is to compare the implied Fair Value of each of the Company's reporting units to their respective carrying amounts, including goodwill. In the event that the carrying value of a reporting unit exceeds its Fair Value, a second test is performed to measure the amount of the impairment loss, if any. In performing the annual impairment test, the Company evaluates goodwill at the reporting unit level. We have determined that our operating segment is comprised of two reporting units based on geography. Based on the results of these tests, we have determined that the Fair Value of our reporting units substantially exceeded their respective carrying values for fiscal years 2012, 2011, and 2010.

The following table provides certain information related to the Company's acquired intangible assets for each of the fiscal years presented (in thousands):

	Customer Relationships, Contracts, and Backlog	Developed Technology	Trade Names	Other	Total
Balances, October 2, 2009	$ 53,675	$ —	$ 1,508	$ 2,276	$ 57,459
Acquisitions	50,600	—	2,400	1,100	54,100
Amortization	(8,619)	—	(1,851)	(736)	(11,206)
Foreign currency translation	(178)	—	(5)	(125)	(308)
Balances, October 1, 2010	95,478	—	2,052	2,515	100,045
Acquisitions	155,512	23,000	2,744	2,542	183,798
Amortization	(21,239)	(1,023)	(1,214)	(1,225)	(24,701)
Foreign currency translation	(13)	—	(109)	(14)	(136)
Balances, September 30, 2011	229,738	21,977	3,473	3,818	259,006
Acquisitions	13,010	—	1,200	410	14,620
Amortization	(24,406)	(1,533)	(1,430)	(1,597)	(28,966)
Foreign currency translation	(613)	—	(161)	(124)	(898)
Balances, September 28, 2012	$ 217,729	$ 20,444	$ 3,082	$ 2,507	$ 243,762
Weighted average amortization period	11.2	14	12.9	6.5	11.4

The above table excludes the values assigned to those intangible assets embedded in the Company's investment in AWE Management Ltd. ("AWE"). Those amounts are included in the carrying value of the Company's investment in AWE. The amount of amortization expense we estimate we will record during each of the next five fiscal years relating to intangible assets existing at September 28, 2012 including those associated with AWE is: fiscal 2013 - $40.5 million; fiscal 2014 - $27.2 million; fiscal 2015 - $24.6 million; fiscal 2016 - $24.2 million; and fiscal 2017 - $24.1 million.

The change in goodwill during the period relates primarily to businesses acquired during fiscal 2012.

Foreign Currencies

In preparing our consolidated financial statements, it is necessary to translate the financial statements of our subsidiaries operating outside the United States ("U.S."), which are denominated in currencies other than the U.S. dollar, into the U.S. dollar. In accordance with U.S. GAAP, revenues and expenses of operations outside the U.S. 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 U.S. 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 (loss) in the accompanying Consolidated Balance Sheets.

Share-Based Payments

We measure the value of services received from employees and directors 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 on a straight-line basis over the period the individual provides services, which is typically the vesting period of the award with the exception of awards containing an internal performance measure which is recognized on a straight-line basis over the vesting period subject to the probability of meeting the performance requirements. The cost of these awards is recorded in selling, general and administrative expense in the Company's Consolidated Financial Statements.

The following table presents our stock-based compensation expense for the various types of awards made by the Company for each of the fiscal years presented (in thousands):

Award Type	2012	2011	2010
Restricted Stock and Restricted Stock Units (excluding Performance Awards)	$11,021	$10,710	$7,900
Stock Options	14,067	16,468	16,461
Performance Awards	7,354	1,906	0
Total Expense	$32,442	$29,084	$24,361

The Company has two incentive plans whereby eligible employees and directors of Jacobs may be granted stock options, restricted stock, and/or restricted stock units.

Stock Options—The majority of stock options granted during the year are awarded on the same date (although the date is different for employees and directors). The following table presents the assumptions used in the Black-Scholes option-pricing model during each of the last three fiscal years for awards made to employees and directors:

	Awards Made to Employees			Awards Made to Directors		
	2012	**2011**	**2010**	**2012**	**2011**	**2010**
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	43.28%	41.54%	43.12%	41.42%	41.97%	40.78%
Risk-free interest rate	0.95%	2.00%	2.54	1.11%	2.40%	2.85
Expected term of options (in years)	5.82	5.82	6.14	5.82	5.82	6.29

Performance Awards— During fiscal year 2011, the Company granted restricted stock units containing service and performance conditions. The number of restricted stock units in which the employee may ultimately vest is determined using a stock performance multiplier (“SPM”). The SPM is the quotient obtained by dividing the 60 calendar day average market price of our common stock ending on the vesting date (“Ending Average Stock Price”) by the 60 calendar day average market price of our common stock ending on the grant date (“Beginning Average Stock Price”). The maximum SPM is 2 and will be zero if the Ending Average Market Price of our common stock is less than 50% of the Beginning Average Market Price. The number of restricted stock units earned is equal to the target restricted stock units awarded to an employee multiplied by the SPM.

The Company's chief executive officer's restricted stock units are further subject to an additional Total Shareholder Return ("TSR") condition. Specifically, in order to receive full payout of whatever restricted stock unit award was otherwise earned at the end of the three-year performance period, the Company's TSR compared to its peers must be no less than at the 50th percentile. If performance is at the 25th percentile, 50% of the otherwise payable award is paid. No award is payable if TSR is below the 25th percentile. If performance is between the 25th and 50th percentile, the amount of the otherwise payable award is increased from 50% to 100% of the full award on a linear basis.

The majority of restricted stock units with performance conditions granted during the year are awarded on the same date. The following table presents the assumptions used to value the restricted stock units with service and performance conditions:

	2011
Dividend yield	0%
Expected volatility	46.67%
Risk-free interest rate	0.83%
Expected term (in years)	3

During fiscal year 2012, the Company granted restricted stock units containing service and performance conditions. The restricted stock unit award is split equally between an Earned Relative TSR Restricted Stock Units and an Earned Net Earnings Growth Restricted Stock Units.

The number of Earned Relative TSR Restricted Stock Units in which the employee may ultimately vest shall be equal to 50% of the grant multiplied by the TSR Performance Multiplier. The TSR Performance Multiplier will be determined by comparing the Company's total stockholder return to the total stockholder return of each of the companies in a specified industry peer group over the three-year period immediately following the award date. For purposes of computing total stockholder return, the beginning stock price will be the average closing stock price over the 30 calendar day period ending on the award date, and the ending stock price will be the average closing price over the 30 calendar day period ending on the last day of the performance period. Any dividend payments made over the performance period will be deemed re-invested on the ex-dividend data in additional shares of the related Company.

The following table presents the basis on which the Earned Relative TSR Restricted Stock Units are determined:

Company TSR Percentile Rank	TSR Performance Multiplier
Below 30th percentile	—%
30th percentile	50%
50th percentile	100%
70th percentile or above	150%

If the Company's total stockholder return over the Performance Period falls between any of the brackets described above, the TSR Performance Multiplier will be determined using straight line interpolation based on the actual percentile ranking.

The following table presents the assumptions used to value the Earned Relative TSR Restricted Stock Units are determined:

	2012
Dividend yield	0%
Expected volatility	36.30%
Risk-free interest rate	0.42%
Expected term (in years)	3

The number of Earned Net Earnings Growth Restricted Stock Units in which an employee may ultimately vest shall be equal to the sum of the following: (1) An amount, not less than zero, equal to one-third of the Target Restricted Stock Units multiplied by 50% multiplied by the Net Earnings Growth Performance Multiplier (or, "NEGPM", as defined) determined based upon the growth in the Company's Net Earnings (as defined) over the period from April 1, 2012 to March 31, 2013; plus, (2) an amount, not less than zero, equal to (A) two-thirds of the Target Restricted Stock Units multiplied by 50% multiplied by the NEGPM determined based upon the average growth in the Company's Net Earnings over the period from April 1, 2012 to March 31, 2014, minus (B) the amount determined pursuant to (1) above; plus, (3) an amount, not less than zero, equal to (A) the Target Restricted Stock Units multiplied by 50% multiplied by the NEGPM determined based upon the average growth in the Company's Net Earnings over the period from April 1, 2012 to March 31, 2015, minus (B) the amount determined pursuant to (1) and (2) above.

If the Company's average growth in Net Earnings over the applicable fiscal years during the Performance Period is between 5% and 10%, 10% and 15%, or 15% and 20%, the Net Earnings Growth Performance Multiplier will be determined using straight line interpolation based on the actual average growth in the Company's consolidated net earnings.

The following table presents the basis on which the Earned Net Earnings Growth Restricted Stock Units are determined:

Average Net Earnings Growth	Net Earnings Growth Performance Multiplier
Less than 5%	—%
5%	50%
10%	100%
15%	150%
20%	200%

Unless stated otherwise, all other awards our valued based on the closing price of the Company's commons stock as reported int the NYSE Composite Price History on their respective grant date.

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, South America, Europe, Australia, 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 and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires us to employ estimates and make assumptions that affect the reported amounts of certain assets and liabilities; the revenues and expenses reported for the periods covered by the financial statements; and certain amounts disclosed in these Notes to the Consolidated Financial Statements. Although such estimates and assumptions are based on management’s most recent assessment of the underlying facts and circumstances utilizing the most current information available and past experience, actual results could differ significantly from those estimates and assumptions. Our estimates, judgments, and assumptions are evaluated periodically and adjusted accordingly.

Earlier in these Notes to Consolidated Financial Statements, we discussed three significant accounting policies that rely on the application of estimates and assumptions: revenue recognition for long-term construction contracts; the process for testing goodwill for possible impairment; and the accounting for share-based payments to employees and directors. The following is a discussion of certain other significant accounting policies that rely on the use of estimates:

Accounting for Pensions— We use certain assumptions and estimates in order to calculate periodic pension cost and the value of the assets and liabilities of our pension plans. These assumptions involve discount rates, investment returns, and projected salary increases, among others. Changes in the actuarial assumptions may have a material effect on the plans’ liabilities and the projected pension expense.

Accounting for Income Taxes— We determine our consolidated income tax provision using the asset and liability method prescribed by U.S. GAAP. Under this method, deferred tax assets and liabilities are recognized for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Such deferred tax assets and liabilities are adjusted, as appropriate, to reflect changes in tax rates expected to be in effect when the temporary differences reverse. If and when we determine that a deferred tax asset will not be realized for its full amount, we will recognize and record a valuation allowance with a corresponding charge to earnings. 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 U.S., and by various government agencies representing many jurisdictions outside the U.S.

Contractual Guarantees, Litigation, Investigations, and Insurance— In the normal course of business, we are subject to certain contractual guarantees and litigation. We record in the Consolidated Balance Sheets amounts representing our estimated liability relating to such guarantees, litigation, and insurance claims. We perform an analysis to determine 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 U.S. 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.

Accounting for Business Combinations— U.S. GAAP requires that the purchase price paid for business combinations accounted for using the acquisition method be allocated to the assets and liabilities acquired based on their respective Fair Values. Determining the Fair Value of contract assets and liabilities acquired often requires estimates and judgments regarding, among other things, the estimated cost to complete such contracts. The Company must also make certain estimates and judgments relating to other assets and liabilities acquired as well as any identifiable intangible assets acquired.

New Accounting Pronouncements

In July 2012, the FASB adopted ASU No. 2012-02—*Testing Indefinite-Lived Intangible Assets for Impairment.* ASU 2012-02 amends Topic 350 of the FASB's ASC regarding how entities test indefinite-lived intangible assets other than goodwill for possible impairment. ASU 2012-02 permits entities first to assess qualitative factors to determine whether it is more likely than not that an indefinite lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test pursuant to ASC Subtopic 350-30. If the entity determines that is is more likely than not that such asset is not impaired based on its qualitative assessment, no further testing is required. The amendments in ASU 2012-02 are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company does not believe that the adoption of ASU 2012-02 will have a material effect on its consolidated financial statements.

In December 2011, the FASB adopted ASU No. 2011-12—*Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*. ASU 2011-12 amends Topic 220 of the ASC as that Topic was affected by ASU 2011-05. ASU 2011-05 required entities to, among other things, present reclassification adjustments and the effect of such adjustment on the face of the financial statements where net earnings is presented, by component of net earnings, and on the face of the financial statements where other comprehensive income is presented, by component of other comprehensive income. The effect of ASU 2011-12 is to defer the effective date of certain of the presentation requirements of ASU 2011-05 in order to give the FASB more time to deliberate such requirements. The amendments in ASU 2011-12 are effective at the same time as the amendments in ASU 2011-05 so that entities will not be required to comply with the presentation requirements in Update 2011-05 that ASU 2012-12 is deferring.

Also in December 2011, the FASB adopted ASU No. 2011-11—*Disclosures about Offsetting Assets and Liabilities.* ASU 2011-11 amends Topic 210 of the ASC and requires entities to disclose information about offsetting and related arrangements to enable users of their financial statements to understand the effect of those arrangements on their respective financial positions. The scope of this ASU includes derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and securities lending agreements. Entities are required to apply the provisions of ASU 2011-11 for annual reporting periods beginning on or after January 1, 2013. The Company does not believe that the adoption of ASU 2011-11 will have a material effect on its consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08—*Intangibles-Goodwill and Other*. ASU 2011-08 amends Topic 350 of the ASC and simplifies how entities test goodwill for possible impairment. Under this ASU, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. Under this ASU, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011.

The Company does not believe that the adoption of ASU 2011-08 will have a material effect on its consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05—*Comprehensive Income*. ASU 2011-05 amends Topic 220 of the ASC and provides that an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The provisions of ASU 2011-05 will be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company is currently evaluating the impact of ASU 2011-05, if any, on its consolidated financial statements.

3. Business Combinations

Fiscal 2012 Acquisitions

In August 2012, we acquired a consulting project management business based in Sydney, Australia. The acquisition is an important step in our strategy to expand our geographic presence and grow our infrastructure business in Australia.

In July 2012, we acquired a majority ownership of DM Petroleum Operations Company ("DMP") headquartered in New Orleans, Louisiana. DMP manages and operates the Strategic Petroleum Reserve ("SPR") under contract to the U.S. Department of Energy. The SPR is the world's largest reserve of emergency crude oil, and DMP has been the SPR Management and Operating contractor since 1993. DMP builds on our locally-based petroleum operations and maintenance expertise.

In December 2011, we acquired Unique World Pty Ltd., headquartered in Sydney, Australia. Unique World is a leading information management and knowledge management consultancy specializing in enabling technologies such as collaboration, business process automation, business intelligence, intranets, and portals. Unique World expands the Company's capabilities in Australia to include such IT services, as well as expanding the client base to which we can offer these services.

In November 2011, we acquired KlingStubbins, Inc., a 500-person firm headquartered in Philadelphia, Pennsylvania, with offices located throughout the U.S. and in China. KlingStubbins provides professional services in the areas of architecture, engineering, interiors, planning, and landscape architecture. The markets served by KlingStubbins include corporate / commercial, governmental, science and technology, higher education, mission critical, and interiors.

The results of operations of these acquired businesses have been included in the Company's consolidated results of operations commencing with the dates control of the acquired businesses was obtained. The above acquisitions were not material to the Company's consolidated financial statements at September 28, 2012 and for the year then ended. The Company continues to assess the fair values of the assets and liabilities acquired, and will complete the allocation within the measurement period prescribed by U.S. GAAP.

The Aker Solutions ASA Transactions

During the second quarter of fiscal 2011, we acquired certain operations within the process and construction business of Aker Solutions ASA, and in April 2011 we completed the acquisition of Aker Projects (Shanghai) Company Limited (together, the "Aker Entities"). The acquisition of the Aker Entities is described in more detail on pages 6 and F-16 of our 2011 Form 10-K. Consistent with most other business combinations we have completed, we began integrating the Aker Entities into our existing operations shortly after the businesses were acquired. Accordingly, it is not practicable to provide complete financial information for fiscal 2012 on a stand-alone basis for the Aker Entities.

The purchase price consisted of $675 million plus approximately $234.6 million representing the value of certain transactions specified in the share purchase agreement ("SPA") and a preliminary estimate of net cash and working capital acquired. Prior to the acquisition of the Aker Entities, the seller completed certain transactions that could have affected the amounts of net cash and net working capital of the operations acquired. The parties therefore negotiated into the SPA a "net cash and working capital adjustment" by which the net cash and working capital of the acquired operations were compared to target amounts specified in the SPA and which, after considering bands within which no settlement would be required, may cause one party to pay cash to the other. The final adjustment amount was determined in accordance with the terms of the SPA in the fourth quarter of fiscal 2011 and no payment was made by either party.

During the second quarter of fiscal 2012, the Company completed the purchase price allocation of the Aker Entities.

The Company recorded a number of Fair Value adjustments affecting, among other things, the estimated liabilities related to certain projects; the final, estimated liabilities relating to acquired professional liability exposures; and other adjustments to the working capital of the balance sheets of the acquired businesses, the total of which fell within the purchase price adjustment band described in the preceding paragraph.

The following table presents the final allocation of the purchase price to the net assets acquired, excluding intangibles and goodwill (in thousands):

Assets:		
Cash and cash equivalents	$	329,689
Receivables and other current assets		163,214
Property and equipment, and other assets		115,688
Total assets		608,591
Liabilities:		
Current liabilities		292,003
Long-term liabilities		22,534
Total liabilities		314,537
Net assets acquired	$	294,054

The following table presents the values assigned to the identifiable intangible assets acquired in the Aker Entities transactions (in thousands):

Customer relationships / backlog	$	136,000
Technology		23,000
Total	$	159,000

The carrying values of intangible assets subject to amortization are included in “Other Noncurrent Assets” in the accompanying Consolidated Balance Sheet at September 28, 2012 , and are being amortized over lives that range from 1 year to 15 years (the weighted average life for all intangibles is 12.8 years).

The amount of goodwill created as a result of the Aker Entities transactions is summarized as follows (in thousands):

Purchase price	$	910,000
Amount assigned to net assets acquired		(294,054)
Amount assigned to identifiable intangible assets		(159,000)
Deferred taxes related to intangible assets		55,000
Goodwill recognized	$	511,946

Some of the factors contributing to a purchase price that resulted in the recognition of goodwill include: (i) access to a large, highly-trained and stable workforce; (ii) the opportunity to expand our client base in the U.S., the United Kingdom, Canada, Australia, and China; (iii) the opportunity to enter new geographic markets in South America; (iv) the opportunity to expand our presence in the mining and minerals market; and (v) the opportunity of achieving operating synergies.

Other Matters

We do not expect a material amount of the goodwill recognized during fiscal 2012 and fiscal 2011 to be deductible for income tax purposes.

Included in selling, general and administrative expense for fiscal 2012 and fiscal 2011 is $5.8 million and $15.2 million , respectively of acquisition-related costs pertaining to our acquisition activities.

The Company has retrospectively adjusted certain fiscal 2011 comparative financial information for significant purchase accounting adjustments identified during the respective measurement periods of the related acquisitions. During fiscal 2012, the Company recorded adjustments increasing the Fair Values of accrued liabilities by $100.1 million , income taxes payable by $10.4 million , and other deferred liabilities by $39.3 million . These amounts were offset by an increase in goodwill of $127.1 million and $22.7 million in deferred income tax assets. These purchase price adjustments related primarily to income tax exposures and project exposures. The basis for valuing the liabilities recorded for the income tax exposure was assessments received from taxing authorities, and the basis for valuing the projected-related liabilities was management's best estimate of the costs to complete the associated projects in excess of the respective contract values.

4. Stock Purchase and Stock Option Plans

Broad-Based, Employee Stock Purchase Plans

The 1989 ESPP and the GESPP are employee stock purchase plans under which employees are granted 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 of the last three fiscal years:

	2012	2011	2010
Aggregate Purchase Price Paid for Shares Sold:			
Under the 1989 ESPP	$ 32,236,660	$ 31,887,660	$ 30,042,431
Under the GESPP	2,944,987	2,894,302	2,850,202
Total	$ 35,181,647	$ 34,781,962	$ 32,892,633
Aggregate Number of Shares Sold:			
Under the 1989 ESPP	853,819	771,818	802,508
Under the GESPP	76,360	69,386	74,848
Total	930,179	841,204	877,356

At September 28, 2012, there were 3,056,696 shares reserved for issuance under the 1989 ESPP, and there were 337,031 shares reserved for issuance under the GESPP.

Stock Incentive Plans

We also sponsor the 1999 SIP and the 1999 ODSP. The 1999 SIP provides for the issuance of incentive stock options, nonqualified stock options, restricted stock, and restricted stock units to employees. The 1999 ODSP provides for awards of shares of common 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 ODSP (together, the "1999 Plans") replaced the1981 Plan. The following table sets forth certain information about the 1999 Plans:

	1999 SIP	1999 ODSP	Total
Number of shares authorized	18,700,000	800,000	19,500,000
Number of remaining shares reserved for issuance at September 28, 2012	5,952,853	439,500	6,392,353
Number of shares relating to outstanding stock options at September 28, 2012	5,505,859	250,875	5,756,734
Number of shares available for future awards:			
At September 28, 2012	446,994	188,625	635,619
At September 30, 2011	2,050,107	200,625	2,250,732

The number of shares of common stock that may be awarded under the 1999 SIP in the form of restricted stock is limited to 4,870,000 shares, and shares of restricted stock that are subsequently forfeited become available again for issuance as restricted stock. At September 28, 2012, there were a total of 446,994 shares of common stock that remained available for issuance in the form of restricted stock under the 1999 SIP.

The following table presents the Fair Value of shares (of restricted stock and restricted stock units) vested during each of the last three fiscal years (in thousands):

2012	2011	2010
$ 7,955	$ 4,848	$ 4,188

The following table presents the Company's total pre-tax compensation cost relating to share-based payments included in the accompanying Consolidated Statements of Earnings (in thousands):

2012	2011	2010
$ 32,442	$ 29,084	$ 24,361

The following table summarizes the stock option activity under the 1999 Plans and the 1981 Plan for each of the last three fiscal years:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding at October 2, 2009	7,031,017	$ 37.43
Granted	975,000	$ 43.79
Exercised	(447,200)	$ 15.90
Cancelled or expired	(148,237)	$ 60.39
Outstanding at October 1, 2010	7,410,580	$ 39.10
Granted	433,600	$ 46.04
Exercised	(1,363,005)	$ 21.37
Cancelled or expired	(19,665)	$ 47.81
Outstanding at September 30, 2011	6,461,510	$ 43.28
Granted	658,700	$ 37.45
Exercised	(1,281,449)	$ 22.54
Cancelled or expired	(82,027)	$ 43.92
Outstanding at September 29, 2012	5,756,734	$ 47.23

Stock options outstanding at September 28, 2012 consisted entirely of nonqualified stock options. The following table presents the total intrinsic value of stock options exercised during each of the last three fiscal years (in thousands):

2012	2011	2010
26,196	34,665	11,764

The total intrinsic value of stock options exercisable at September 28, 2012 was approximately $11.0 million. The following table presents certain other information regarding our stock incentive plans:

	2012	2011	2010
At fiscal year end:			
Range of exercise prices for options outstanding	$18.49–$94.11	$13.29–$94.11	$10.79-$94.11
Number of options exercisable	4,219,557	4,822,297	5,441,883
For the fiscal year:			
Range of prices relating to options exercised	$13.29–$37.73	$10.785–$41.18	$7.03–$37.35
Estimated weighted average Fair Values of options granted	$ 15.55	$ 19.43	$ 19.33

The following table presents certain information regarding stock options outstanding, and stock options exercisable at September 28, 2012:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Life (years)	Weighted Average Price	Number	Weighted Average Exercise Price
$18.49 - $18.49	12,000	0.42	18.49	12,000	18.49
$19.96 - $26.795	472,085	0.94	20.96	472,085	20.96
$32.51 - $37.35	1,027,550	5.83	37.15	448,800	37.33
$37.43 - $46.86	2,686,175	4.94	42.81	1,909,068	42.84
$47.11 - $55.04	373,550	7.80	48.39	192,230	48.28
$56.95 - $57.81	515,375	1.73	56.97	515,375	56.97
$76.15 - $83.61	79,375	3.24	81.34	79,375	81.34
$88.19 - $94.11	590,624	2.58	92.57	590,624	92.57
	5,756,734	4.39	47.23	4,219,557	49.40

Our stock incentive plans allow participants to satisfy the exercise price of stock options 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 Stockholders' Equity.

At September 28, 2012, the amount of compensation cost relating to nonvested awards not yet recognized in the financial statements is approximately $91.0 million. The majority of the unrecognized compensation costs will be recognized by the third quarter of fiscal 2014. The weighted average remaining contractual term of options currently exercisable is 2.9 years.

The following table presents the number of shares of restricted stock and restricted stock units issued under the 1999 Plans during each of the last three fiscal years:

	2012	2011	2010
Restricted stock issued	497,100	226,850	525,600
Restricted stock units issued (service condition)	124,450	12,100	9,000
Restricted stock units issued (service and performance conditions at target)	525,000	291,700	—

The amount of restricted stock units issued for awards with performance conditions in the above table is based on the target amount. The number of shares ultimately issued, which could be greater or less than target, will be based on achieving specific performance conditions described in Note 2 – *Significant Accounting Policies* .

The restrictions attached to restricted stock and restricted stock units generally relate 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 28, 2012 , there were 1,437,830 shares of restricted stock; 152,840 shares of restricted stock units (service condition) and 794,700 shares of restricted stock units (service and performance conditions) outstanding under the 1999 Plans.

5. Earnings Per Share

The following table (i) reconciles the denominator used to compute Basic EPS to the denominator used to compute Diluted EPS for each of the last three fiscal years, and (ii) discloses the number of antidilutive stock options and restricted stock outstanding at the end of each of the fiscal years indicated (in thousands):

	2012	2011	2010
Shares used to calculate EPS:			
Weighted average shares outstanding (denominator used to compute basic EPS)	127,644	125,686	124,134
Effect of stock options and restricted stock	1,048	1,549	1,656
Denominator used to compute diluted EPS	128,692	127,235	125,790
Antidilutive stock options and restricted stock	5,093	4,507	3,814

6. Borrowings

Short-Term Credit Arrangements

The Company maintains both committed and uncommitted credit arrangements with several banks providing for short-term borrowing capacity and overdraft protection. There were no amounts outstanding under these short-term credit facilities at September 28, 2012, and there was $2.2 million outstanding under these facilities at an interest rate of 6.0% at September 30, 2011.

Long-term Debt and Credit Arrangements

The following table presents certain information regarding the Company’s various long-term debt and credit facilities at September 28, 2012 and September 30, 2011 (dollars in thousands):

	2012		2011	
	Principal Balance Outstanding	Range of Interest Rates	Principal Balance Outstanding	Range of Interest Rates
$1.21 Billion revolving credit facility	$ 528,260	0.95 – 1.41%	$ —	—
$290.0 Million revolving credit facility	$ —	—%	$ 171,788	0.96 – 1.57%
Bilateral loan agreements	$ —	—%	$ 392,059	1.0 – 2.15%

On March 29, 2012, the Company and certain of its subsidiaries entered into a $1.21 billion unsecured, revolving credit facility (the "2012 Facility") with a syndicate of large, U.S. and international banks and financial institutions. The 2012 Facility replaces and refinances the Company's previous, $290.0 million, unsecured revolving credit facility originally entered into by the Company on December15, 2005 (the "2005 Facility"). All commitments under the 2005 Facility were terminated effective the closing date and all amounts due thereunder were refinanced under the 2012 Facility. The total amount utilized under this facility at September 28, 2012 was $540.4 million ($528.3 million in the form of direct borrowings and $12.1 million utilized in the form of letters of credit).

The 2012 Facility has a five year maturity and permits the Company to borrow under three separate tranches in U.S. dollars, certain specified foreign currencies, and any other currency that may be approved in accordance with the terms of the 2012 Facility. Depending on the Company's Consolidated Leverage Ratio, borrowings under the 2012 Facility will bear interest at either a eurocurrency rate plus a margin of between 0.875% and 1.225% or a base rate plus a margin of between 0% and 0.225%. The 2012 Facility also provides for a financial letter of credit subfacility of $300.0 million, permits performance letters of credit, and provides for a $50.0 million subfacility for swingline loans. Letters of credit are subject to fees based on the Company's Consolidated Leverage Ratio at the time any such letter of credit is issued. The Company pays a facility fee of between 0.125% and 0.275% per annum depending on the Company's Consolidated Leverage Ratio. Amounts outstanding under the 2012 Facility may be prepaid at the option of the Company without premium or penalty, subject to customary breakage fees in connection with the prepayment of eurocurrency loans. The 2012 Facility contains affirmative, negative, and financial covenants customary for financings of this type including, among other things, limitations on certain other indebtedness, loans and investments, liens, mergers, asset sales and transactions with affiliates. In addition, the 2012 Facility contains customary events of default. We were in compliance with our debt covenants at September 28, 2012.

Included in the line “Bilateral loan agreements” for fiscal 2011 are amounts outstanding under several credit agreements we entered into with major U.S. and Inernational banks in connection with the Company's merger and acquisition activities. Amounts outstanding under these lines were either repaid during fiscal 2012 or refinanced under the 2012 Facility. Interest under these facilities was based on Libor plus 0.75%. The following table presents certain additional information regarding the Company’s various loan agreements for the fiscal years shown:

	2012	2011
Maximum amount outstanding at any month-end during the fiscal year	$ 586,933	$ 675,083
Average amount outstanding during the year	$ 537,131	$ 403,649
Weighted average interest rate during the year	1.32%	1.81%

Included in “Long-term Debt” in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 are amounts relating to a real estate mortgage and other, miscellaneous indebtedness assumed in connection with various business combinations.

The following table presents the amount of interest paid by the Company during each of the last three fiscal years (in thousands):

2012	2011	2010
$ 8,572	$ 7,778	$ 11,702

Included in the above amounts for fiscal 2010 is approximately $9.9 million of interest paid in connection with the SIVOM Judgment.

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 accounting for pension plans requires 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. The discount rates used in valuating the plans' liabilities were determined with reference to high quality corporate/government bonds that are appropriately matched to the duration of each plan's obligations except for our plans in India where we used appropriate estimates as high quality corporate/government bond rates are not available. The expected long-term rate of return on plan assets, with the exception of plans in Belgium (where the assets are invested in an insurance product that provides guaranteed returns) and India (where asset returns are generally set using government bond yields), is based on a simulation model which selects a single outcome for expected return based on the target asset allocation. The model simulates interest rates, inflation and asset class returns for up to 20 years and for 500 economic scenarios to generate a rage of likely outcomes. The expected long-term-rate of return used in the valuation are the annual average returns generated by these assumptions over a 15 year period for each asset class based on the expected long-term rate of return of the underlying assets.

The following table sets forth the changes in the plans' combined net benefit obligation (segregated between plans existing within and outside the U.S.) during each of the fiscal years presented (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans	
	2012	2011	2012	2011
Net benefit obligation at the beginning of the year	$ 482,542	$ 160,264	$ 968,938	$ 1,007,105
Service cost	12,838	10,684	22,723	30,816
Interest cost	20,923	21,377	54,287	54,631
Participants' contributions	3,200	3,318	11,614	12,108
Actuarial (gains)/losses	20,342	30,378	142,935	(141,498)
Benefits paid	(10,978)	(34,486)	(30,180)	(32,419)
Curtailments and settlements	(27,702)	—	(6,118)	(3,744)
Plan amendments	—	—	(2,294)	—
Business combinations/consolidations	8,440	290,887	8,933	49,638
Special termination benefits	—	120	—	—
Effect of exchange rate changes	—	—	20,507	(7,699)
Net benefit obligation at the end of the year	$ 509,605	$ 482,542	$ 1,191,345	$ 968,938

The following table sets forth the changes in the combined Fair Value of the plans' assets (segregated between plans existing within and outside the U.S.) during each of the fiscal years presented (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans	
	2012	2011	2012	2011
Fair Value of plan assets at the beginning of the year	$ 285,777	$ 107,791	$ 744,689	$ 661,825
Actual return on plan assets	62,635	1,899	91,987	3,729
Employer contributions	42,606	21,753	48,374	70,575
Participants' contributions	3,200	3,318	11,614	12,108
Gross benefits paid	(10,978)	(34,486)	(30,180)	(32,419)
Business combinations/consolidations	3,810	185,502	4,272	40,922
Curtailments/settlements	(27,702)	—	(6,085)	(3,744)
Effect of exchange rate changes	—	—	13,279	(8,307)
Fair Value of plan assets at the end of the year	$ 359,348	$ 285,777	$ 877,950	$ 744,689

The following table reconciles the combined funded statuses of the plans recognized in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 (segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans	
	2012	2011	2012	2011
Net benefit obligation at the end of the year	$ 509,605	$ 482,542	$ 1,191,345	$ 968,938
Fair Value of plan assets at the end of the year	359,348	285,777	877,950	744,689
Under funded amount recognized at the end of the year	$ 150,257	$ 196,765	$ 313,395	$ 224,249

The following table presents the accumulated benefit obligation at September 28, 2012 and September 30, 2011 (segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans	
	2012	2011	2012	2011
Accumulated benefit obligation at the end of the year	$ 460,618	$ 432,109	$ 1,109,413	$ 909,746

The following table presents the amounts recognized in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 (segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans	
	2012	2011	2012	2011
Accrued benefit cost included in noncurrent assets	$ —	$ —	$ 13,174	$ —
Accrued benefit cost included in current liabilities	—	—	2,271	1,690
Accrued benefit cost included in noncurrent liabilities	150,257	196,765	324,298	222,559
Net amount recognized at the end of the year	$ 150,257	$ 196,765	$ 313,395	$ 224,249

Included in the tables are amounts relating to a U.S. pension plan the participating employees in which are assigned to, and work exclusively on, a specific operating contract with the U.S. federal government. It is the intention of the parties to this contract that the cost of this pension plan will be fully reimbursed by the U.S. federal government pursuant to applicable cost accounting standards. Accordingly, included in "Other Noncurrent Assets" in the accompanying Consolidated Balance Sheet at September 28, 2012 is a receivable from the U.S. federal government of approximately $101.4 million ($140.9 million at September 30, 2011) representing the underfunded amount for this pension plan.

The following table presents the significant actuarial assumptions used in determining the funded statuses and benefit cost of the Company's U.S. plans for each fiscal year presented:

	2012	2011	2010
Weighted average discount rates	3.4% to 3.9%	4.3% to 4.6%	4.60%
Rates of compensation increases	3.25%	3.5%	—
Expected long-term rates of return on plan assets	7.5%	7.5%	8.0%

The following table presents the significant actuarial assumptions used in determining the funded statuses and benefit cost of the Company's Non-U.S. plans for each fiscal year presented:

	2012	2011	2010
Weighted average discount rates	0.6% to 8.4%	2.6% to 5.9%	2.1% to 5.1%
Rates of compensation increases	2.8% to 7.5%	3.0% to 3.5%	3.25% to 3.5%
Expected long-term rates of return on plan assets	2.4% to 8.5%	4.75% to 7.1%	2.2% to 7.6%

The following table presents certain amounts relating to our U.S. pension plans recognized in accumulated other comprehensive loss at September 28, 2012 and September 30, 2011 (in thousands):

	2012	2011	2010
Arising during the period:			
Net actuarial loss	$ 2,756	$ 7,486	$ 8,297
Reclassification adjustments:			
Net actuarial gain	(2,011)	(2,011)	(1,154)
Total	$ 745	$ 5,475	$ 7,143

The following table presents certain amounts relating to our Non-U.S. pension plans recognized in accumulated other comprehensive loss at September 28, 2012 and September 30, 2011 (in thousands):

	2012	2011	2010
Arising during the period:			
Net actuarial (gain) loss	$ 83,298	$ (73,258)	$ 64,809
Prior service cost (benefit)	(1,947)	1,005	(117)
Total	81,351	(72,253)	64,692
Reclassification adjustments:			
Net actuarial gain	(6,131)	(4,990)	(7,646)
Prior service benefit	(23)	(1,406)	(193)
Total	(6,154)	(6,396)	(7,839)
Total	$ 75,197	$ (78,649)	$ 56,853

The following table presents certain amounts relating to our pension plans recorded in accumulated other comprehensive loss that have not yet been recognized as components of net periodic pension cost at September 28, 2012 and September 30, 2011 (segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans	
	2012	2011	2012	2011
Net actuarial loss	$ 68,970	$ 68,224	$ 201,726	$ 124,560
Prior service cost	—	—	(803)	1,166
Total	$ 68,970	$ 68,224	$ 200,923	$ 125,726

The following table presents the amount of accumulated comprehensive income that will be amortized against earnings as part of our net periodic pension cost in fiscal 2013(segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Pension Plans	Non-U.S. Pension Plans
Unrecognized net actuarial loss	$ 8,030	$ 13,788
Unrecognized prior service cost	(103)	(55)
Accumulated comprehensive loss to be recorded against earnings	$ 7,927	$ 13,733

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. 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 reduce the risk associated with having a disproportionate amount of the plans’ total assets invested 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 September 28, 2012 and September 30, 2011 (the measurement dates used in valuing the plans’ assets and liabilities) were as follows:

	U.S. Pension Plans		Non-U.S. Pension Pans	
	2012	2011	2012	2011
Equity securities	72%	68%	41%	41%
Debt securities	21%	23%	37%	37%
Real estate investments	1%	2%	6%	6%
Other	6%	7%	16%	16%

The following table presents the Fair Value of the Company's U.S. pension plan assets at September 28, 2012 segregated by level of Fair Value measurement inputs within the fair value hierarchy promulgated by U.S. GAAP (in thousands):

	Fair Values By Level of Fair Value Measurement Inputs		
	Level 1	Level 3	Total
U.S. Domestic equities	$ 230,862	$ —	$ 230,862
Overseas equities	27,343	—	27,343
U.S. Domestic bonds	75,648	—	75,648
Cash and equivalents	6,183	—	6,183
Real estate	—	4,841	4,841
Hedge funds	—	14,471	14,471
Total	$ 340,036	$ 19,312	$ 359,348

The following table presents the Fair Value of the Company's Non-U.S. pension plan assets at September 28, 2012 segregated by level of Fair Value measurement inputs within the fair value hierarchy promulgated by U.S. GAAP (in thousands):

	Fair Values By Level of Fair Value Measurement Inputs		
	Level 1	Level 3	Total
U.S. Domestic equities	$ 193,715	$ —	$ 193,715
Overseas equities	168,097	—	168,097
U.S. Domestic bonds	306,974	—	306,974
Overseas bonds	14,254	—	14,254
Cash and equivalents	27,571	—	27,571
Infrastructure / Raw goods	—	6,111	6,111
Real estate	—	49,537	49,537
Insurance contracts	—	18,291	18,291
Hedge funds	—	93,400	93,400
Total	$ 710,611	$ 167,339	$ 877,950

The following table presents the Fair Value of the Company's U.S. pension plan assets at September 30, 2011 segregated by level of Fair Value measurement inputs within the Fair Value hierarchy promulgated by U.S. GAAP (in thousands):

	Fair Values By Level of Fair Value Measurement Inputs		
	Level 1	Level 3	Total
U.S. Domestic equities	$ 172,986	$ —	$ 172,986
Overseas equities	22,057	—	22,057
U.S. Domestic bonds	66,333	—	66,333
Cash and equivalents	4,203	—	4,203
Real estate	—	5,353	5,353
Hedge funds	—	14,845	14,845
Total	$ 265,579	$ 20,198	$ 285,777

The following table presents the Fair Value of the Company's Non-U.S. pension plan assets at September 30, 2011 segregated by level of Fair Value measurement inputs within the Fair Value hierarchy promulgated by U.S. GAAP (in thousands):

	Fair Values By Level of Fair Value Measurement Inputs		
	Level 1	Level 3	Total
U.S. Domestic equities	$ 156,264	$ —	$ 156,264
Overseas equities	149,926	—	149,926
U.S. Domestic bonds	262,377	—	262,377
Overseas bonds	13,794	—	13,794
Cash and equivalents	14,486	—	14,486
Infrastructure / Raw Goods	—	4,776	4,776
Real estate	—	43,997	43,997
Insurance contracts	—	17,293	17,293
Hedge funds	—	81,776	81,776
Total	$ 596,847	$ 147,842	$ 744,689

The following table summarizes the changes in the Fair Value of the Company's U.S. Plans' Level 3 assets for the year ended September 28, 2012 (in thousands):

	Real Estate	Hedge Funds
Balance, beginning of year	$ 5,353	$ 14,845
Realized and unrealized gains (losses)	(512)	(374)
Balance, end of year	$ 4,841	$ 14,471

The following table summarizes the changes in the Fair Value of the Company's Non-U.S. Plans' Level 3 assets for the year ended September 28, 2012 (in thousands):

	Infrastructure / Raw Goods	Real Estate	Insurance Contracts	Hedge Funds
Balance, beginning of year	$ 4,776	$ 43,997	$ 17,293	$ 81,776
Purchases, sales, and settlements	—	106	389	—
Realized and unrealized gains	1,572	3,836	1,422	7,975
Effect of exchange rate changes	(237)	1,598	(813)	3,649
Balance, end of year	$ 6,111	$ 49,537	$ 18,291	$ 93,400

The following table summarizes the changes in the Fair Value of the Company's U.S. Plans' Level 3 assets for the year ended September 30, 2011 (in thousands):

	Real Estate	Hedge Funds
Balance, beginning of year	$ 3,164	$ 5,491
Transfers	4,661	9,208
Realized and unrealized losses	(2,472)	146
Balance, end of year	$ 5,353	$ 14,845

The following table summarizes the changes in the Fair Value of the Company's Non-U.S. Plans' Level 3 assets for the year ended September 30, 2011 (in thousands):

	Infrastructure / Raw Goods	Real Estate	Insurance Contracts	Hedge Funds	"With Profits" Funds
Balance, beginning of year	$ —	$ 38,351	$ 27,465	$ 83,209	$ 1,482
Purchases, sales, and settlements	4,776	2,248	323	(1,452)	—
Realized and unrealized gains	—	3,799	593	937	—
Transfers	—	—	(10,964)	—	(1,513)
Effect of exchange rate changes	—	(401)	(124)	(918)	31
Balance, end of year	$ 4,776	$ 43,997	$ 17,293	$ 81,776	$ —

The following table presents the amount of cash contributions we anticipate making into the plans during fiscal 2013 (in thousands):

U.S. Pension Plans	Non-U.S. Pension Pans
$ 13,812	$ 49,253

The following table presents the total benefit payments expected to be paid to pension plan participants during each of the next five fiscal years, and in total for the five years thereafter (in thousands):

	U.S. Pension Plans	Non-U.S. Pension Pans
2013	$ 35,903	$ 33,149
2014	36,749	39,595
2015	37,330	42,413
2016	38,833	47,803
2017	39,325	50,051
For the period 2018 through 2022	198,441	320,194

The following table presents the components of net periodic pension cost for the Company's U.S. plans recognized in the accompanying Consolidated Statements of Earnings for each of the last three fiscal years (in thousands):

	2012	2011	2010
Service cost	$ 12,838	$ 10,684	$ —
Interest cost	20,923	21,377	7,545
Expected return on plan assets	(23,764)	(23,558)	(10,566)
Actuarial loss	10,981	7,025	1,846
Prior service cost	(103)	(103)	—
Net pension cost, before special items	20,875	15,425	(1,175)
Special termination benefits	—	120	—
Settlement loss	6,035	—	—
Total net periodic pension cost recognized	$ 26,910	$ 15,545	$ (1,175)

The following table presents the components of net periodic pension cost for the Company's Non-U.S. plans recognized in the accompanying Consolidated Statements of Earnings for each of the last three fiscal years (in thousands):

	2012	2011	2010
Service cost	$ 22,723	$ 30,816	$ 22,722
Interest cost	54,287	54,631	46,584
Expected return on plan assets	(50,996)	(50,033)	(36,988)
Actuarial loss	8,227	13,535	10,488
Prior service cost	152	303	293
Net pension cost, before special items	34,393	49,252	43,099
Curtailments and settlements	1,326	381	1,206
Total net periodic pension cost recognized	$ 35,719	$ 49,633	$ 44,305

Multiemployer Plans

In Canada and the U.S. we contribute to various trusteed pension plans covering hourly construction employees under industry-wide agreements. We also contribute to various trusteed plans in Australia and 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.

The majority of the contributions the Company makes to multiemployer pension plans is outside the U.S. With respect to these multiemployer plans, the Company's liability to fund these plans is generally limited to the contributions we are required to make under collective bargaining agreements.

At October 1, 2011, the Company adopted ASU 2011-09—*Compensation-Retirement Benefits-Multiemployer Plans*. Based on our review of our multiemployer pension plans under the guidance provided in the ASU, we have concluded that none of the multiemployer pension plans into which we contribute are individually significant to our consolidated financial statements.

The following table presents the Company's contributions to these multiemployer plans during each of the last three fiscal years (in thousands):

	2012	2011	2010
Canada	$ 72,053	$ 81,608	$ 54,695
Europe and Australia	10,808	12,613	6,629
United States	4,420	4,049	4,058
Total	$ 87,281	$ 98,270	$ 65,382

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 U.S. IRC. 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. The following table presents the Company's contributions to these savings plans during each of the last three fiscal years (in thousands):

2012	2011	2010
$ 70,211	$ 61,065	$ 57,346

Deferred Compensation Plans

Our Executive Security Plan and Executive Deferral Plans 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. The following table presents the amount charged to expense for the Company's deferred compensation plans during each of the last three fiscal years (in thousands):

2012	2011	2010
$ 4,349	$ 3,075	$ 3,631

9. Income Taxes

The following table presents the components of our consolidated income tax expense for each of the last three fiscal years (in thousands):

	2012	2011	2010
Current income tax expense:			
Federal	$ 111,035	$ 102,903	$ 123,154
State	23,303	25,067	23,477
Foreign	69,080	37,617	22,909
Total current tax expense	203,418	165,587	169,540
Deferred income tax expense (benefit):			
Federal	(2,505)	10,482	(19,518)
State	(1,985)	(1,760)	(675)
Foreign	3,454	7,131	(3,700)
Total deferred income tax expense (benefit)	(1,036)	15,853	(23,893)
Consolidated income tax expense	$ 202,382	$ 181,440	$ 145,647

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 28, 2012 and September 30, 2011 (in thousands):

	2012	2011
Deferred tax assets:		
Obligations relating to:		
Defined benefit pension plans	$ 103,984	$ 80,632
Other employee benefit plans	173,515	151,855
Self-insurance programs	10,847	14,999
Contract revenues and costs	39,894	15,333
Foreign tax credits carryforward	—	320
Other	10,749	9,081
Gross deferred tax assets	338,989	272,220
Deferred tax liabilities:		
Depreciation and amortization	(125,704)	(130,536)
Residual US tax on unremitted non-US earnings	(9,024)	(3,188)
Other, net	(10,709)	(3,880)
Gross deferred tax liabilities	(145,437)	(137,604)
Net deferred tax assets	$ 193,552	$ 134,616

The following table presents the income tax benefits realized from the exercise of nonqualified stock options and disqualifying dispositions of stock sold under our employee stock purchase plans during each of the last three fiscal years (in millions):

2012	2011	2010
$ 9.3	$ 11.9	$ 4.0

The following table reconciles 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 of the last three fiscal years (dollars in thousands):

	2012	2011	2010
Statutory amount	$ 207,668	$ 180,831	$ 137,177
State taxes, net of the federal benefit	13,538	15,150	14,821
Tax differential on foreign earnings	(16,667)	(7,841)	(7,178)
Other, net	(2,157)	(6,700)	827
Consolidated income tax expense	$ 202,382	$ 181,440	$ 145,647
Rates used to compute statutory amount	35.0%	35.0%	35.0%
Consolidated effective income tax rate	34.1%	35.1%	37.2%

The following table presents income tax payments made during each of the last three fiscal years (in millions):

2012	2011	2010
$ 191.4	$ 139.2	$ 170.8

The following table presents the components of our consolidated earnings before taxes for each of the last three fiscal years (in thousands):

	2012	2011	2010
United States earnings	$ 286,987	$ 341,059	$ 295,144
Foreign earnings	306,349	175,602	96,790
	$ 593,336	$ 516,661	$ 391,934

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 28, 2012, approximately $26.1 million of such undistributed earnings of certain foreign subsidiaries was expected to be permanently reinvested. Should these earnings be repatriated, approximately $7.5 million of income taxes would be payable.

The Company accounts for unrecognized tax benefits in accordance with ASC Topic 740. It accounts for interest and penalties on unrecognized tax benefits as interest and penalties (i.e., not as part of income tax expense). The Company's liability for gross unrecognized tax benefits was $53.6 million and $31.1 million at September 28, 2012 and September 30, 2011, respectively, all of which, if recognized, would affect the Company's consolidated effective income tax rate. The Company had $48.8 million and $4.0 million in accrued interest and penalties at September 28, 2012 and September 30, 2011, respectively. The increase in interest and penalties as well as the addition in the unrecognized tax benefit during fiscal 2012 relates primarily to an acquisition completed in fiscal 2012. The Company estimates that, within 12 months, $2.8 million of gross, primarily non-U.S. unrecognized tax benefits will reverse due to the anticipated expiration of time to assess tax. As of September 28, 2012, the Company's U.S. federal income tax returns for tax years 2009 through 2012 remain subject to examination.

The following table presents the reconciliation of the beginning and ending amount of unrecognized tax benefits (in thousands):

Balance at October 1, 2011	$ 31,130
Additions based on tax positions related to the current year	6,110
Additions for tax positions of prior years	21,438
Reductions for tax positions of prior years	(4,441)
Settlement	(600)
Balance at September 2012	$ 53,637

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 $863.8 million at September 28, 2012 payable as follows (in thousands):

In fiscal years,		
2013	$	153,328
2014		130,322
2015		154,854
2016		90,493
2017		78,143
Thereafter		264,717
		871,857
Amounts representing sublease income		(8,040)
Total, net aggregate future lease payments	$	863,817

We recognize rent expense, inclusive of landlord concessions and tenant allowances, over the lease term on a straight-line basis. We also recognize rent expense on a straight-line basis for leases containing fixed escalation clauses and rent holidays. Contingent rentals are included in rent expense as accruable. 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.

The following table presents rent expense and sublease income offsetting the Company's rent expense during each of the last three fiscal years (in thousands):

	2012	2011	2010
Rent expense	$ 165,221	$ 157,955	$ 155,517
Sublease income	(8,402)	(8,315)	(11,160)
Net rent	$ 156,819	$ 149,640	$ 144,357

Guarantee

We are party to a synthetic lease agreement 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 lease are as follows:

End of lease term		2015
End of term purchase option (in thousands)	$	52,200
Residual value guaranty (in thousands)	$	38,800

The lease agreement gives us the right to request an extension of the lease term. We may also assist the owner in selling the property at the end of the lease term, the proceeds from which would be used to reduce our residual value guarantee. In connection with the lease, 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. The notional amount of this hedge at September 28, 2012 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 U.S. GAAP. The minimum lease payments required by the lease agreement is included in the above lease pay-out schedule. We have determined that the estimated Fair Value of the aforementioned financial guarantee was not significant at September 28, 2012 .

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. The Company does not currently have exchange rate sensitive instruments that would have a material effect on our consolidated financial statements or results of operations.

Letters of Credit

Letters of credit outstanding at September 28, 2012 totaled $224.9 million . Of this amount $12.1 million has been issued under our revolving credit facility and $212.7 million are issued under separate, committed and uncommitted letter-of-credit facilities.

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 in which we are involved has 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. Our insurance programs have varying coverage limits and maximums, and insurance companies may seek to not pay any claims we might make. We have also elected to retain a portion of losses that occur through the use of various deductibles, limits, and retentions under our insurance programs. As a result, we may be subject to 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. Our insurers are also subject to business risk and, as a result, one or more of them may be unable to fulfill their insurance obligations due to insolvency or otherwise.

Additionally, as a contractor providing services to the U.S. federal government and several of its agencies, 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 U.S. as well as by various government agencies representing jurisdictions outside the U.S.

We record in our Consolidated Balance Sheets amounts representing our estimated liability relating to such claims, guarantees, litigation, and audits and investigations. We perform an analysis to determine 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, U.S. 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 March 2008, one of Jacobs' subsidiaries, Carter & Burgess Inc. (“C&B”), filed suit against the City of Victorville in Superior Court in California, for amounts due and owing C&B. In May 2009, the City of Victorville filed a cross-complaint against C&B and Jacobs alleging breach of contract, professional negligence, breach of express and implied warranty, fraud, breach of fiduciary duty and negligent misrepresentation. The City's fraud and punitive damage allegations were dismissed. The case was tried in Riverside Superior Court, California and in December 2010, a jury returned a verdict against C&B for approximately $52 million in damages. An appeal was filed and is currently pending before the Court of Appeal, State Of California, the Fourth Appellate District. As the Company believes that there is insurance coverage for this matter, Jacobs does not expect it to have any material adverse effect on its consolidated financial statements.

On January 20, 2010, Clark County Nevada filed suit against Jacobs and two of its subsidiaries asserting claims arising out of certain construction projects to which Clark County Nevada was the owner and for which Jacobs' subsidiaries served as the project management consultant. Clark County's lawsuit against Jacobs followed years of litigation and arbitration between Clark County and its construction contractor on the applicable projects which had ended unsuccessfully for Clark County and resulted in Clark County paying more than $60 million in settlement and awards. Jacobs denies liability and has been vigorously defending against the County's claims and will continue to do so. In September 2012, the parties agreed to dismiss the litigation in U.S. District Court and proceed, in lieu thereof, in arbitration before three arbitrators. It is anticipated that a hearing on the merits will take place in September 2013. The Company does not expect this matter to have any material adverse effect on its consolidated financial statements.

12. Common and Preferred Stock

Jacobs is authorized to issue two classes of capital stock designated “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 the 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 shares of common stock have the exclusive right to vote for the election of Directors and all other matters requiring stockholder action. The holders of shares of common stock are entitled to dividends if and when declared by the Board of Directors from whatever assets are legally available for that purpose.

13. Other Financial Information

Receivables

The following table presents the components of “Receivables” as shown in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 as well as certain other related information (in thousands):

	2012	2011
Amounts billed, net	$ 1,193,500	$ 1,016,792
Unbilled receivables and other	1,110,008	996,516
Retentions receivable	45,384	64,186
Total receivables, net	$ 2,348,892	$ 2,077,494
Other information about receivables:		
Amounts due from the United States federal government included above, net of advanced billings	$ 294,327	$ 288,165
Claims receivable	$ 26,309	$ 14,712

Billed receivables consist of amounts invoiced to clients in accordance with the terms of our client contracts and are shown net of an allowance for doubtful accounts. We anticipate that substantially all of such billed amounts will be collected over the next twelve months.

Unbilled receivables and retentions receivable represent reimbursable costs and amounts earned and reimbursable under contracts in progress as of the respective balance sheet dates. 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. We anticipate that substantially all of such unbilled amounts will be billed and collected over the next twelve months.

Claims receivable are included in “Receivables” in the accompanying Consolidated Balance Sheets and represent certain 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 revenue can be reliably estimated.

Property, Equipment, and Improvements, Net

The following table presents the components of our property, equipment and improvements at September 28, 2012 and September 30, 2011 (in thousands):

	2012	2011
Land	$ 23,786	$ 23,542
Buildings	136,193	136,161
Equipment	502,568	446,628
Leasehold improvements	163,916	144,903
Construction in progress	29,595	10,046
	856,058	761,280
Accumulated depreciation and amortization	(524,927)	(476,647)
	$ 331,131	$ 284,633

Miscellaneous Noncurrent Assets

The following table presents the components of "Miscellaneous noncurrent assets" as shown in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 (in thousands):

	2012	2011
Deferred income taxes	$ 196,620	$ 161,540
Cash surrender value of life insurance policies	86,502	75,440
Intangible assets (a)	243,762	259,006
Investments	187,248	185,590
Notes receivable	11,128	6,942
Reimbursable pension costs (b)	132,463	140,878
Other	28,162	32,338
Total	$ 885,885	$ 861,734

(a) Consists primarily of intangible assets acquired in connection with various business combinations.

(b) Consists of costs incurred relating to a defined benefit pension plan covering employees providing services on a contract with, and for the benefit of, the U.S. federal government pursuant to which such costs are fully reimbursable.

Accrued Liabilities

The following table presents the components of "Accrued liabilities" as shown in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 (in thousands):

	2012	2011
Accrued payroll and related liabilities	$ 641,340	$ 535,631
Project-related accruals	196,836	221,386
Insurance liabilities	63,908	54,945
Sales and other similar taxes	41,951	38,395
Deferred rent	41,342	20,021
Other	76,592	66,913
Total	$ 1,061,969	$ 937,291

Other Deferred Liabilities

The following table presents the components of "Other deferred liabilities" as shown in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 (in thousands):

	2012	2011
Liabilities relating to defined benefit pension and early retirement plans	$ 474,555	$ 419,324
Liabilities relating to nonqualified deferred compensation arrangements	92,618	85,032
Deferred income taxes	145,437	137,604
Miscellaneous	83,728	63,313
Total	$ 796,338	$ 705,273

Total Accumulated Other Comprehensive Loss

The following table presents the components of “Total accumulated other comprehensive loss” as shown in the accompanying Consolidated Balance Sheets at September 28, 2012 and September 30, 2011 (in thousands):

	2012	2011
Foreign currency translation adjustments	$ (9,149)	$ (38,437)
Adjustments relating to defined benefit pension plans	(269,892)	(193,950)
Other	(2,846)	(5,151)
Total	$ (281,887)	$ (237,538)

Supplemental Cash Flow Information

During fiscal 2012 and fiscal 2011, the Company acquired businesses for cash and stock of $91.6 million and $711.4 million, respectively. The following table presents the non-cash adjustments relating to these acquisitions made in preparing the accompanying Consolidated Statements of Cash Flows (in thousands):

	2012	2011
Working capital	$ 9,937	$ (128,251)
Property and equipment	3,378	33,195
Noncurrent assets	17,591	15,723
Deferred liabilities	(8,177)	(55,225)
Non-controlling interests	40	(1,936)
Foreign currency translation	21	(79)
Goodwill	68,785	847,993

14. Segment Information

As discussed above, we provide a broad range of technical, professional, and construction services. We provide our services through offices and subsidiaries located primarily in North America, South America, Europe, the Middle East, India, Australia, Africa, and Asia.

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. There is also a high degree of similarity of the workforces employed among the various categories of services we provide. For example, engineering and design services (i.e., services provided by persons who are degreed, and in certain circumstances licensed, professionals 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 operations and maintenance projects. In providing construction and operations and maintenance services, we employ a large number of skilled craft labor personnel. These 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 operations and maintenance services category). 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 U.S., 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 the Company's chief operating decision maker and other members of management to monitor performance, evaluate results of operations, allocate resources, and otherwise manage the business support a single reportable segment. Accordingly, based on these operational similarities and the way management monitors the Company's results of operations, we have concluded that our operations may be aggregated into one reportable segment for purposes of this disclosure.

The following table presents certain financial information by geographic area for fiscal 2012, 2011, and 2010 (in thousands):

	2012	2011	2010
Revenues:			
United States	$ 6,749,583	$ 6,435,078	$ 6,969,264
Europe	1,681,421	1,649,678	1,666,325
Canada	1,564,883	1,656,487	989,298
Asia	156,748	102,272	98,259
India	124,362	103,842	54,413
Australia	253,932	194,560	28,589
South America and Mexico	158,141	109,520	10,149
Middle East and Africa	204,708	130,227	99,220
Total	$ 10,893,778	$ 10,381,664	$ 9,915,517
Long-Lived Assets:			
United States	$ 203,746	$ 169,914	$ 122,551
Europe	46,763	49,372	53,586
Canada	47,539	42,496	21,859
Asia	3,580	1,653	809
India	17,094	16,831	13,372
Australia	7,859	1,040	356
South America and Mexico	2,400	1,533	821
Middle East and Africa	2,150	1,794	1,678
Total	$ 331,131	$ 284,633	$ 215,032

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.

The following table presents the revenues earned directly or indirectly from the U.S. federal government and its agencies, expressed as a percentage of total revenues, for fiscal 2012, 2011, and 2010:

2012	2011	2010
22.1	24.4	25.4

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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	
2012								
Revenues	$ 2,631,768	$ 2,702,851	$ 2,772,874		$ 2,786,285		$ 10,893,778	
Operating profit (a)	141,952	133,138	153,366		167,617		596,073	
Earnings before taxes	139,554	132,315	151,371		170,096		593,336	
Net earnings of the Group	91,436	87,446	100,990		111,082		390,954	
Net earnings attributable to Jacobs	89,710	83,933	97,900		107,411	(b)	378,954	(b)
Earnings per share:								
Basic	0.71	0.66	0.77		0.84	(b)	2.97	(b)
Diluted	0.70	0.65	0.76		0.83	(b)	2.94	(b)
2011								
Revenues	$ 2,356,175	$ 2,558,016	$ 2,744,178		$ 2,723,295		$ 10,381,664	
Operating profit (a)	103,619	128,015	139,380		147,904		518,918	
Earnings before taxes	103,723	126,481	141,301		145,156		516,661	
Net earnings of the Group	66,697	81,341	91,936		95,247		335,221	
Net earnings attributable to Jacobs	65,823	80,250	90,676		94,280		331,029	
Earnings per share:								
Basic	0.53	0.64	0.72		0.75		2.63	
Diluted	0.52	0.63	0.71		0.74		2.60	
2010								
Revenues	$ 2,477,785	$ 2,586,974	$ 2,507,725		$ 2,343,033		$ 9,915,517	
Operating profit (a)	113,481	122,004	45,083		119,515		400,083	
Earnings before taxes	113,148	121,160	37,239		120,387		391,934	
Net earnings of the Group	72,401	77,567	19,240		77,079		246,287	
Net earnings attributable to Jacobs	72,437	77,500	19,043	(c)	76,994		245,974	(c)
Earnings per share:								
Basic	0.59	0.63	0.15	(c)	0.62		1.98	(c)
Diluted	0.58	0.62	0.15	(c)	0.61		1.96	(c)

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

(b) Includes a one-time, after-tax gain of $4.0 million, or $0.03 per diluted share, related to the sale of the Company's intellectual property for iron ore pelletizing and certain other related assets.

(c) Includes a non-recurring loss of $60.3 million, or $0.48 per basic and diluted share, related to the SIVOM Judgment.

16. Definitions

The following terms used in the accompanying Consolidated Financial Statements and these Notes to Consolidated Financial Statements have the meanings set forth below:

“1981 Plan” means the Jacobs Engineering Group Inc. 1981 Executive Incentive Plan, as amended. The 1981 Plan is a shareholder-approved, equity-based compensation program. It covered employees of the Company as well as Jacobs' outside directors. The 1981 Plan was replaced in 2000 with the 1999 SIP and the 1999 ODSP.

“1989 ESPP” means the Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan, as amended. The 1989 ESPP is a shareholder-approved, broad-based, employee stock purchase plan qualified under Section 423 of the U.S. IRC.

“1999 ODSP" means the Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan, as amended. The 1999 ODSP is a shareholder-approved, equity-based compensation plan covering Jacobs' non-management directors.

“1999 SIP” means the Jacobs Engineering Group Inc. Stock Incentive Plan, as amended. The 1999 SIP is a shareholder-approved, equity-based compensation plan covering the Company's officers and key employees.

“ASC” refers to the Accounting Standards Codification as maintained by the FASB. The ASC is the primary source of U.S. GAAP to be applied by the Company and all other nongovernmental entities. The ASC organizes and presents hundreds of previously separate pieces of authoritative accounting guidance into a single on-line research database. The accounting principles promulgated by the ASC are organized therein by broad topics, and is updated by the FASB through the issuances of ASUs.

“ASU” means Accounting Standards Updates, the primary means by which the ASC is updated by the FASB.

“Company” (including “we”, “us” or “our”) means Jacobs Engineering Group Inc. and its consolidated subsidiaries and affiliates.

“Consolidated EBITDA" generally means consolidated net earnings attributable to Jacobs, plus consolidated (i) interest expense, (ii) tax expense, and (iii) depreciation and amortization expense (including amortization expense relating to intangible assets).

"Consolidated Funded Indebtedness" generally means the sum of (i) the balances outstanding under all loan, credit, and similar agreements for borrowed money (including purchase money indebtedness), (ii) all amounts representing direct obligations arising under letters of credit, (iii) indebtedness in respect of capital leases and similar financing arrangements, and (iv) the value of all guarantees issued with respect to the types of indebtedness described in (i) through (iii).

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (i) the Company's "Consolidated Funded Indebtedness" as of such date to (ii) the Company's "Consolidated EBITDA" for the immediately preceding four consecutive fiscal quarters.

“EPS” means earnings-per-share. “Basic EPS” is computed by dividing the consolidated net earnings attributable to Jacobs by the weighted average number of shares of common stock outstanding during the period. “Diluted EPS” is computed in a manner similar to the computation of Basic EPS, but 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)

“Fair Value” means the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants as of the date fair value is determined (i.e., the “measurement date”). When determining fair value, U.S. GAAP requires that we consider the principal or most advantageous market in which we would transact any sale or purchase. U.S. GAAP also requires that the inputs (factors) we use (consider) to determine Fair Value be considered in the following order of priority:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are observable inputs (other than quoted prices in active markets included in Level 1) such as (i) quoted prices for similar assets or liabilities, (ii) quoted prices in markets that have insufficient volume or infrequent transactions (i.e., less active markets), and (iii) model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data for substantially the full term of the asset or liability; and

- Level 3 inputs are unobservable inputs to the valuation methodology that are significant to the fair value measurement.

“FASB” means the Financial Accounting Standards Board. The FASB is the designated organization within the U.S. for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental entities.

“GESPP” means the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan, as amended. The GESPP is a shareholder-approved, broad-based, employee stock purchase plan covering employees of certain of Jacobs' non-U.S. subsidiaries.

“Group” refers to the combined economic interests and activities of Jacobs and the persons and entities holding noncontrolling interests in the subsidiaries and affiliates that are consolidated into the accompanying Consolidated Financial Statements.

“Jacobs” means Jacobs Engineering Group Inc.

"SIVOM Judgment" refers to an unfavorable court judgment we received in June 2010 from an Administrative Tribunal in Strasbourg, France relating to a waste incineration plant project in France. The dispute involved a project to design and build a waste incineration plant in Sausheim, France by a consortium led by Serete (an entity we acquired in 1997) for the SIVOM de Mulhousienne (the "SIVOM"). The contract was entered into in 1996, prior to the acquisition of Serete. Jacobs filed suit in 2002 seeking approximately $ 49.0 million in damages to recover its contract balance and additional project costs that it had incurred. The SIVOM counterclaimed for project completion costs, increased operating costs, and costs relating to emissions problems. As a result of the judgment, the Company recorded a pre-tax charge to earnings of approximately $ 93.3 million. Included in this amount is a $ 25.9 million write-off of revenue. The balance of the charge reflects the cash payments the Company made to the SIVOM, net of cash payments the Company received.

“U.S. GAAP” means those accounting principles and practices generally accepted in the United States.

“U.S. IRC” means the U.S. Internal Revenue Code of 1986, as amended.

“VIE” means a “Variable Interest Entity” as defined in U.S. GAAP. A VIE is a legal entity in which equity investors do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack any one of the following three characteristics: (i) the power, through voting rights or similar rights, to direct the activities of a legal entity that most significantly impact the entity's economic performance; (ii) the obligation to absorb the expected losses of the legal entity; or (iii) the right to receive the expected residual returns of the legal entity. Accordingly, entities issuing consolidated financial statements (i.e., a “reporting entity”) shall consolidate a VIE if the reporting entity has a “controlling financial interest” in the VIE, as demonstrated by the reporting entity having both (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance; and (ii) the the right to receive benefits from the VIE that could potentially be significant to the VIE or the obligation to absorb losses of the VIE that could potentially be significant to the VIE.

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 28, 2012 and September 30, 2011, and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the three fiscal years in the period ended September 28, 2012. 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 28, 2012 and September 30, 2011, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended September 28, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Jacobs Engineering Group Inc. and subsidiaries' internal control over financial reporting as of September 28, 2012, 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, 2012 expressed an unqualified opinion thereon.

/S/ Ernst & Young LLP
Los Angeles, California
November 20, 2012

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. and subsidiaries' internal control over financial reporting as of September 28, 2012, 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. and subsidiaries' 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. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of September 28, 2012, 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 28, 2012 and September 30, 2011 and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the three fiscal years in the period ended September 28, 2012 of Jacobs Engineering Group Inc. and subsidiaries and our report dated November 20, 2012 expressed an unqualified opinion thereon.

/S/ Ernst & Young LLP
Los Angeles, California
November 20, 2012

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
JACOBS ENGINEERING GROUP INC.

This is the Amended and Restated Certificate of Incorporation of JACOBS ENGINEERING GROUP INC., formerly named JEC ACQUISITION CO. The original Certificate of Incorporation was filed with the Delaware Secretary of State on January 8, 1987. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with the General Corporation Law of Delaware §§ 242 and 245.

1. The name of the Corporation is JACOBS ENGINEERING GROUP INC.

2. The name and address of the registered agent of the Corporation in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

3. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The name and mailing address of the incorporator of the Corporation is as follows:

Name:	Joseph J. Jacobs
Mailing Address:	251 South Lake Avenue
	Pasadena, CA 91101

5. (a) The Corporation is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total amount of authorized capital stock of the Corporation is 241,000,000 shares, divided into 240,000,000 shares of Common Stock, par value $1.00 per share, and 1,000,000 shares of Preferred Stock, par value $1.00 per share.

   (b) The Preferred Stock may be issued in one or more series. The Board of Directors is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any series and the designation, relative powers, preferences and rights and qualifications, limitations or restriction of all shares of such series. The authority of the Board of Directors with respect to each series shall include, without limiting the generality of the foregoing, the determination of any or all of the following:

   (1) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;

   (2) the voting powers, if any, and whether such voting powers are full or limited, in any such series;

   (3) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(4) whether dividends, if any, shall be cumulative or noncumulative, the dividend rate, or method of determining the dividend rate, of such series, and the dates and preferences of dividends on such series;

(5) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;

(6) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Corporation or any other corporation, and the price or prices or the rates of exchange applicable thereto;

(7) the right, if any, to subscribe for or to purchase any securities of the Corporation or any other corporation;

(8) the provisions, if any, of a sinking fund applicable to such series; and

(9) any other relative, participating, optional or other special powers, preferences, rights, qualifications, limitations or restrictions thereof; all as shall be determined from time to time by the Board of Directors and shall be stated in a resolution or resolutions providing for the issuance of such Preferred Stock (a "Preferred Stock Designation").

(c) The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of not less than 75% of the total voting power of all outstanding securities of the Corporation then entitled to vote generally in the election of directors, considered for this purpose as one class.

(d) Except as may be provided by the Board of Directors in a Preferred Stock Designation or by law,

(i) dividends may be declared and paid or set apart from payment upon the Common Stock out of any assets or funds of the Corporation legally available for the payment of dividends;

(ii) the holders of Common Stock shall have the exclusive right to vote for the election of directors and on all other matters requiring stockholder action, each share being entitled to one vote; and

(iii) upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock in accordance with their respective rights and interests.

(e) The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

6. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the Bylaws of the Corporation.

7. Bylaws shall not be made, repealed, altered, amended or rescinded by the stockholders of the Corporation except by the affirmative vote of the holders of not less than 75% of the total voting power of all outstanding securities of the Corporation then entitled to vote generally in the election of directors, considered for purposes of this Article 7 as one class.

8. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than three directors nor more than twenty-one directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At the 1987 annual meeting of stockholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each succeeding annual meeting of stockholders beginning in 1988, successors to the class of directors whose term expires at the annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director. Except as set forth below in respect of a director elected by the Board of Directors to fill a vacancy, a director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring in the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected in accordance with the preceding sentence shall stand for election at the annual meeting immediately following such director's election by the Board of Directors, 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 such director's successor shall have been elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article 8 unless expressly provided by such terms.

Notwithstanding the rule that the three classes shall be as nearly equal in number of directors as possible, in the event of any change in the authorized number of directors each director then continuing to serve as such shall nevertheless continue as a director of the class in which he is a member until expiration of his current term, or his prior death, resignation or removal. If any newly created directorship may, consistent with the rule that the three classes shall be as nearly equal in number of directors as possible, be allocated to one or two or more classes, the Board shall allocate it to that of the available class whose term of office is due to expire at the earliest date following such allocation.

During any period when the holders of any Preferred Stock or any one or more series thereof, voting as a class, shall be entitled to elect a specified number of directors, by reason of dividend arrearages or other provisions giving them the right to do so, then and during such time as such right continues (1) the then otherwise authorized number of directors shall be increased by such specified number of directors, and the holders of such Preferred Stock or such series thereof, voting as a class, shall be entitled to elect the additional directors so provided for, pursuant to the provisions of such Preferred Stock or series; (2) each such additional director shall serve for such term, and have such voting powers, as shall be stated in the provisions pertaining to such Preferred Stock or series; and (3) whenever the holders of any such Preferred Stock or series thereof are divested of such rights to elect a specified number of directors, voting as a class; pursuant to the provisions of such Preferred Stock or series, the terms of office of all directors elected by the holders of such Preferred Stock or series, voting as a class, pursuant to such provisions, or elected to fill any vacancies resulting from the death, resignation or removal of directors so elected by the holders of such Preferred Stock or series, shall forthwith terminate and the authorized number of directors shall be reduced accordingly.

9. Subject to any rights granted in a Preferred Stock Designation to any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing of such stockholders.

10. No vote at any meeting of stockholders need be by written ballot unless the Board of Directors, in its discretion, or the officer of the Corporation presiding at the meeting, in his discretion, specifically directs the use of a written ballot.

11. Special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time by the Board of Directors or by a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority, as provided in a resolution of the Board of Directors or in the Bylaws of the Corporation, include the power to call such meetings or by the Chairman of the Board of Directors, but such special meetings may not be called by any other person or persons; provided, however, that, if and to the extent that any special meeting of the stockholders may be called by any other person or persons specified in any provisions of any certificate filed under Section 151(g) of the Delaware General Corporation Law (or its successor statute as in effect from time to time hereunder), then such special meeting may also be called by the person or persons, in the manner, at the times and for the purposes so specified.

12. Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept (subject to any provision contained in applicable law) outside the State of Delaware at such place as may be designated from time to time by the Board of Directors or the Bylaws of the Corporation.

13. Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Title 8 of the Delaware General Corporation Law or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Title 8 of the Delaware General Corporation Law, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

14. To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of this Corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except that this Article 14 shall not eliminate or limit a director’s liability (i) for any breach of the director’s duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions that are not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended from time to time. Any repeal or modification of this Article 14 shall not increase the personal liability of any director of this Corporation for any act or occurrence taking place prior to such repeal or modification or otherwise adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification. The provisions of this Article 14 shall not be deemed to limit or preclude indemnification of a director by the Corporation for any liability of a director that has not been eliminated by the provisions of this Article 14.

15. The Corporation shall indemnify to the fullest extent authorized or permitted by law any person made, or threatened to be made, a party to any action or proceeding (whether civil or criminal or otherwise) by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation or by reason of the fact that such director or officer, at the request of the Corporation, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity. Nothing contained herein shall affect any rights to indemnification to which employees other than directors and officers may be entitled by law, a contract to which the Corporation is a party or a bylaw of the Corporation.

16. No contract or other transaction between the Corporation or any other person, firm or corporation and no other act of the Corporation shall, in the absence of fraud, in any way be affected or invalidated by the fact that any of the directors of the Corporation are pecuniarily or otherwise interested in, or are directors or officers of, such other person, firm or corporation. Any director of the Corporation individually or any firm or corporation of which any director may be an officer, director or shareholder, partner or owner, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Corporation, provided that the fact that he individually or such firm or corporation is so interested shall be disclosed or shall have been known to the Board of Directors or a majority of such members thereof as shall be present at any meeting of the Board of Directors at which action upon any such contract or transaction shall be taken. Any director of the Corporation who is also an officer, director or shareholder, partner or owner of such other person, firm or corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Board of Directors which shall authorize any such contract or transaction, and may vote thereat to authorize any such contract or transaction with like force and effect as if he were not such officer, director or shareholder, partner or owner of such other person, firm or corporation or not so interested. Any director of the Corporation may vote upon any contract or other transaction between the Corporation and any subsidiary or affiliated corporation without regard to the fact that he is also a director of such subsidiary or affiliated corporation. Any contract, transaction or act of the Corporation or of the directors that is ratified by a majority of a quorum of the stockholders of the Corporation at any annual meeting, or at any special meeting called for such purpose, shall, insofar as permitted by law or by the Certificate of Incorporation of the Corporation, be as valid and as a binding as though ratified by every stockholder of the Corporation; provided, however, that any failure of the stockholders to approve or ratify any such contract, transaction or act, when and if submitted, shall not be deemed in any way to invalidate the same or deprive the Corporation, its directors, officers or employees of its or their right to proceed with such contract, transaction or act.

17. Notwithstanding any other vote that may be required under applicable law, and in addition thereto, the affirmative vote of holders of not less than two-thirds of the total voting power of all outstanding securities entitled to vote in the ordinary election of directors of the Corporation voting together as a single class, shall be required:

(a) To adopt any agreement for, or to approve, the merger or consolidation of this Corporation with or into any other corporation except for mergers for which no stockholder vote is required under Section 253 of the Delaware General Corporation Law or any successor section;

(b) To authorize any sale, lease, transfer, exchange, mortgage, pledge or other disposition to any other corporation, person or entity of all or substantially all of the assets of this Corporation;

(c) To authorize the issuance or transfer by this Corporation of any voting securities of this Corporation in exchange or payment for the securities or assets of any other corporation, person or entity if such authorization is otherwise required by law or by any agreement between this Corporation and any national securities exchange or by any other agreement to which this Corporation is a party; or

(d) To adopt a plan or proposal for the liquidation or dissolution of this Corporation.

18. Notwithstanding anything to the contrary in this Certificate of Incorporation, the provisions set forth in this Article 18 and in Articles 6, 8, 9, 11, 14, 15 and 17 may not be repealed, amended or otherwise modified directly or indirectly in any respect (whether by amendment of this Certificate of Incorporation or the Bylaws of the Corporation or otherwise) and the provisions of Article 7 may not be repealed, amended or otherwise modified directly or indirectly (whether by amendment of this Certificate of Incorporation or the Bylaws of the Corporation or otherwise) in any respect that would reduce or diminish in any manner any requirement set forth in such Articles for stockholder or director approval of any matter described therein; provided, however, that any of the foregoing Articles may be repealed or amended in any respect if such repeal or amendment is approved by such vote as may be required under applicable law and in addition thereto by the affirmative vote of the holders, voting together as a single class, of not less than two-thirds (2/3) of the total voting power of all outstanding securities that are entitled to vote in the ordinary election of directors of the Corporation.

19. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation. Notwithstanding the foregoing, the provisions set forth in Articles 6, 7, 8, 9, 11, 14, 15 and 17 may not be repealed or amended in any respect unless such repeal or amendment is in conformity with Article 18 of this Certificate of Incorporation.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed, signed and acknowledged by William C. Markley, III, its Senior Vice President, General Counsel and Secretary, as of the 29th day of January, 2007.

JACOBS ENGINEERING GROUP INC.

By: /s/ William C. Markley, III

Name: William C. Markley, III
Title: Senior Vice President,
General Counsel and Secretary

Exhibit 10.5

JACOBS ENGINEERING GROUP INC.

1991 EXECUTIVE DEFERRAL PLAN
(EDP)

Effective June 1, 1991

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EXECUTIVE DEFERRAL PLAN OF JACOBS ENGINEERING GROUP INC.

Purpose

The purpose of this plan is to provide specified benefits to a select group of key employees who contribute materially to the continued growth, development and future business success of JACOBS ENGINEERING GROUP INC. and its subsidiaries.

Article 1
Definitions

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean the sum of (i) the Deferral Amount and (ii) interest credited in accordance with all the applicable interest crediting provisions of this Plan, less all distributions made in accordance with the Plan.

1.2 "Annual Bonus" shall mean any compensation paid under the Employer's Incentive Bonus Plan.

1.3 "Base Annual Salary" shall mean the annual compensation that is to be paid to a Participant for each Plan Year, determined as of the first day of that year, excluding bonuses, commissions, overtime and non-monetary awards for employment services to the Employer.

1.4 "Beneficiary" shall mean the person or persons, or the estate of a Participant, designated in accordance with Article 9, who is entitled to receive benefits under this Plan upon the death of a Participant.

1.5 "Beneficiary Designation Form" shall mean the form established from time to time by the Board that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.6 "Board" shall mean the Board of Directors of the Company.

1.7 "Change in Control" shall have the meaning set forth in Section 13.4.

1.8 "Claimant" shall have the meaning set forth in Section 17.1.

1.9 "Committee" shall mean the administrative committee appointed to manage and administer the Plan in accordance with the provisions of Article 16.

1.10 "Company" shall mean JACOBS ENGINEERING GROUP INC.

1.11 "Continuing Director" shall mean a director described in Section 13.4(b).

1.12 "Deferral Amount" shall be the sum of all of a Participant's Base Annual Salary deferrals, Annual Bonus deferrals and, if applicable, Directors Fees deferrals.

1.13 "Deferral Commitment Period" shall mean the period described in Section 3.4 of this Plan.

1.14 "Director" shall mean any member of the Board.

1.15 "Directors Fees" shall mean the annual fees paid by the Company, including retainer fees and meetings fees, as compensation for serving on the Board.

1.16 "Disability" shall mean a period of disability during which a Participant qualifies for benefits under the Company's or any of its subsidiaries' long-term disability program.

1.17 "Election Form" shall mean the form established from time to time by the Board that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.18 "Employee" shall mean any person who is in the regular full-time employment of an Employer as determined by the personnel policies and practices of the Employer.

1.19 "Employer" shall mean the Company and any subsidiaries of the Company that have been selected by the Board to participate in the Plan.

1.20 "Moody's Rate" shall mean the interest rate determined and announced by the Committee at any time before the commencement of each Plan Year. The Moody's Rate for a Plan Year shall be the most current monthly "Seasoned Corporate Bond" rate published by Moody's Investors Service, Inc., or any successor to that service, available prior to the announcement by the Committee. For the first Plan Year, the Moody's Rate shall be 9.43%. The Seasoned Corporate Bond rate is an economic indicator, based on an arithmetic average of the yields of representative bonds, including industrials, public utilities, Aaa, A, and Baa bonds, and is calculated as a monthly average of the composite yield.

1.21 "Participant" shall mean any Employee or Director who (i) is selected to participate in the Plan, (ii) elects to participate in the Plan, (iii) signs a Plan Agreement, an Election Form and a Beneficiary Designation Form, (iv) the signed Plan Agreement, Election Form and Beneficiary Designation Form are returned to and accepted by the Committee and (v) neither the Plan nor the Plan Agreement has terminated.

1.22 "Participation Year" shall mean with respect to any Participant, any Plan Year in which a Participant is at any time during such year a Participant. Notwithstanding the previous sentence, "Participation Year" shall not include any years prior to the first Plan Year in which a Participant actually has any amount deferred under this Plan.

1.23 "Plan" shall mean the 1991 Executive Deferral Plan of the Employer which is defined by this instrument and by each Plan Agreement.

1.24 "Plan Agreement" shall mean the form of written agreement which is entered into by and between the Employer and a Participant. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled to under the Plan, and the Plan Agreement bearing the latest date shall govern such entitlement.

1.25 The "Plan Year" shall, for the first Plan Year, begin on June 1, 1991, and end on December 31, 1991. For each Plan Year thereafter, the Plan Year shall begin on January 1 of each year and continue through December 31 of the same year.

1.26 "Pre-Retirement Distribution" shall mean the distribution provided for in Article 4.

1.27 "Retirement Benefit" shall mean the retirement benefit provided for in Article 5.

1.28 "Retirement Date" shall be the earlier of the first day of the month in which the Participant (i) attains the age of sixty-five (65), (ii) is sixty (60) years of age or older and has completed ten (10) Years of Service, or (iii) is terminated as a result of a long-term disability under the Employer's policies and practices.

1.29 "Retirement Distribution Date" shall mean the last day of the month in which a Participant has both (i) reached or passed his or her Retirement Date and (ii) has actually ceased being an Employee or Director other than by death.

1.30 "Survivor's Benefit" shall mean the benefit provided for in Article 6.

1.31 "Termination Benefit" shall mean the termination benefit provided for in Section 7.2.

1.32 "Termination of Employment" shall mean with respect to an Employee or Director the cessation of employment or a Director's position, as the case may be, voluntarily or involuntarily, and, except as provided in Article 8 and Article 10, shall exclude cessation as a result of an authorized leave of absence, retirement, Disability or death. If a Participant is both an Employee and a Director, Termination of Employment shall occur only upon the termination of last held position.

1.33 "Trust" shall mean the trust established pursuant to that certain Trust Agreement, dated as of June 1, 1991, between the Company and the Trustee named therein, as amended from time to time.

1.34 "Unforeseeable Financial Emergency" shall have the meaning set forth in Section 3.8(b).

1.35 "Years of Service" shall mean the total number of years, that a Participant is an Employee or a Director, including, without limitation, periods of Disability and leaves of absence prior to Termination of Employment, as provided under Article 8 and Article 10.

Article 2
Eligibility

2.1 Eligibility and Participation. The Committee, in its sole discretion, shall establish eligibility qualifications for participation in the Plan. Participation shall be limited to a select group of management and highly compensated employees of the Employer.

2.2 Enrollment Requirements. As a condition of participation, each Participant so selected shall complete, sign and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form, and shall comply with all further conditions that may be established by the Committee.

Article 3
Deferral Commitments

3.1 Minimum Deferral. A Participant must defer during each Plan Year of the Deferral Commitment Period at least one of the following minimum amounts:

(a) In the case of an Employee, $2,000 of his or her Base Annual Salary; or

(b) In the case of a Director who is not an Employee, a percentage that is anticipated to equal $2,000 of his or her Directors Fees.

A Participant shall not be permitted to defer any portion of his or her Annual Bonus unless he or she meets one of the minimum Deferral requirements set forth in this Section. If a Participant first becomes a Participant after the first day of a Plan Year, or in the case of the first Plan Year of the Plan itself, at the election of the Employee on the Election Form, the minimum deferral described in (a) shall be an amount equal to $2,000, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is 12.

3.2 Maximum Deferral. For each Plan Year of the Deferral Commitment Period, a Participant may defer up to fifty percent (50%) of his or her Base Annual Salary, fifty percent (50%) of his or her Annual Bonus (except as noted in Section 3.5) and, if applicable, up to one hundred percent (100%) of his or her Directors Fees.

3.3 Fixed Deferral Amount. Except as provided in Section 3.5, the annual deferral selected by a Participant shall be the same for each Plan Year of the Deferral Commitment Period. A Base Annual Salary deferral shall be a fixed dollar amount, and an Annual Bonus or Directors Fees deferral shall be a fixed percentage of the applicable annual bonus or fee.

In no event shall an annual deferral amount be decreased during the Deferral Commitment Period. An annual deferral amount may only be increased (i) prior to the commencement of the Plan Year to which such annual deferral amount relates and (ii) with the approval of the Committee.

3.4 Deferral Commitment Period. The "Deferral Commitment Period" for each Participant shall be a fixed period of four (4) consecutive Plan Years commencing with the 1991 Plan Year unless otherwise designated by the Committee.

3.5 Withholding of Deferral Amounts. The portion of the Base Annual Salary elected to be deferred annually shall be withheld in equal amounts over the Plan Year. The portion of Annual Bonus and Directors Fees being deferred shall be withheld at the time the Annual Bonus or Directors Fees would otherwise be paid to the Participant. Notwithstanding the above, for such first Plan Year, Participants can elect to:

(a) Defer the total Base Annual Salary deferral in that first Plan Year,

(b) Defer an amount equal to the amount in Article 3.5(a) above multiplied by a fraction, the numerator of which is the number of complete months remaining in the first Plan Year, and the denominator of which is twelve (12).

(c) Defer from Base Annual Salary an amount equal to Article 3.5(b), above. In addition, the difference between Articles 3.5(a) and 3.5(b) would be deferred from the Annual Bonus for the first Plan Year (in addition to any Annual Bonus election). For the first Plan Year only, the total Annual Bonus deferral could exceed fifty percent (50%) by nature of this provision.

3.6 FICA Taxes. For each Plan Year of the Deferral Commitment Period, the Employer shall ratably withhold from that portion of the Participant's Base Annual Salary and/or Annual Bonus that is not being deferred, the Participant's share of FICA taxes based on an amount equal to the Base Annual Salary and/or Annual Bonus before reduction by the amount deferred. If necessary, the Committee shall reduce the amount deferred in order to comply with this Section 3.6.

3.7 Interest Crediting Prior to Distribution.

(a) Except as provided in Section 3.7(b) and Section 3.7(c) below, interest shall be credited annually on a Participant's Account Balance at 125% of the Moody's Rate. For purposes of this crediting, all amounts deferred during a Plan Year shall be treated as having been deferred as of the beginning of the Plan Year. Such interest crediting shall be made up to the date of the Pre-Retirement Distribution, the Retirement Date, the date of the Participant's death or the date of Termination of Employment, depending on whether the benefit is paid under Article 4, 5, 6 or 7, respectively.

(b) In the event of a Termination of Employment, interest shall be credited in the manner provided in Section 3.7(a), but at the rate provided for in Section 7.2.

(c) In the event of a Participant's suicide, interest shall be credited in accordance with Section 6.4.

3.8 Hardship.

(a) If a Participant experiences an Unforeseeable Financial Emergency as described in Section 3.8(b) below, the Participant may petition the Committee to (i) suspend any deferrals required by the Plan Agreement and/or (ii) receive a distribution from the Plan. Any approval of such a petition shall be made at the sole discretion of the Committee. If the Committee approves a distribution, the distribution shall be made within sixty (60) days of the date of approval. The distribution may not exceed the Participant's Account Balance as of the last day of the month prior to the date of the Committee's approval of the petition, calculated as if such Participant were receiving a Termination Benefit as of such date.

(b) An "Unforeseeable Financial Emergency" shall mean an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, transfer of place of employment or other such unforeseeable occurrence, all as determined in the sole discretion of the Committee.

Article 4
Pre-Retirement Distribution

4.1 Eligibility for Pre-Retirement Distribution. A Participant may elect to receive a Pre-Retirement Distribution from the Plan to be received in or after the eighth Participation Year. This election shall be irrevocable and shall be made on the Election Form, which form is to be delivered to the Committee prior to the commencement of the Deferral Commitment Period.

4.2 Amount of Distribution. The amount of the Pre-Retirement Distribution shall be any amount not to exceed the electing Participant's Account Balance at the end of the Participation Year prior to the Participation Year selected on the Election Form for the distribution. The Pre-Retirement Distribution may not be made prior to the eighth (8th) Participation Year. At the election of the Participant (on the Election Form), this amount shall be distributed or, in the case of installment payments, shall start distribution within ninety (90) days of the January 1st of the Participation Year selected on the Election Form in one of the following manners:

(a) In a lump sum equal to the Total Account Balance at the end of the Participation Year prior to the Participation Year selected on the Election Form for the distribution; or

(b) In a lump sum equal to a fixed dollar amount. Such fixed dollar amount shall be chosen by the Participant on the Election Form. Any remaining amounts in the Account Balance, after completion of the Pre-Retirement Distribution, shall remain in the Plan to be paid under the other provisions of the Plan; or

(c) In four or fewer annual consecutive installments of a fixed dollar amount. Such fixed dollar amount shall be chosen by the Participant on the Election Form. Interest on the unpaid Account Balance shall be credited at 125% of Moody's. Any remaining amounts in the Account Balance, after completion of the Pre-Retirement Distribution, shall remain in the Plan to be paid under the other provisions of the Plan; or

(d) In four or fewer annual consecutive installments so that the total Account Balance is completely distributed over the elected installment period. Interest on the unpaid Account Balance shall be credited at 125% of Moody's.

If the amount of Pre-Retirement Distribution elected by the Participant exceeds the total Account Balance at any time during the Pre-Retirement Distribution period, only the amount remaining in the Account Balance shall be distributed to the Participant and the Employer shall have no further liability under the Plan.

Article 5
Retirement Benefit

5.1 Eligibility for Retirement Benefit. If the Participant ceases to be an Employee or a Director for any reason other than death, including without limitation, retirement or a Termination of Employment after the Retirement Date, the Employer shall pay the Retirement Benefit to the Participant (or his or her Beneficiary) as provided in Section 5.2 and Section 5.3 below.

5.2 Retirement Benefit - Method of Payment. The Retirement Benefit may be paid in a lump sum, or in installments over a period of 60, 120, or 180 months at the sole discretion of the Committee. The lump sum payment shall be made, or installment payments shall commence, within sixty (60) days of the Retirement Distribution Date and in the case of installment payments, shall continue until the Retirement Benefit is paid in full.

5.3 Retirement Benefit - Amount. If the Retirement Benefit is paid in a lump sum, it shall be the retired Participant's Account Balance determined as of the Retirement Distribution Date. If the Retirement Benefit is paid in installments, it shall be a constant monthly payment, determined at the beginning of each Plan Year by monthly amortization of the remaining Account Balance over the remaining payment period. Interest on the unpaid balance will be credited for the remaining periods at 125% of the Moody's Rate established for each of the subsequent Plan Years.

5.4 Death Prior to Completion of Retirement Benefit. If the Participant dies after the Retirement Date and prior to the completion of the Retirement Benefit payments, the retired Participant's designated Beneficiary will receive any unpaid Retirement Benefit payments due the Participant, either at the times they were to be received by the Participant, or in a lump sum, as determined by the Committee in its sole discretion. If this Section 5.4 applies, a designated Beneficiary shall not be entitled to any benefits provided for under Article 6.

Article 6
Survivor Benefit

6.1 Eligibility for Survivor's Benefit. If a Participant dies before the Retirement Date and before Termination of Employment, the Employer shall pay the Survivor's Benefit to the deceased Participant's Beneficiary, provided that all of the following conditions are met:

(a) the Participant's death was determined not to be from a bodily or mental cause or causes, the information about which was withheld, knowingly concealed, or falsely provided by the Participant, when requested by the Employer to furnish evidence of good health; and

(b) proof of the Participant's death is furnished to the Committee in such form as determined acceptable by the Committee.

6.2 Survivor's Benefit - Method of Payment. The Survivor's Benefit may be paid in a lump sum, or in installments over a period of 60, 120, or 180 months at the sole discretion of the Committee. The lump sum payment shall be made, or installment payments shall commence within sixty (60) days of the date the Participant died and in the case of installment payments, shall continue until the Survivor's Benefit is paid in full.

6.3 Survivor's Benefit - Amount. If the Survivor's Benefit is paid in a lump sum, it shall be the retired Participant's Account Balance determined as of the date the Participant died. If the Survivor's Benefit is paid in installments, it shall be a constant monthly payment, determined at the beginning of each Plan Year by monthly amortization of the remaining

Account Balance over the remaining payment period. Interest on the unpaid balance will be credited for the remaining periods at 125% of the Moody's Rate established for each of the subsequent Plan Years.

6.4 Suicide. In the event of a Participant's suicide within twenty-four months of the first deferral of any Deferral Commitment Period, the Employer shall be obligated to pay to the Participant's designated Beneficiary the Participant's portion of the Deferral Amount, without interest, and no other Survivor's Benefit shall be payable.

Article 7
Termination Benefit

7.1 Eligibility for Termination Benefit. If a Participant experiences a Termination of Employment prior to the Retirement Date, the Employer shall pay to the Participant the Termination Benefit.

7.2 Termination Benefit. The Termination Benefit is a sum equal to the Participant's Account Balance determined as provided in this Section 7.2, as of the date of Termination of Employment, and shall be paid in a lump sum within ninety (90) days following the Termination of Employment. In determining the Account Balance for purposes of this Article 7 only, interest shall be calculated in the manner provided in Section 3.7(a) above, but using the applicable interest rate set forth in the following schedules:

Number of Participation Years	Interest Crediting Rate
For Employees:	
Less than 2 years	0
More than 2 but less than 7	Moody's Rate
7 or more	125% of Moody's Rate
For Directors:	
All years	125% of Moody's Rate

In the event a Participant is both an Employee and Director, interest shall be credited under the Employee schedule.

Article 8
Disability

8.1 Eligibility for Disability Waiver. If a Participant suffers a Disability during any Plan Year during the Deferral Commitment Period, the Participant's annual deferral amount for that Plan Year or any subsequent Plan Year shall, except as provided in this Section 8.1, be as set forth in his or her Election Form for the first six (6) months that a Participant suffers from a Disability, and the withholding of the Participant's monthly deferral amounts, calculated in accordance with Section 3.5, shall be met from the Participant's taxable portion of the disability benefit under the Employer's long-term disability program. Should the monthly deferral amount exceed one hundred percent (100%) of the taxable disability benefit, the Participant's deferral obligation shall be excused to the extent of that excess. If a Participant's Disability exceeds six (6) consecutive months, the Participant shall be excused from making any additional deferrals while he or she is suffering from a Disability.

8.2 Benefits. A Participant suffering a Disability, but not terminated as a result of long-term disability under the Employer's policies and practices, shall continue to be considered a Participant and shall be eligible for the benefits provided for in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles.

8.3 Long-Term Disability - Termination. For a Participant who is terminated as a result of disability under the Employer's policies and practices, the provisions of Article 5 shall apply for purposes of Account Balance distribution and interest crediting.

Article 9
Beneficiary

9.1 Beneficiary. Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary or Beneficiaries (both primary as well as contingent) to receive any benefits payable under the Plan to a Beneficiary upon the death of a Participant.

9.2 Beneficiary Designation; Change. A Participant shall designate his or her Beneficiary or Beneficiaries by completing and signing the Beneficiary Designation Form, and returning it to the Committee. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form.

9.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee.

9.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

9.5 Doubt as to Beneficiary. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, they shall have the right to withhold such payments until this matter is resolved to their satisfaction.

9.6 Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Employer from all further obligations under this Plan with respect to the deceased Participant and all of his or her Beneficiaries.

Article 10
Leave of Absence

10.1 Authorized Leave of Absence. If a Participant is authorized by the Employer for any reason to take a paid leave of absence from employment, such Participant shall continue to be considered employed as an Employee or Director and shall be required to maintain the level of deferrals set forth in his or her Plan Agreement in order to keep the Plan Agreement in full force and effect. If such leave of absence is unpaid, the Participant shall continue to be considered employed as an Employee or Director and will be excused from making deferrals until the unpaid leave of absence ends; provided, however, that if the unpaid leave of absence continues beyond three consecutive months, the Participant shall be treated as having incurred a Termination of Employment as of the end of such three month period and the Participant shall receive the Termination Benefit in accordance with Article 7. In the case of a conflict between this Article 10 and Article 8, Article 8 shall prevail.

Article 11
Employer/Participant Liability

11.1 General Assets. Amounts payable to a Participant shall be paid from the general assets of the Employer exclusively.

11.2 Employer's Liability. The Employer's liability for the payment of benefits shall be defined only by this Plan, as entered into between the Employer and a Participant.

11.3 Limitation of Obligation. The Employer shall have no obligation to a Participant under the Plan, except as expressly provided for in the Plan.

11.4 Participant Cooperation. The Participant must cooperate with the Employer and the Committee in furnishing all information requested by the Employer and/or Committee in order to facilitate the payment of benefits, and the administration and operations of this Plan. Such information may include taking a physical examination, or other actions, and such cooperation shall extend beyond the termination of the Plan Agreement and the Employee's Participation in the Plan.

11.5 Unsecured General Creditor. Participants, their Beneficiaries and their permitted heirs, successors and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Employer. Any and all of the Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. The Employer's obligations under the Plan shall be merely that of an unfunded and unsecured promise of the Employer to pay money in the future.

Article 12
No Guarantee of Employment

12.1 No Guarantee of Employment. Nothing in this Agreement shall be construed as altering in any manner the employment relationship with an Employee or Director, which is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, with or without cause, unless otherwise expressly provided in a written employment agreement. All terms and conditions of an Employee's or Director's current employment shall remain the same. Nothing in this Plan creates, or is meant to create, any obligation on the part of the Employer to keep an Employee or Director employed by the Employer or not to terminate an Employee or Director at any time and for any reason.

Article 13
Termination, Amendment or Modification of the Plan

13.1 Termination. The Company reserves the right to terminate the Plan at any time. Upon termination of the Plan, the Participant's Account Balance shall be paid out in accordance with the benefits that the Participant would receive if there had occurred a Termination of Employment with respect to the Participant on the date of Plan termination or, if such termination occurs after the Retirement Date, the Participant had retired on the date of Plan termination. Notwithstanding the above, the termination of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of termination.

13.2 Amendment. The Company may, at any time, amend or modify the Plan in whole or in part, provided, however, that no amendment or modification shall be effective to decrease or restrict a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if there had occurred a Termination of Employment with respect to such Participant as of the effective date of the amendment or, if such amendment occurs after the Retirement Date, the Participant had retired as of the effective date of the amendment. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification.

13.3 Termination of Plan Agreement. Absent the earlier termination, modification or amendment of the Plan, the Plan Agreement of any Participant shall terminate upon the full payment of the applicable benefit provided under Articles 4, 5, 6, or 7, as the case may be.

13.4 Change in Control.

(a) All benefits accrued under the Plan as of the date of a Change of Control shall thereafter be paid in accordance with the terms and conditions of this Plan. However, if at any time during a period of three years following a Change of Control of the Company, the employment of a participant by the Employer is terminated (i) by the Employer for any reason other than for Cause, or (ii) by the Participant for just reason, then all benefits, including all interest at the full 125% of Moody's rate shall apply and not at the rates applicable in Section 7.2. Such amounts will thereupon be immediately due and payable in full, less any withholdings required by law, to such Participant, and within ten business days thereafter the Employer, or any successor corporation of the Employer shall deliver payment of such Account Balance to such Participant.

A Participant shall be deemed to have terminated his or her employment for just reason if he or she resigns voluntarily after a demotion, a material reduction in his or her authority or responsibility or any reduction in his or her compensation or after being notified of a relocation of his or her work place that would materially increase the commuting distance from his or her then current principal residence.

A Participant shall be deemed to have been terminated by the Employer for cause only if such participant has been terminated by reason of (i) a willful failure by such Participant to substantially perform his or her duties other than a failure resulting from the Participant's incapacity due to physical or mental illness, or (ii) a willful act by the Participant that constitutes gross misconduct and is materially injurious to the Employer. No act or failure to act by a Participant shall be considered "willful" unless committed without good faith and without a reasonable belief that the act of omission was in the best interests of the Employer.

(b) As used in this Plan, "Change of Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, hereinafter "Person") becomes the beneficial owner, directly or indirectly, of securities of the Company representing twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors;

(ii) A change in the composition of the Board as a result of which fewer than two-thirds (2/3rds) of the incumbent directors are Continuing Directors; or

(iii) A change of control that would be required to be reported in a proxy statement pursuant to Item 5(f) of Schedule 14A of Regulation 14A under the Securities Exchange Act of 1934.

An individual shall be considered a "Continuing Director" on a particular date if he or she either (i) had been a member of the Board twenty-four (24) months prior to such date or (ii) was elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the members of the Board twenty-four

(24) months prior to such date and who were still in office at the time of the election or nomination.

13.5 Termination, Modification or Amendment Following Change in Control.

Following a Change in Control, neither the Company, any subsidiary of the Company nor any corporation, trust or other Person that succeeds to all or any substantial portion of the assets of the Company shall have the right to terminate, modify, or amend a Plan Agreement in effect prior to such Change in Control, and all benefits under such Plan Agreement shall thereafter be paid in accordance with the terms of such Plan Agreement as in effect immediately prior to such Change in Control. Any provision of this Plan to the contrary shall be construed in accordance with this Section 13.5.

13.6 Legal Fees To Enforce Rights After Change in Control.

The Company is aware that upon the occurrence of a Change in Control, the Board (which might then be composed of new members) or a shareholder of the Company or of any successor corporation might then cause or attempt to cause the Company or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. It is the intent of the Company that Participants not be required to incur the expenses associated with the enforcement of their rights under the Plan by litigation or other legal action, because the cost and expense thereof would substantially detract from the benefits intended to be extended to Participants hereunder, and that Participants not be bound to negotiate any settlement of their rights under the Plan under threat of incurring such expenses. Accordingly, if, following a Change in Control, it should appear to any Participant that the Company has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if the Company or any other Person takes any action to declare the Plan or any agreement hereunder void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant the benefits intended to be provided to each Participant under the Plan, and such Participant has substantially complied with all of his or her obligations under the Plan and any such agreement, then the Company irrevocably authorizes such Participant from time to time to retain counsel of his or her choice at the expense of the Company to represent such Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, shareholder or other person affiliated with the Company or any successor thereto in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to each Participant's entering into an attorney-client relationship with such counsel, and in that connection the Company and each Participant agree that a confidential relationship shall exist between each such Participant and his counsel. The Company shall pay or reimburse each Participant for all reasonable fees and expenses of counsel selected by such Participant from time to time on a regular, periodic basis from presentation of a statement or statements prepared by such counsel in accordance with its customary practices up to a maximum aggregate amount of $500,000.

13.7 Vesting. Notwithstanding anything that may be construed to the contrary in this Plan, a Participant shall at all times be 100% vested in his or her Deferral Amount.

Article 14
Other Benefits and Agreements

14.1 Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

Article 15
Restrictions on Alienation of Benefits

15.1 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt, the amounts if any, payable hereunder, or any part thereof. No part of the amounts payable shall, prior to actual payment, be subject to any claims of creditors and, in particular, they shall not be subject to attachment, garnishment, seizure or sequestration by any creditor for the payment of any debts, judgments, obligations, alimony or separate maintenance owed by a Participant.

Article 16
Administration of the Plan

16.1 Committee Administration. The general administration of this Plan, as well as construction and interpretation thereof, shall be the responsibility of the Committee, the number of members of which shall be designated and appointed from time to time by, and shall serve at the pleasure of the Board.

16.2 Committee Authority. Subject to the Plan, the Committee shall from time to time establish rules, forms and procedures for the administration of the Plan. Except as otherwise expressly provided, the Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. The Committee's decisions shall be conclusive and binding upon all persons having or claiming to have any right or interest under the Plan.

16.3 Committee Indemnity. No member of the Committee shall be liable for any act or omission of any other member of the Committee, nor for any act or omission on his own part, excepting his or her own willful misconduct. The Employer shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his or her membership on the Committee, with the exception of expenses and liabilities arising out of his or her own willful misconduct.

16.4 Employer's Obligations to the Committee. To enable the Committee to perform its functions, each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death, Disability or Termination of Employment, and such other pertinent facts as the Committee may require.

16.5 Committee Discretion in Payment Schedule. The Committee shall also have the power, at its sole discretion, to change the manner and timing of payments to be made to a Participant or Participant's Beneficiary from that set forth in the Participant's Plan Agreement, if requested to do so by such Participant or Beneficiary.

Article 17
Claims Procedures

17.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts (i) credited to (or deducted from) such Claimant's Participant's Account Balance, or (ii) distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. The claim must state with particularity the determination desired by the Claimant.

17.2 Notification of Decision. The Committee shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure set forth in Section 17.3.

17.3 Review of a Denied Claim. Within sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than thirty (30) days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):

(a) may review pertinent documents;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

17.4 Decision on Review. The Committee shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and

(c) such other matters as the Committee deems relevant.

Article 18
Trust

18.1 Establishment of the Trust. The Company shall establish the Trust. The Employer shall at least annually transfer over to the Trust such assets as the Committee determines, in its sole discretion, are necessary to provide for the Employer's future liabilities created with respect to the Deferral Amounts and interest credits for that year.

18.2 Interrelationship of the Plan and the Trust. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employer, Participant and the creditors of the Employer to the assets transferred to the Trust. The Employer shall at all times remain liable to carry out its obligations under the Plan. The Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust.

Article 19
Miscellaneous

19.1 Notice. Any notice given under the Plan shall be in writing and shall be

mailed to:
JACOBS ENGINEERING GROUP INC.
Employee Benefits
251 South Lake Avenue
Pasadena, California 91101

19.2 Successors. The Plan shall be binding upon the Employer and its respective successors or assigns, and upon a Participant, the Participant's Beneficiaries and the Participant's permitted assigns, heirs, executors and administrators.

19.3 Spouse's Interest. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

19.4 Governing Law. The Plan and Plan Agreement shall be governed by and construed under the laws of the State of California, as in effect at the time of their adoptions and executions, respectively.

19.5 Pronouns. Masculine pronouns wherever used shall include feminine pronouns and the singular shall include the plural.

19.6 Headings. The headings of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

19.7 Validity. In the event any provision of this Plan shall be illegal or invalid for any reason, the illegality or invalidity of that provision shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

IN WITNESS WHEREOF JACOBS ENGINEERING GROUP INC. has signed this Plan document this 31st day of May, 1991.

"Company"

JACOBS ENGINEERING GROUP INC.

By: /s/ John W. Prosser Jr.

Title: Senior Vice President Finance and Administration

(Officer of the Company)

JACOBS ENGINEERING GROUP INC.

1993 EXECUTIVE DEFERRAL PLAN

(EDP)

Effective December 1, 1993

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1993 EXECUTIVE DEFERRAL PLAN OF JACOBS ENGINEERING GROUP INC.

Purpose

The purpose of this plan is to provide specified benefits to a select group of key employees who contribute materially to the continued growth, development and future business success of JACOBS ENGINEERING GROUP INC. and its subsidiaries.

Article 1
Definitions

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean the sum of (i) the Deferral Amount and (ii) interest credited in accordance with all the applicable interest crediting provisions of this Plan, less all distributions made in accordance with the Plan.

1.2 "Annual Bonus" shall mean any compensation paid under the Employer's Incentive Bonus Plan.

1.3 "Base Annual Salary" shall mean the annual compensation that is to be paid to a Participant for each Plan Year, determined as of the first day of that year, excluding bonuses, commissions, overtime and non-monetary awards for employment services to the Employer.

1.4 "Beneficiary" shall mean the person or persons, or the estate of a Participant, designated in accordance with Article 9, who is entitled to receive benefits under this Plan upon the death of a Participant.

1.5 "Beneficiary Designation Form" shall mean the form established from time to time by the Board that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.6 "Board" shall mean the Board of Directors of the Company.

1.7 "Change in Control" shall have the meaning set forth in Section 13.4.

1.8 "Claimant" shall have the meaning set forth in Section 17.1.

1.9 "Committee" shall mean the administrative committee appointed to manage and administer the Plan in accordance with the provisions of Article 16.

1.10 "Company" shall mean JACOBS ENGINEERING GROUP INC.

1.11 "Continuing Director" shall mean a director described in Section 13.4(b).

1.12 "Deferral Amount" shall be the sum of all of a Participant's Base Annual Salary deferrals, Annual Bonus deferrals and, if applicable, Directors Fees deferrals.

1.13 "Deferral Commitment Period" shall mean the period described in Section 3.4 of this Plan.

1.14 "Director" shall mean any member of the Board.

1.15 "Directors Fees" shall mean the annual fees paid by the Company, including retainer fees and meetings fees, as compensation for serving on the Board.

1.16 "Disability" shall mean a period of disability during which a Participant qualifies for benefits under the Company's or any of its subsidiaries' long-term disability program.

1.17 "Election Form" shall mean the form established from time to time by the Board that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.18 "Employee" shall mean any person who is in the regular full-time employment of an Employer as determined by the personnel policies and practices of the Employer.

1.19 "Employer" shall mean the Company and any subsidiaries of the Company that have been selected by the Board to participate in the Plan.

1.20 "Moody's Rate" shall mean the interest rate determined and announced by the Committee at any time before the commencement of each Plan Year. The Moody's Rate for a Plan Year shall be the most current monthly "Seasoned Corporate Bond" rate published by Moody's Investors Service, Inc., or any successor to that service, available prior to the announcement by the Committee. For the first Plan Year, the Moody's Rate shall be 6.98%. The Seasoned Corporate Bond rate is an economic indicator, based on an arithmetic average of the yields of representative bonds, including industrials, public utilities, Aaa, A, and Baa bonds, and is calculated as a monthly average of the composite yield.

1.21 "Participant" shall mean any Employee or Director who (i) is selected to participate in the Plan, (ii) elects to participate in the Plan, (iii) signs a Plan Agreement, an Election Form and a Beneficiary Designation Form, (iv) the signed Plan Agreement, Election Form and Beneficiary Designation Form are returned to and accepted by the Committee and (v) neither the Plan nor the Plan Agreement has terminated.

1.22 "Participation Year" shall mean with respect to any Participant, any Plan Year in which a Participant is at any time during such year a Participant. Notwithstanding the previous sentence, "Participation Year" shall not include any years prior to the first Plan Year in which a Participant actually has any amount deferred under this Plan.

1.23 "Plan" shall mean the 1993 Executive Deferral Plan of the Employer which is defined by this instrument and by each Plan Agreement.

1.24 "Plan Agreement" shall mean the form of written agreement which is entered into by and between the Employer and a Participant. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled to under the Plan, and the Plan Agreement bearing the latest date shall govern such entitlement.

1.25 The "Plan Year" shall, for the first Plan Year (the 1994 Plan Year), begin on December 1, 1993, and end on December 31, 1994. For each Plan Year thereafter, the Plan Year shall begin on January 1 of each year and continue through December 31 of the same year.

1.26 "Pre-Retirement Distribution" shall mean the distribution provided for in Article 4.

1.27 "Prior EDP" shall mean the 1991 Executive Deferral Plan of the Employer.

1.28 "Retirement Benefit" shall mean the retirement benefit provided for in Article 5.

1.29 "Retirement Date" shall be the earlier of the first day of the month in which the Participant (i) attains the age of sixty-five (65), (ii) is sixty (60) years of age or older and has completed ten (10) Years of Service, or (iii) is terminated as a result of a long-term disability under the Employer's policies and practices.

1.30 "Retirement Distribution Date" shall mean the last day of the month in which a Participant has both (i) reached or passed his or her Retirement Date and (ii) has actually ceased being an Employee or Director other than by death.

1.31 "Survivor's Benefit" shall mean the benefit provided for in Article 6.

1.32 "Termination Benefit" shall mean the termination benefit provided for in Section 7.2.

1.33 "Termination of Employment" shall mean with respect to an Employee or Director the cessation of employment or a Director's position, as the case may be, voluntarily or involuntarily, and, except as provided in Article 8 and Article 10, shall exclude cessation as a result of an authorized leave of absence, retirement, Disability or death. If a Participant is both an Employee and a Director, Termination of Employment shall occur only upon the termination of last held position.

1.34 "Trust" shall mean the trust established pursuant to that certain Trust Agreement, dated as of June 1, 1991, between the Company and the Trustee named therein, as amended from time to time.

1.35 "Unforeseeable Financial Emergency" shall have the meaning set forth in Section 3.8(b).

1.36 "Years of Service" shall mean the total number of years, that a Participant is an Employee or a Director, including, without limitation, periods of Disability and leaves of absence prior to Termination of Employment, as provided under Article 8 and Article 10.

Article 2
Eligibility

2.1 Eligibility and Participation. The Committee, in its sole discretion, shall establish eligibility qualifications for participation in the Plan. Participation shall be limited to a select group of management and highly compensated employees of the Employer.

2.2 Enrollment Requirements. As a condition of participation, each Participant so selected shall complete, sign and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form, and shall comply with all further conditions that may be established by the Committee.

Article 3
Deferral Commitments

3.1 Minimum Deferral. A Participant must defer during each Plan Year of the Deferral Commitment Period at least one of the following minimum amounts:

(a) In the case of an Employee, $2,000 of his or her Base Annual Salary; or

(b) In the case of a Director who is not an Employee, a percentage that is anticipated to equal $2,000 of his or her Directors Fees.

A Participant shall not be permitted to defer any portion of his or her Annual Bonus unless he or she meets one of the minimum Deferral requirements set forth in this Section. If a Participant first becomes a Participant after the first day of a Plan Year, or in the case of the first Plan Year of the Plan itself, at the election of the Employee on the Election Form, the minimum deferral described in (a) shall be an amount equal to $2,000, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is 12.

3.2 Maximum Deferral. For each Plan Year of the Deferral Commitment Period, subject to the provisions of Section 3.6, a Participant may defer:

Deferral of	Maximum Percentage
Base Annual Salary	50%
Directors Fees	100%
Annual Bonus for Calendar Year 1993	100%
Annual Bonus for Calendar Years 1994-1997	50%

If the Participant is a Participant in the Prior EDP, the sum of his or her deferrals under the Prior EDP and under this Plan may not exceed the above maximums.

3.3 Fixed Deferral Amount. Except as provided in Section 3.6, the annual deferral selected by a Participant shall be the same for each Plan Year of the Deferral Commitment Period. A Base Annual Salary deferral shall be a fixed dollar amount, and an Annual Bonus or Directors Fees deferral shall be a fixed percentage of the applicable annual bonus or fee. In no event shall an annual deferral amount be decreased during the Deferral Commitment Period. An annual deferral amount may only be increased (i) prior to the commencement of the Plan Year to which such annual deferral amount relates and (ii) with the approval of the Committee.

3.4 Deferral Commitment Period. The "Deferral Commitment Period" for each Participant shall be a fixed period of four (4) consecutive Plan Years commencing with the 1994 Plan Year unless otherwise designated by the Committee.

3.5 Withholding of Deferral Amounts. The portion of the Base Annual Salary elected to be deferred annually shall be withheld in equal amounts over the Plan Year. The portion of Annual Bonus and Directors Fees being deferred shall be withheld at the time the Annual Bonus or Directors Fees would otherwise be paid to the Participant.

3.6 FICA Taxes. For each Plan Year of the Deferral Commitment Period, the Employer shall ratably withhold from that portion of the Participant's Base Annual Salary and/or Annual Bonus that is not being deferred, the Participant's share of FICA taxes based on an amount equal to the Base Annual Salary and/or Annual Bonus before reduction by the amount deferred. If necessary, the Committee shall reduce the amount deferred in order to comply with this Section 3.6.

3.7 Interest Crediting Prior to Distribution.

(a) Except as provided in Section 3.7(b) and Section 3.7(c) below, interest shall be credited annually on a Participant's Account Balance at 125% of the Moody's Rate. For purposes of this crediting, all amounts deferred during a Plan Year shall be treated as having been deferred as of the beginning of the Plan Year, except for the 1994 Plan Year which shall be treated as though all amounts were deferred as of January 1, 1994. Such interest crediting shall be made up to the date of the

Pre-Retirement Distribution, the Retirement Date, the date of the Participant's death or the date of Termination of Employment, depending on whether the benefit is paid under Article 4, 5, 6 or 7, respectively.

(b) In the event of a Termination of Employment, interest shall be credited in the manner provided in Section 3.7(a), but at the rate provided for in Section 7.2.

(c) In the event of a Participant's suicide within twenty-four months of the first deferral of any Deferral Commitment period, interest shall be credited in accordance with Section 6.4. After the first twenty-four months, interest will be credited in accordance with Sections 3.7(a) and 3.7(b) above.

3.8 Hardship

(a) If a Participant experiences an Unforeseeable Financial Emergency as described in Section 3.8(b) below, the Participant may petition the Committee to (i) suspend any deferrals required by the Plan Agreement and/or (ii) receive a distribution from the Plan. Any approval of such a petition shall be made at the sole discretion of the Committee. If the Committee approves a distribution, the distribution shall be made within sixty (60) days of the date of approval. The distribution may not exceed the Participant's Account Balance as of the last day of the month prior to the date of the Committee's approval of the petition, calculated as if such Participant were receiving a Termination Benefit as of such date.

(b) An "Unforeseeable Financial Emergency" shall mean an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, transfer of place of employment or other such unforeseeable occurrence, all as determined in the sole discretion of the Committee.

Article 4
Pre-Retirement Distribution

4.1 Eligibility for Pre-Retirement Distribution. A Participant may elect to receive a Pre-Retirement Distribution from the Plan to be received in or after the eighth Participation Year. This election shall be irrevocable and shall be made on the Election Form, which form is to be delivered to the Committee prior to the commencement of the Deferral Commitment Period.

4.2 Amount of Distribution. The amount of the Pre-Retirement Distribution shall be any amount not to exceed the electing Participant's Account Balance at the end of the Participation Year prior to the Participation Year selected on the Election Form for the distribution. The Pre-Retirement Distribution may not be made prior to the eighth (8th) Participation Year. At the election of the Participant (on the Election Form), this amount shall be distributed or, in the case of installment payments, shall start distribution within ninety (90) days of the January 1st of the Participation Year selected on the Election Form in one of the following manners:

(a) In a lump sum equal to the Total Account Balance at the end of the Participation Year prior to the Participation Year selected on the Election Form for the distribution; or

(b) In a lump sum equal to a fixed dollar amount. Such fixed dollar amount shall be chosen by the Participant on the Election Form. Any remaining amounts in the Account Balance, after completion of the Pre-Retirement Distribution, shall remain in the Plan to be paid under the other provisions of the Plan; or

(c) In four or fewer annual consecutive installments of a fixed dollar amount. Such fixed dollar amount shall be chosen by the Participant on the Election Form. Interest on the unpaid Account Balance shall be credited at 125% of Moody's. Any remaining amounts in the Account Balance, after completion of the Pre-Retirement Distribution, shall remain in the Plan to be paid under the other provisions of the Plan; or

(d) In four or fewer annual consecutive installments so that the total Account Balance is completely distributed over the elected installment period. Interest on the unpaid Account Balance shall be credited at 125% of Moody's.

If the amount of Pre-Retirement Distribution elected by the Participant exceeds the total Account Balance at any time during the Pre-Retirement Distribution period, only the amount remaining in the Account Balance shall be distributed to the Participant and the Employer shall have no further liability under the Plan.

Article 5
Retirement Benefit

5.1 Eligibility for Retirement Benefit. If the Participant ceases to be an

Employee or a Director for any reason other than death, including without limitation, retirement or a Termination of Employment after the Retirement Date, the Employer shall pay the Retirement Benefit to the Participant (or his or her Beneficiary) as provided in Section 5.2 and Section 5.3 below.

5.2 Retirement Benefit-Method of Payment. The Retirement Benefit may be paid in a lump sum, or in installments over a period of 60, 120, or 180 months at the sole discretion of the Committee. The lump sum payment shall be made, or installment payments shall commence, within sixty (60) days of the Retirement Distribution Date and in the case of installment payments, shall continue until the Retirement Benefit is paid in full.

5.3 Retirement Benefit-Amount. If the Retirement Benefit is paid in a lump sum, it shall be the retired Participant's Account Balance determined as of the Retirement Distribution Date. If the Retirement Benefit is paid in installments, it shall be a constant monthly payment, determined at the beginning of each Plan Year by monthly amortization of the remaining Account Balance over the remaining payment period. Interest on the unpaid balance will be credited for the remaining periods at 125% of the Moody's Rate established for each of the subsequent Plan Years.

5.4 Death Prior to Completion of Retirement Benefit. If the Participant dies after the Retirement Date and prior to the completion of the Retirement Benefit payments, the retired Participant's designated Beneficiary will receive any unpaid Retirement Benefit payments due the Participant, either at the times they were to be received by the Participant, or in a lump sum, as determined by the Committee in its sole discretion. If this Section 5.4 applies, a designated Beneficiary shall not be entitled to any benefits provided for under Article 6.

Article 6
Survivor Benefit

6.1 Eligibility for Survivor's Benefit. If a Participant dies before the Retirement Date and before Termination of Employment, the Employer shall pay the Survivor's Benefit to the deceased Participant's Beneficiary, provided that all of the following conditions are met:

(a) the Participant's death was determined not to be from a bodily or mental cause or causes, the information about which was withheld, knowingly concealed, or falsely provided by the Participant, when requested by the Employer to furnish evidence of good health; and

(b) proof of the Participant's death is furnished to the Committee in such form as determined acceptable by the Committee.

6.2 Survivor's Benefit-Method of Payment. The Survivor's Benefit may be paid in a lump sum, or in installments over a period of 60, 120, or 180 months at the sole discretion of the Committee. The lump sum payment shall be made, or installment payments shall commence within sixty (60) days of the date the Participant died and in the case of installment payments, shall continue until the Survivor's Benefit is paid in full.

6.3 Survivor's Benefit-Amount. If the Survivor's Benefit is paid in a lump sum, it shall be the retired Participant's Account Balance determined as of the date the Participant died. If the Survivor's Benefit is paid in installments, it shall be a constant monthly payment, determined at the beginning of each Plan Year by monthly amortization of the remaining Account Balance over the remaining payment period. Interest on the unpaid balance will be credited for the remaining periods at 125% of the Moody's Rate established for each of the subsequent Plan Years.

6.4 Suicide. In the event of a Participant's suicide within twenty-four months of the first deferral of any Deferral Commitment Period, the Employer shall be obligated to pay to the Participant's designated Beneficiary the Participant's portion of the Deferral Amount, without interest, and no other Survivor's Benefit shall be payable.

Article 7
Termination Benefit

7.1 Eligibility for Termination Benefit. If a Participant experiences a

Termination of Employment prior to the Retirement Date, the Employer shall pay to the Participant the Termination Benefit.

7.2 Termination Benefit. The Termination Benefit is a sum equal to the Participant's Account Balance determined as provided in this Section 7.2, as of the date of Termination of Employment, and shall be paid in a lump sum within ninety (90) days following the Termination of Employment. In determining the Account Balance for purposes of this Article 7 only, interest shall be calculated in the manner provided in Section 3.7(a) above, but using the applicable interest rate set forth in the following schedules:

Number of Participation Years	Interest Crediting Rate
<u>For Employees:</u>	
Less than 2 years	0
More than 2 but less than 7	Moody's Rate
7 or more	125% of Moody's Rate
<u>For Directors:</u>	
All years	125% of Moody's Rate

In the event a Participant is both an Employee and Director, interest shall be credited under the Employee schedule.

Article 8
Disability

8.1 Eligibility for Disability Waiver. If a Participant suffers a Disability during any Plan Year during the Deferral Commitment Period, the Participant's annual deferral amount for that Plan Year or any subsequent Plan Year shall, except as provided in this Section 8.1, be as set forth in his or her Election Form for the first six (6) months that a Participant suffers from a Disability and shall be satisfied from supplemental sources of disability income as provided by either the Company or the Participant. If a Participant's Disability exceeds six (6) consecutive months, the Participant shall be excused from making any additional deferrals while he or she is suffering from a Disability.

8.2 Benefits. A Participant suffering a Disability, but not terminated as a result of long-term disability under the Employer's policies and practices, shall continue to be considered a Participant and shall be eligible for the benefits provided for in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles.

8.3 Long-Term Disability-Termination. For a Participant who is terminated as a result of disability under the Employer's policies and practices, the provisions of Article 5 shall apply for purposes of Account Balance distribution and interest crediting.

Article 9
Beneficiary

9.1 Beneficiary. Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary or Beneficiaries (both primary as well as contingent) to receive any benefits payable under the Plan to a Beneficiary upon the death of a Participant.

9.2 Beneficiary Designation; Change; Spousal Consent. A Participant shall designate his or her Beneficiary or Beneficiaries by completing and signing the Beneficiary Designation Form, and returning it to the Committee. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules or procedures, as in effect from time to time. Upon the acceptance of the Committee of a new Beneficiary Designation form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation form filed by the Participant and accepted by the Committee prior to his or her death.

9.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee.

9.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

9.5 Doubt as to Beneficiary. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, they shall have the right to withhold such payments until this matter is resolved to their satisfaction.

9.6 Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Employer from all further obligations under this Plan with respect to the deceased Participant and all of his or her Beneficiaries.

Article 10
Leave of Absence

10.1 Authorized Leave of Absence. If a Participant is authorized by the Employer for any reason to take a paid leave of absence from employment, such Participant shall continue to be considered employed as an Employee or Director and shall be required to maintain the level of deferrals set forth in his or her Plan Agreement in order to keep the Plan Agreement in full force and effect. If such leave of absence is unpaid, the Participant shall continue to be considered employed as an Employee or Director and will be excused from making deferrals until the unpaid leave of absence ends; provided, however, that if the unpaid leave of absence continues beyond three consecutive months, the Participant shall be treated as having incurred a Termination of Employment as of the end of such three month period and the Participant shall receive the Termination Benefit in accordance with Article 7. In the case of a conflict between this Article 10 and Article 8, Article 8 shall prevail.

Article 11
Employer/Participant Liability

11.1 General Assets. Amounts payable to a Participant shall be paid from the general assets of the Employer exclusively.

11.2 Employer's Liability. The Employer's liability for the payment of benefits shall be defined only by this Plan, as entered into between the Employer and a Participant.

11.3 Limitation of Obligation. The Employer shall have no obligation to a Participant under the Plan, except as expressly provided for in the Plan.

11.4 Participant Cooperation. The Participant must cooperate with the Employer and the Committee in furnishing all information requested by the Employer and/or Committee in order to facilitate the payment of benefits, and the administration and operations of this Plan. Such information may include taking a physical examination, or other actions, and such cooperation shall extend beyond the termination of the Plan Agreement and the Employee's Participation in the Plan.

11.5 Unsecured General Creditor. Participants, their Beneficiaries and their permitted heirs, successors and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Employer. Any and all of the Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. The Employer's obligations under the Plan shall be merely that of an unfunded and unsecured promise of the Employer to pay money in the future.

Article 12
No Guarantee of Employment

12.1 No Guarantee of Employment. Nothing in this Agreement shall be construed as altering in any manner the employment relationship with an Employee or Director, which is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, with or without cause, unless otherwise expressly provided in a written employment agreement. All terms and conditions of an Employee's or Director's current employment shall remain the same. Nothing in this Plan creates, or is meant to create, any obligation on the part of the Employer to keep an Employee or Director employed by the Employer or not to terminate an Employee or Director at any time and for any reason.

Article 13
Termination, Amendment or Modification of the Plan

13.1 Termination. The Company reserves the right to terminate the Plan at any time. Upon termination of the Plan, the Participant's Account Balance shall be paid out in accordance with the benefits that the Participant would receive if there had occurred a Termination of Employment with respect to the Participant on the date of Plan termination or, if such termination occurs after the Retirement Date, the Participant had retired on the date of Plan termination. Notwithstanding the above, the termination of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of termination.

13.2 Amendment. The Company may, at any time, amend or modify the Plan in whole or in part, provided, however, that no amendment or modification shall be effective to decrease or restrict a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if there had occurred a Termination of Employment with respect to such Participant as of the effective date of the amendment or, if such amendment occurs after the Retirement Date, the Participant had retired as of the effective date of the amendment. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification.

13.3 Termination of Plan Agreement. Absent the earlier termination, modification or amendment of the Plan, the Plan Agreement of any Participant shall terminate upon the full payment of the applicable benefit provided under Articles 4, 5, 6, or 7, as the case may be.

13.4 Change in Control.

(a) All benefits accrued under the Plan as of the date of a Change of Control shall thereafter be paid in accordance with the terms and conditions of this Plan. However, if at any time during a period of three years following a Change of Control of the Company, the employment of a participant by the Employer is terminated (i) by the Employer for any reason other than for Cause, or (ii) by the Participant for just reason, then all benefits, including all interest at the full 125% of Moody's rate shall apply and not at the rates applicable in Section 7.2. Such amounts will thereupon be immediately due and payable in full, less any withholdings required by law, to such Participant, and within ten business days thereafter the Employer, or any successor corporation of the Employer shall deliver payment of such Account Balance to such Participant.

A Participant shall be deemed to have terminated his or her employment for just reason if he or she resigns voluntarily after a demotion, a material reduction in his or her authority or responsibility or any reduction in his or her compensation or after being notified of a relocation of his or her work place that would materially increase the commuting distance from his or her then current principal residence.

A Participant shall be deemed to have been terminated by the Employer for cause only if such participant has been terminated by reason of (i) a willful failure by such Participant to substantially perform his or her duties other than a failure resulting from the Participant's incapacity due to physical or mental illness, or (ii) a willful act by the Participant that constitutes gross misconduct and is materially injurious to the Employer. No act or failure to act by a Participant shall be considered "willful" unless committed without good faith and without a reasonable belief that the act of omission was in the best interests of the Employer.

(b) As used in this Plan, "Change of Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, hereinafter "Person") becomes the beneficial owner, directly or indirectly, of securities of the Company representing twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors;

(ii) A change in the composition of the Board as a result of which fewer than two-thirds (2/3rds) of the incumbent directors are Continuing Directors; or

(iii) A change of control that would be required to be reported in a proxy statement pursuant to Item 5(f) of Schedule 14A of Regulation 14A under the Securities Exchange Act of 1934.

An individual shall be considered a "Continuing Director" on a particular date if he or she either (i) had been a member of the Board twenty-four (24) months prior to such date or (ii) was elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the members of the Board twenty-four (24) months prior to such date and who were still in office at the time of the election or nomination.

13.5 Termination, Modification or Amendment Following Change in Control.

Following a Change in Control, neither the Company, any subsidiary of the Company nor any corporation, trust or other Person that succeeds to all or any substantial portion of the assets of the Company shall have the right to terminate, modify, or amend a Plan Agreement in effect prior to such Change in Control, and all benefits under such Plan Agreement shall thereafter be paid in accordance with the terms of such Plan Agreement as in effect immediately prior to such Change in Control. Any provision of this Plan to the contrary shall be construed in accordance with this Section 13.5.

13.6 Legal Fees To Enforce Rights After Change in Control. The Company is aware that upon the occurrence of a Change in Control, the Board (which might then be composed of new members) or a shareholder of the Company or of any successor corporation might then cause or attempt to cause the Company or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. It is the intent of the Company that Participants not be required to incur the expenses associated with the enforcement of their rights under the Plan by litigation or other legal action, because the cost and expense thereof would substantially detract from the benefits intended to be extended to Participants hereunder, and that Participants not be bound to negotiate any settlement of their rights under the Plan under threat of incurring such expenses. Accordingly, if, following a Change in Control, it should appear to any Participant that the Company has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if the Company or any other Person takes any action to declare the Plan or any agreement hereunder void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant the benefits intended to be provided to each Participant under the Plan, and such Participant has substantially complied with all of his or her obligations under the Plan and any such agreement, then the Company irrevocably authorizes such Participant from time to time to retain counsel of his or her choice at the expense of the Company to represent such Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, shareholder or other person affiliated with the Company or any successor thereto in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to each Participant's entering into an attorney-client relationship with such counsel, and in that connection the Company and each Participant agree that a confidential relationship shall exist between each such Participant and his counsel. The Company shall pay or reimburse each Participant for all reasonable fees and expenses of counsel selected by such Participant from time to time on a regular, periodic basis from presentation of a statement or statements prepared by such counsel in accordance with its customary practices up to a maximum aggregate amount of $500,000.

13.7 Vesting. Notwithstanding anything that may be construed to the contrary in this Plan, a Participant shall at all times be 100% vested in his or her Deferral Amount.

Article 14
Other Benefits and Agreements

14.1 Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

Article 15
Restrictions on Alienation of Benefits

15.1 Nonassignability. Neither a Participant nor any other person shall have

any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt, the amounts if any, payable hereunder, or any part thereof. No part of the amounts payable shall, prior to actual payment, be subject to any claims of creditors and, in particular, they shall not be subject to attachment, garnishment, seizure or sequestration by any creditor for the payment of any debts, judgments, obligations, alimony or separate maintenance owed by a Participant.

Article 16
Administration of the Plan

16.1 Committee Administration. The general administration of this Plan, as well as construction and interpretation thereof, shall be the responsibility of the Committee, the number of members of which shall be designated and appointed from time to time by, and shall serve at the pleasure of the Board.

16.2 Committee Authority. Subject to the Plan, the Committee shall from time to time establish rules, forms and procedures for the administration of the Plan. Except as otherwise expressly provided, the Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. The Committee's decisions shall be conclusive and binding upon all persons having or claiming to have any right or interest under the Plan.

16.3 Committee Indemnity. No member of the Committee shall be liable for any act or omission of any other member of the Committee, nor for any act or omission on his own part, excepting his or her own willful misconduct. The Employer shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his or her membership on the Committee, with the exception of expenses and liabilities arising out of his or her own willful misconduct.

16.4 Employer's Obligations to the Committee. To enable the Committee to perform its functions, each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death, Disability or Termination of Employment, and such other pertinent facts as the Committee may require.

16.5 Committee Discretion in Payment Schedule. The Committee shall also have the power, at its sole discretion, to change the manner and timing of payments to be made to a Participant or Participant's Beneficiary from that set forth in the Participant's Plan Agreement, if requested to do so by such Participant or Beneficiary.

Article 17
Claims Procedures

17.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts (i) credited to (or deducted from) such Claimant's Participant's Account Balance, or (ii) distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. The claim must state with particularity the determination desired by the Claimant.

17.2 Notification of Decision. The Committee shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure set forth in Section 17.3.

17.3 Review of a Denied Claim. Within sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than thirty (30) days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):

(a) may review pertinent documents;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

17.4 Decision on Review. The Committee shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and

(c) such other matters as the Committee deems relevant.

Article 18
Trust

18.1 Establishment of the Trust. The Company shall establish the Trust. The Employer shall at least annually transfer over to the Trust such assets as the Committee determines, in its sole discretion, are necessary to provide for the Employer's future liabilities created with respect to the Deferral Amounts and interest credits for that year.

18.2 Interrelationship of the Plan and the Trust. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employer, Participant and the creditors of the Employer to the assets transferred to the Trust. The Employer shall at all times remain liable to carry out its obligations under the Plan. The Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust.

Article 19
Miscellaneous

19.1 Notice. Any notice given under the Plan shall be in writing and shall be mailed to:

JACOBS ENGINEERING GROUP INC.
Employee Benefits
251 South Lake Avenue
Pasadena, California 91101

19.2 Successors. The Plan shall be binding upon the Employer and its respective successors or assigns, and upon a Participant, the Participant's Beneficiaries and the Participant's permitted assigns, heirs, executors and administrators.

19.3 Spouse's Interest. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

19.4 Governing Law. The Plan and Plan Agreement shall be governed by and construed under the laws of the State of California, as in effect at the time of their adoptions and executions, respectively.

19.5 Pronouns. Masculine pronouns wherever used shall include feminine pronouns and the singular shall include the plural.

19.6 Headings. The headings of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

19.7 Validity. In the event any provision of this Plan shall be illegal or invalid for any reason, the illegality or invalidity of that provision shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

IN WITNESS WHEREOF JACOBS ENGINEERING GROUP INC. has signed this Plan document this 1st day of December, 1993.

"Company"
JACOBS ENGINEERING GROUP INC.

By: /s/ John W.Prosser, Jr.

John W. Prosser, Jr.

Title: Senior Vice President, Finance
and Admin. and Treasurer

(Officer of the Company)

JACOBS ENGINEERING GROUP INC.

AMENDED AND RESTATED EXECUTIVE DEFERRAL PLAN

Purpose

The purpose of this Plan is to provide specified benefits to a select group of management and highly compensated Employees and Directors who contribute materially to the continued growth, development and future business success of Jacobs Engineering Group Inc. and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. This Plan represents both an amendment and restatement of the Company’s 1999 Executive Deferral Plan and a merger of the Company’s 1998 Executive Deferral Plan into this amended and restated Plan. This amendment and restatement is effective as of January 1, 2002.

ARTICLE 1
Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, at any given time, the balance in a Participant’s Deferral Account. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Annual Bonus" shall mean any cash compensation, in addition to Base Annual Salary, otherwise payable in a Plan Year to a Participant as an Employee under any Employer's annual bonus, incentive bonus and cash incentive plans.

1.3 "Annual Deferral Amount" shall mean that portion of a Participant's Base Annual Salary, Annual Bonus and Directors Fees that a Participant elects to have, and is, deferred in accordance with Article 3, for any one Plan Year.

1.4 "Annual Installment Method" shall be an annual installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows: The Account Balance of the Participant shall be calculated as of the close of business on the last business day of the Plan Year, in the case of an installment payment under Section 5.2, and on the last business day prior to the Participant’s death, in the case of an installment payment under Section 6.2. The annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a 10-year Annual Installment Method, the first payment shall be 1/10 of the Account Balance, calculated as described in this definition. The following year, the payment shall be 1/9 of the Account Balance, calculated as described in this definition. Each annual installment paid shall be divided by 12, and the resulting number shall be the monthly installment payment that shall be paid each month of the Plan Year to which such annual installment relates. Subject to the payment provisions of Section 5.2 or 6.2, as the case may be, the monthly installment payment shall be paid as soon as practicable after the first day of the month to which it relates.

1.5 "Base Annual Salary" shall mean the annual cash compensation relating to services performed during any calendar year, whether or not paid in such calendar year, excluding bonuses, commissions, overtime, fringe benefits, stock options, relocation bonus and/or expenses, incentive payments, non-monetary awards, directors fees and other fees, automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Annual Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that, had there been no such plan, the amount would have been payable in cash to the Employee.

1.6 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 9, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.7 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.8 "Board" shall mean the board of directors of the Company.

1.9 "Change in Control" shall have the same meaning as contained in the Company's 1999 Stock Incentive Plan.

1.10 "Claimant" shall have the meaning set forth in Section 14.1.

1.11 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.12 "Committee" shall mean the committee described in Article 12.

1.13 "Company" shall mean Jacobs Engineering Group Inc. and any successor to all or substantially all of the Company's assets or business.

1.14 "Deduction Limitation" shall mean, with respect to those distributions otherwise payable to a Participant (or his or her Beneficiary) under the Plan which are specifically subject to this Deduction Limitation, that amount which, when combined with other compensation paid to a Participant (or his or her Beneficiary) for a taxable year, would not be deductible by the Employer by reason of the limitation imposed by Code Section 162(m). The Deduction Limitation shall be determined by the Company in good faith. Once an amount has been determined by the Company to be subject to the Deduction Limitation, the Company may, at its sole discretion, defer the amount that would otherwise be paid to a Participant (or his or her Beneficiary). Any amounts so deferred will remain in the Participant's Account Balance, and shall be entitled to continued crediting and debiting of additional amounts in accordance with Section 3.4 below. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary at the earliest possible date, as determined by the Employer in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Employer during which the distribution is made will not be limited by Section 162(m), or if earlier, the effective date of a Change in Control. Notwithstanding anything to the contrary in this Plan, the Deduction Limitation shall not apply to distributions that become payable after a Change in Control.

1.15 "Deferral Account" shall mean (i) the sum of all of a Participant's Annual Deferral Amounts, plus or less, as the case may be, (ii) amounts credited or debited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant’s Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.

1.16 "Director" shall mean any member of the board of directors of the Company.

1.17 "Directors Fees" shall mean the annual fees paid by the Company, including retainer fees and meetings fees, as compensation for serving on the board of directors.

1.18 "Disability" shall have the same meaning as contained in the Company’s 1999 Stock Incentive Plan with regards to a Participant who is an employee of any Employer, but not a Director, and the Company’s 1999 Outside Director Stock Plan with regards to a Participant who is a Director, but not an employee of any Employer.

1.19 "Disability Benefit" shall mean the benefit set forth in Article 8.

1.20 "Election Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.21 "Employee" shall mean a person who is an employee of any Employer.

1.22 “Employer(s)” shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) unless the subsidiary has been excluded from participation in the Plan, as a sponsor by the Board.

1.23 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.24 "Participant" shall mean any Employee or Director (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs a Plan Agreement, an Election Form and a Beneficiary Designation Form, (iv) whose signed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, (v) who commences participation in the Plan, and (vi) whose Plan Agreement has not terminated. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an account balance under the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

1.25 "Plan" shall mean the Company's Amended and Restated Executive Deferral Plan, which shall be evidenced by this instrument and by each Plan Agreement, as they may be amended from time to time.

1.26 “Plan Agreement” shall mean a written agreement, as may be amended from time to time, which is entered into by and between an Employer and a Participant. Each Plan Agreement executed by a Participant and the Participant’s Employer shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Employer shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, as described in Section 11.3 below.

1.27 "Plan Year" shall mean a period beginning on January 1 of a particular calendar year and continuing through December 31 of such calendar year.

1.28 "Pre-Retirement Survivor Benefit" shall mean the benefit set forth in Article 6.

1.29 "Retirement" shall have the same meaning as contained in the Company's 1999 Stock Incentive Plan with regards to a Participant who is an employee of any Employer, but not a Director, and the

Company’s 1999 Outside Director Stock Plan with regards to a Participant who is a Director, but not an employee of any Employer.

1.30 "Retirement Benefit" shall mean the benefit set forth in Article 5.

1.31 "Short-Term Payout" shall mean the payout set forth in Section 4.1.

1.32 "Termination Benefit" shall mean the benefit set forth in Article 7.

1.33 "Termination of Employment" shall mean the severing of (i) employment with all Employers or (ii) service as a Director of the Company, in either case voluntarily or involuntarily, for any reason other than Retirement, Disability, death or an authorized leave of absence. If a Participant is both an Employee and a Director, a Termination of Employment shall occur only upon the termination of the last position held.

1.34 "Trust" shall mean one or more trusts established pursuant to that certain Master Trust Agreement, dated as of June 1, 1991 between the Company and the trustee named therein, as amended from time to time.

1.35 "Unforeseeable Financial Emergency" shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the Participant if the Participant continued participation in the Plan resulting from (i) a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee.

1.36 “1998 Executive Deferral Plan” shall mean the Jacobs Engineering Group Inc. 1998 Executive Deferral Plan.

1.37 “1999 Outside Director Stock Plan” shall mean the Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan, as that plan may be amended from time to time, and any successor plan thereto.

1.38 “1999 Stock Incentive Plan” shall mean the Jacobs Engineering Group Inc. 1999 Executive Incentive Plan, as that plan may be amended from time to time, and any successor plan thereto.

ARTICLE 2
Selection, Enrollment, Eligibility

2.1 **Selection by Committee**. The Committee, in its sole discretion, shall establish eligibility requirements for participation in the Plan. Participation in the Plan shall be limited to a select group of management and highly compensated Employees of the Employers and Directors of the Company.

2.2 **Enrollment Requirements**. As a condition to participation, each selected Employee or Director shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form, all within the time period set by the Committee, in its sole discretion, for the purpose of returning documents and forms. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.

2.3 **Eligibility; Commencement of Participation**. A Participant shall commence participation in the Plan on the first day of the month following the month in which he or she has (i) satisfied all Enrollment Requirements and (ii) has had his or her Plan Agreement, Election Form and Beneficiary Designation Form accepted by the Committee.

2.4 **Termination of Participation and/or Deferrals**. If the Committee determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Committee shall have the right, in its sole discretion, to (i) terminate any deferral election the Participant has made for the remainder of the Plan Year in which the Participant's membership status changes, (ii) prevent the Participant from making future deferral elections and/or (iii) immediately distribute the Participant's then Account Balance as a Termination Benefit and terminate the Participant's participation in the Plan.

2.5 **1998 Executive Deferral Plan**. As of January 1, 2002, the Company’s 1998 Executive Deferral Plan shall be merged into this Plan and any participant in that plan shall automatically become a Participant in this Plan. Furthermore, the Participant’s account balance under the 1998 Executive Deferral Plan shall automatically be transferred to this Plan and that account balance shall be governed by the terms and conditions of this Plan, with the following exceptions: (i) any short-term payout elections made under Section 4.2 of the 1998 Executive Deferral Plan for plan years starting before January 1, 2002 shall continue to be governed by the terms of the 1998 Executive Deferral Plan, and (ii) any distribution to be paid after January 1, 2002 that is the result of a participant’s retirement, termination, disability or death prior to January 1, 2002 shall continue to be governed by the terms of 1998 Executive Deferral Plan.

ARTICLE 3
Deferral Commitments/Crediting/Taxes

3.1 **Deferral Amounts.**

(a) **Minimum and Maximum Deferral Commitment**. For each Plan Year, a Participant may make an irrevocable election to defer, as his or her Annual Deferral Amount, an amount of Base Annual Salary, Annual Bonus and/or Director's Fees that may not be less than the minimum Annual Deferral Amount, nor more than the maximum Annual Deferral Amount, as announced by the Committee prior to the beginning of the Plan Year and set forth in the Election Form for the Plan Year.

(b) **Short Plan Year**. If a Participant first becomes a Participant after the first day of a Plan Year, the minimum Base Annual Salary deferral shall be the amount determined by the Committee.

(c) **Other.**

(i) Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, the maximum Annual Deferral Amount, with respect to Base Annual Salary, Annual Bonus and Directors Fees shall be limited to the amount of compensation not yet earned by the Participant as of the date the Participant's Plan Agreement and Election Form is accepted by the Committee.

(ii) Notwithstanding any provision of this Plan that may be construed properly to the contrary, a Base Annual Salary deferral shall be a fixed dollar amount, and an Annual Bonus or Directors Fees deferral shall be a fixed percentage of the applicable annual bonus or fee.

3.2 **Withholding of Annual Deferral Amounts**. For each Plan Year, the Base Annual Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Annual Salary payroll in equal amounts. The Annual Bonus and/or Directors Fees portion of the Annual Deferral Amount shall be withheld at the time the Annual Bonus or Directors Fees are or otherwise would be paid to the Participant.

3.3 **Vesting**. A Participant shall at all times be 100% vested in his or her Deferral Account.

3.4 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, deferral amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Election of Measurement Funds**. At the time an Employee becomes a Participant in the Plan, he or she shall designate one or more Measurement Funds which shall be used to determine what additional amounts are to be credited or debited, as the case may be, to his or her Account Balance. Such designations shall apply to the Annual Deferral Amount, as such amounts are deferred by the Participant, and shall remain in force until changed by the Participant in accordance with the policies and procedures as set forth by the Committee, from time to time, which policies and procedures may be changed, modified, and/or amended by the Committee, without prior notice, at the Committee's sole discretion. Until changed by the Committee: (i) Measurement Fund allocation designations must be made in whole percentage points of 5%, or multiples thereof, not to exceed 100%; (ii) a Participant may change his or hers Measurement Fund allocation elections once per calendar quarter, at any time during such quarter, but no later than the third business day prior to the end of such calendar quarter, and (iii) a change in Measurement Fund allocations will take effect at the beginning of the first calendar quarter immediately following the date of change. Notice of any change in Measurement Fund elections must be made to the Committee, or its designee, in a form acceptable to it as determined by it in its sole discretion.

(b) **Measurement Funds** . A Participant may elect one or more measurement funds (the "Measurement Funds") from among those selected by the Committee for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Committee may, in its sole discretion, discontinue, substitute or add Measurement Funds. Each such action will take effect as of the first day of the calendar quarter that follows by thirty (30) days or more the day on which the Committee gives Participants advance written notice of such change. In selecting the Measurement Funds that are available from time to time, neither the Committee nor any Employer shall be liable to any Participant for such selection or adding, deleting or continuing any available Measurement Fund.

(c) **Crediting or Debiting Method** . The performance of each elected Measurement Fund (either positive or negative) will be determined by the Committee, in its sole discretion, based on the performance of the Measurement Funds themselves. A Participant's Account Balance shall be credited or debited on a daily basis based on the performance of each Measurement Fund selected by the Participant, as determined by the Committee in its sole discretion, as though (i) a Participant's Account Balance as of the close of business on the first business day of such calendar quarter were invested in the Measurement Fund(s) selected by the Participant, in the percentages applicable to such calendar quarter, at the closing price on such date; (ii) the portion of the Annual Deferral Amount that was actually deferred during any calendar quarter were invested in the Measurement Fund(s) selected by the Participant, in the percentages applicable to such calendar quarter, no later than the close of business on the third business day after the day on which such amounts are actually deferred from the Participant's Base Annual Salary through reductions in his or her payroll, at the closing price on such date; and (iii) any distribution made to a Participant that decreases such Participant's Account Balance ceased being invested in the Measurement Fund(s), in the percentages applicable to such calendar quarter, no earlier than three business days prior to the distribution, at the closing price on such date.

(d) **No Actual Investment** . Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the Measurement Funds, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

3.5 **FICA and Other Taxes**. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Annual Salary and Bonus that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section.

3.6 **Distributions**. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

ARTICLE 4
Short-Term Payout; Unforeseeable Financial Emergencies; Withdrawal Election

4.1 **Short-Term Payout**. In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a future "Short-Term Payout" from the Plan with respect to such Annual Deferral Amount. Subject to the Deduction Limitation, the Short-Term Payout shall be a lump sum payment in an amount that is equal to either (i) a percentage of some or all of the Annual Deferral Amount, as elected at the time of the deferral, or (ii) a stated dollar amount, as elected at the time of the deferral, not to exceed the Annual Deferral Amount, plus, in either case, amounts credited or debited in the manner provided in Section 3.4 above on that elected amount, determined at the time that the Short-Term Payout becomes payable. Subject to the Deduction Limitation and the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid out during a 90 day period commencing immediately after the last day of any Plan Year designated by the Participant that is at least three Plan Years after the Plan Year in which the Annual Deferral Amount is actually deferred. By way of example, if a three year Short-Term Payout is elected for Annual Deferral Amounts that are deferred in the Plan Year commencing January 1, 2002, the three year Short-Term Payout would become payable during a 90 day period commencing January 1, 2006.

4.2 **Other Benefits Take Precedence Over Short-Term Payout**. Should an event occur that triggers a benefit under Article 5, 6, 7 or 8, any Annual Deferral Amount, plus amounts credited or debited thereon, that is subject to a Short-Term Payout election under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with the other applicable Article.

4.3 **Unforeseeable Financial Emergencies**. If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee to (i) suspend any deferrals required to be made by a Participant and/or (ii) receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant's Account Balance, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. If, subject to the sole discretion of the Committee, the petition for a suspension and/or payout is approved, suspension shall take effect upon the date of approval and any payout shall be made within 60 days of the date of approval. The payment of any amount under this Section 4.3 shall not be subject to the Deduction Limitation.

4.4 **Withdrawal Election**. A Participant (or his or her Beneficiary) may elect, at any time, to withdraw all of his or her Account Balance, less a withdrawal penalty equal to 10% of such amount (the net amount shall be referred to as the "Withdrawal Amount"). This election can be made at any time, before or after Retirement, Disability, death or Termination of Employment, and whether or not the Participant (or Beneficiary) is in the process of being paid pursuant to an installment payment schedule. If made before Retirement, Disability or death, a Participant's Withdrawal Amount shall be his or her Account Balance calculated as if there had occurred a Termination of Employment as of the day of the election. No partial withdrawals of the Withdrawal Amount shall be allowed. The Participant (or his or her Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. The Participant (or his or her Beneficiary) shall be paid the Withdrawal Amount within 60 days of his or her election. Once the Withdrawal Amount is paid, the Participant shall not be eligible to elect additional deferrals under the Plan for a period of time set by the Committee, which period cannot be less than one Plan Year. The payment of this Withdrawal Amount shall be subject to the Deduction Limitation.

ARTICLE 5
Retirement Benefit

5.1 **Retirement Benefit**. Subject to the Deduction Limitation, a Participant who Retires shall receive, as a Retirement Benefit, his or her Account Balance.

5.2 **Payment of Retirement Benefit**. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual Installment Method of up to 15 years. The Participant may change his or her election to an allowable alternative payout period by submitting a new Election Form to the Committee, provided that any such Election Form is submitted at least 1 year prior to the Participant's Retirement and is accepted by the Committee in its sole discretion. The Election Form most recently accepted by the Committee shall govern the payout of the Retirement Benefit. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then such benefit shall be payable in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the last day of the Plan Year in which the Participant Retires. Any payment made shall be subject to the Deduction Limitation.

5.3 **Death Prior to Completion of Retirement Benefit**. If a Participant dies after Retirement but before the Retirement Benefit is paid in full, the Participant's unpaid Retirement Benefit payments shall continue and shall be paid to the Participant's Beneficiary over the remaining number of years and in the same amounts as that benefit would have been paid to the Participant had the Participant not died.

ARTICLE 6
Pre-Retirement Survivor Benefit

6.1 **Pre-Retirement Survivor Benefit**. Subject to the Deduction Limitation, the Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's Account Balance if the Participant dies while in the employ of any Employer.

6.2 **Payment of Pre-Retirement Survivor Benefit**. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form whether the Pre-Retirement Survivor Benefit shall be received by his or her Beneficiary in a lump sum or pursuant to an Annual Installment Method of up to 15 years. The Participant may change this election to an allowable alternative payout period by submitting a new Election Form to the Committee, which form must be accepted by the Committee in its sole discretion. The Election Form most recently accepted by the Committee prior to the Participant's death shall govern the payout of the Participant's Pre-Retirement

Survivor Benefit. If a Participant does not make any election with respect to the payment of the Pre-Retirement Survivor Benefit, then such benefit shall be paid in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than 90 days after the date the Committee is provided with proof that is satisfactory to the Committee of the Participant's death. Any payment made shall be subject to the Deduction Limitation.

ARTICLE 7
Termination Benefit

7.1 **Termination Benefit** . Subject to the Deduction Limitation, the Participant shall receive a Termination Benefit, which shall be equal to the Participant's Account Balance if a Participant experiences a Termination of Employment prior to his or her Retirement, death or Disability.

7.2 **Payment of Termination Benefit** . The Participant's Termination Benefit shall be paid in a lump sum. The lump sum payment shall be made no later than 90 days after the day the Participant experiences the Termination of Employment. Any payment made shall be subject to the Deduction Limitation.

ARTICLE 8
Disability Waiver and Benefit

8.1 **Disability Waiver**.

(a) **Waiver of Deferral**. A Participant who is determined to be suffering from a Disability shall be excused from fulfilling that portion of the Annual Deferral Amount commitment that would otherwise have been withheld from a Participant's Base Annual Salary, Annual Bonus and/or Directors Fees for the Plan Year during the period the Participant is on a leave of absence from work (or from service on the Board of Directors). The Participant will continue to be considered a Participant for all other purposes of this Plan.

(b) **Return to Work**. Upon return to employment, or service as a Director, with an Employer, after a Disability ceases, the Participant shall continue his Annual Deferral Amount prospectively from the date the Participant returns to work or service as a Director.

8.2 **Continued Eligibility; Disability Benefit.** A Participant suffering a Disability shall, for benefit purposes under this Plan, continue to be considered to be employed, or in the service of an Employer as a Director, and shall be eligible for the benefits provided for in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles. Notwithstanding the above, the Committee shall have the right to, in its sole and absolute discretion and for purposes of this Plan only, and must in the case of a Participant who is otherwise eligible to Retire, deem the Participant to have experienced a Termination of Employment, or in the case of a Participant who is eligible to Retire, to have Retired, at any time (or in the case of a Participant who is eligible to Retire, as soon as practicable) after such Participant is determined to be suffering a Disability, in which case the Participant shall receive a Disability Benefit equal to his or her Account Balance at the time of the Committee's determination; provided, however, that should the Participant otherwise have been eligible to Retire, he or she shall be paid in accordance with Article 5. The Disability Benefit shall be paid in a lump sum within 60 days of the Committee's exercise of such right. Any payment made shall be subject to the Deduction Limitation.

ARTICLE 9
Beneficiary Designation

9.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

9.2 **Beneficiary Designation; Change; Spousal Consent**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

9.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

9.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 9.1, 9.2 and 9.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

9.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

9.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 10
Leave of Absence

10.1 **Paid Leave of Absence** . If a Participant is authorized by the Participant's Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.2.

10.2 **Unpaid Leave of Absence** . If a Participant is authorized by the Participant's Employer for any reason to take an unpaid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Participant shall be excused from making deferrals until the earlier of the date the leave of absence expires or the Participant returns to a paid employment status. Upon such expiration or return, deferrals shall resume for the remaining portion of the Plan Year in which the expiration or return occurs, based on the deferral election, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral shall be withheld.

ARTICLE 11
Termination, Amendment or Modification

11.1 **Termination**. Although it is anticipated that the Plan will continue for an indefinite period of time, there is no guarantee that the Company will continue the Plan. Accordingly, the Company reserves the right to discontinue its sponsorship of the Plan and/or to terminate the Plan at any time with respect to any Employer by action of the Board. Upon the termination of the Plan with respect to any Employer, the Plan Agreements of the affected Participants who are employed by that Employer, or in the service of that Employer as Directors, shall terminate and their Account Balances, determined as if they had experienced a Termination of Employment on the date of Plan termination or, if Plan termination occurs after the date upon which a Participant was eligible to Retire, then with respect to that Participant as if he or she had Retired on the date of Plan termination, shall be paid to the Participants as follows: Prior to a Change in Control, if the Plan is terminated with respect to all of its Participants, an Employer shall have the right, in its sole discretion, and notwithstanding any elections made by the Participant, to pay such benefits in a lump sum or pursuant to an Annual Installment Method of up to 15 years, with amounts credited and debited during the installment period as provided herein. If the Plan is terminated with respect to less than all of its Participants, an Employer shall be required to pay such benefits in a lump sum. After a Change in Control, the Employer shall be required to pay such benefits in a lump sum. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination; provided however, that the Employer shall have the right to accelerate installment payments without a premium or prepayment penalty by paying the Account Balance in a lump sum or pursuant to an Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule).

11.2 **Amendment**. The Company may, at any time, through the Board amend or modify the Plan, in whole or in part, with respect to any Employer; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification, and (ii) no amendment or modification of this Section 11.2 or Section 12.2 of the Plan shall be effective. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification; provided, however, that the Employer shall have the right to accelerate installment payments by paying the Account Balance in a lump sum or pursuant to an Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule).

11.3 **Plan Agreement**. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed to by both the Employer and the Participant. Despite the provisions of Sections 11.1 and 11.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate such provisions with the consent of the Participant.

11.4 **Effect of Payment**. The full payment of the applicable benefit under Articles 4, 5, 6, 7 or 8 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan and the Participant's Plan Agreement shall terminate.

ARTICLE 12
Administration

12.1 **Committee Duties**. Except as otherwise provided in this Article 12, this Plan shall be administered by a Committee appointed by the Board, which Committee may consist, in part or in full, of persons who are not on the Board. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (ii) decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company.

12.2 **Administration Upon Change in Control**. For purposes of this Plan, the Company shall be the "Administrator" at all times prior to the occurrence of a Change in Control. Upon and after the occurrence of a Change in Control, the "Administrator" shall be an independent third party selected by the Trustee and approved by the individual who, immediately prior to such event, was the Company's Chief Executive Officer or, if not so identified, the Company's highest ranking officer (the "Ex-CEO"). The Administrator shall have the discretionary power to determine all questions arising in connection with the administration of the Plan and the interpretation of the Plan and Trust including, but not limited to benefit entitlement determinations; provided, however, upon and after the occurrence of a Change in Control, the Administrator shall have no power to direct the investment of Plan or Trust assets or select any investment manager or custodial firm for the Plan or Trust. Upon and after the occurrence of a Change in Control, the Company must: (1) pay all reasonable administrative expenses and fees of the Administrator; (2) indemnify the Administrator against any costs, expenses and liabilities including, without limitation, attorney's fees and expenses arising in connection with the performance of the Administrator hereunder, except with respect to matters resulting from the gross negligence or willful misconduct of the Administrator or its employees or agents; and (3) supply full and timely information to the Administrator or all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the date of circumstances of the Retirement, Disability, death or Termination of Employment of the Participants, and such other pertinent information as the Administrator may reasonably require. Upon and after a Change in Control, the

Administrator may be terminated (and a replacement appointed) by the Trustee only with the approval of the Ex-CEO. Upon and after a Change in Control, the Administrator may not be terminated by the Company.

12.3 **Agents** . In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.

12.4 **Binding Effect of Decisions** . The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

12.5 **Indemnity of Committee** . All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.

12.6 **Employer Information** . To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 13
Other Benefits and Agreements

13.1 **Coordination with Other Benefits**. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 14
Claims Procedures

14.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

14.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure set forth in Section 14.3 below.

14.3 **Review of a Denied Claim**. Within 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than 30 days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):

(a) may review pertinent documents;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

14.4 **Decision on Review**. The Committee shall render its decision on review promptly, and not later than 60 days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and

(c) such other matters as the Committee deems relevant.

14.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 14 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 15
Trust

15.1 **Establishment of the Trust**. The Company has establish the Trust, and each Employer shall at least annually transfer over to the Trust such assets as the Employer determines, in its sole discretion, are necessary to provide, on a present value basis, for its respective future liabilities created with respect to the Annual Deferral Amounts for such Employer's Participants for all periods prior to the transfer, as well as any debits and credits to the Participants' Account Balances for all periods prior to the transfer, taking into consideration the value of the assets in the trust at the time of the transfer.

15.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

15.3 **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

15.4 **Investment of Trust Assets**. The Trustee of the Trust shall be authorized, upon written instructions received from the Committee or investment manager appointed by the Committee, to invest and reinvest the assets of the Trust in accordance with the applicable Trust Agreement, including the disposition of stock and reinvestment of the proceeds in one or more investment vehicles designated by the Committee.

ARTICLE 16
Miscellaneous

16.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employee" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

16.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

16.3 **Employer's Liability**. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

16.4 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

16.5 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

16.6 **Furnishing Information**. Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

16.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

16.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

16.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

16.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Jacobs Engineering Group Inc.
Employee Benefits
1111 S. Arroyo Parkway
Pasadena, CA 91105

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

16.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

16.12 **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

16.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

16.14 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

16.15 **Court Order**. The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant’s benefits under the Plan in connection with a property settlement or otherwise, the Committee, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant’s benefits under the Plan to that spouse or former spouse.

16.16 **Distribution in the Event of Taxation**.

(a) **In General**. If, for any reason, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Committee before a Change in Control, or the trustee of the Trust after a Change in Control, for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld (and, after a Change in Control, shall be granted), a Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within 90 days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the benefits to be paid under this Plan.

(b) **Trust**. If the Trust terminates in accordance with Section 3.6(e) of the Trust and benefits are distributed from the Trust to a Participant in accordance with that Section, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.

16.17 **Insurance**. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Employers may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

16.18 **Legal Fees to Enforce Rights After Change in Control**. The Company and each Employer is aware that upon the occurrence of a Change in Control, the Board or the board of directors of a Participant’s Employer (which might then be composed of new members) or a shareholder of the Company or the Participant’s Employer, or of any successor corporation might then cause or attempt to cause the Company, the Participant’s Employer or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company or the Participant’s Employer to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, it should appear to any Participant that the Company, the Participant’s Employer or any successor corporation has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if the Company, such Employer or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant the benefits intended to be provided, then the Company and the Participant’s Employer irrevocably authorize such Participant to retain counsel of his or her choice at the expense of the Company and the Participant’s Employer (who shall be jointly and severally liable) to represent such Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company, the Participant’s Employer or any director, officer, shareholder or other person affiliated with the Company, the Participant’s Employer or any successor thereto in any jurisdiction.

IN WITNESS WHEREOF, the Company has signed this Plan document as of ___________.

"Company"

Jacobs Engineering Group Inc.

By: ________________________________

Title: ________________________________

Jacobs Engineering Group Inc. 401(k) Plus Savings Plan and Trust

As Amended and Restated April 1, 2003

Jacobs Engineering Group Inc. (the "Company") previously established the Jacobs Engineering Group Inc. 401(k) Plus Savings Plan (the "Plan") for the exclusive benefit of eligible employees of the Company and its participating affiliates. The Plan is intended to constitute a qualified profit sharing plan, as described in Code section 401(a), which includes a qualified cash or deferred arrangement, as described in Code section 401(k).

The provisions of the Plan and Trust relating to the Trustee constitute the trust agreement which is entered into by and between Jacobs Engineering Group Inc. and Vanguard Fiduciary Trust Company. The Trust is intended to be tax exempt, as described in Code section 501(a).

The Plan is intended to comply with the qualification requirements as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), the Uruguay Round Agreements Act (GATT), the Small Business Job Protection Act of 1996 (SBJPA), the Taxpayer Relief Act of 1997 (TRA '97), and the Restructuring and Reform Act of 1998 (RRA '98), and is intended to comply in operation therewith. To the extent that the Plan, as set forth below, is subsequently determined to be insufficient to comply with such requirements and any regulations issued under these qualification requirements, the Plan shall later be amended to so comply.

The Jacobs Engineering Group Inc. 401(k) Plus Savings Plan and Trust, as set forth in this document, is hereby amended and restated effective as of January 1, 2002.

Date: April 1, 2003 Jacobs Engineering Group Inc.

By: /S/ John W. Prosser, Jr.

Title: Executive Vice President

Finance and Administration

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1 DEFINITIONS

When capitalized, the words and phrases below have the following meanings unless different meanings are clearly required by the context:

1.1"Account". The records maintained by the Administrator for purposes of accounting for a Participant's interest in the Plan. "Account" may refer to one or all of the following accounts which have been created on behalf of a Participant to hold amounts attributable to specific types of Contributions under the Plan or to hold Contributions made under the plan of a Related Company in which a Participant formerly participated and which have been transferred to this Plan, contributions previously permitted under the Plan and amounts transferred from the Plan in accordance with Section 4.2:

(a)"Pre-Tax Account". An account created to hold amounts attributable to Pre-Tax Contributions.

(b)"After-Tax Account". An account created to hold amounts attributable to amounts previously contributed by an eligible Participant on an after-tax basis under former Plan provisions.

(c)"Rollover Account". An account created to hold amounts attributable to Rollover Contributions.

(d)"Matching Account". An account created to hold amounts attributable to Matching Contributions.

(e)"Prior Plan Account". An account created to hold amounts attributable to amounts previously contributed by the Employer on an eligible Participant's behalf and allocated on a pay based formula under former Plan provisions

1.2"ACP" or "Average Contribution Percentage". The percentage calculated in accordance with Section 12.1.

1.3"Administrator". The Company, which may delegate all or a portion of the duties of the Administrator under the Plan to a Committee in accordance with Section 15.6.

1.4"ADP" or "Average Deferral Percentage". The percentage calculated in accordance with Section 12.1.

1.5"Alternate Payee". Any spouse, former spouse, child or other dependent (as defined in Code section 152) of a Participant who is recognized by a domestic relations order as having a right to receive all, or a portion, of the Participant's Account under the Plan.

1.6"Beneficiary". The person or persons who is to receive benefits under the Plan after the death of the Participant pursuant to the "Beneficiary Designation" paragraph in Section 11.

1.7"Code". The Internal Revenue Code of 1986, as amended. Reference to any specific Code section shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.8"Committee". If applicable, the committee which has been appointed by the Administrator to administer the Plan in accordance with Section 15.6.

1.9"Company". Jacobs Engineering Group Inc. or any successor by merger, purchase or otherwise.

1.10"Compensation". The sum of a Participant's Taxable Income and salary reductions, if any, pursuant to Code section 125, 402(e)(3), 402(h)(1)(B), 403(b), 408(p)(2)(A)(i) or 457.

For purposes of determining benefits and allocations under the Plan, Compensation is limited to $200,000 per Plan Year, effective January 1, 2002 (as adjusted for cost of living increases under Code sections 401(a)(17)(B) and 415(d)). Annual Compensation for such purposes means compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the Determination Period). The cost of living adjustment in effect for a calendar year applies to Annual Compensation for the Determination Period that begins with or within such calendar year.

For limitation ears beginning after December 31, 1997, the definition of “Compensation” for purposes of Code section 415(c)(3) shall include any elective deferrals as defined under Code section 402(g)(3).

For Plan years prior to January 1, 2002, Compensation shall be limited to the limits that were in effect under Code sections 401(a)(17), 414(s), 415(c)(3) and other applicable provisions of the Code and regulations thereunder for periods prior to 2002.

For purposes of determining HCEs and key employees and for purposes of Sections 13.2 and 14.2, Compensation for the entire Plan Year shall be used. For purposes of determining ADP and ACP, Compensation shall be limited to amounts paid to an Eligible Employee while a Participant.

For limitation years beginning on or after January 1, 2001, for purposes of applying the limitations described in Article 3 of this Plan and for purposes of determining benefits and allocations under the Plan, Compensation paid or made available during such limitation years shall include elective amounts that are not includable in the gross income of the employee by reason of Code section 132(f)(4).

1.11"Contribution". An amount contributed to the Plan by the Employer or an Eligible Employee, and allocated by contribution type to Participants' Accounts, as described in Section 1.1. Specific types of contribution include:

(a)"Pre-Tax Contribution". An amount contributed by an eligible Participant in conjunction with his or her Code section 401(k) salary deferral election which shall be treated as made by the Employer on the eligible Participant's behalf.

(b)"Rollover Contribution". An amount contributed by an Eligible Employee which originated from another employer's or an Employer's qualified plan.

(c)"Matching Contribution". An amount contributed by the Employer on an eligible Participant's behalf based upon the amount contributed by the eligible Participant.

1.12"Contribution Dollar Limit". The annual limit placed on each Participant's Pre-Tax Contributions under this Plan, or any other qualified plan maintained by the Employer during any tax year, which shall be $11,000 per calendar year effective January 1, 2002, (as adjusted for cost of living increases pursuant to Code sections 402(g)(5) and 415(d)). For purposes of this Section, a Participant's Pre-Tax Contributions shall include (i) any employer contribution under a qualified cash or deferred arrangement (as defined in Code section 401(k)) to the extent not includible in gross income for the taxable year under Code section 402(e)(3) (determined without regard to Code section 402(g)), (ii) any employer contribution to the extent not includible in gross income for the taxable year under Code section 402(h)(1)(B) (determined without regard to Code section 402(g)), (iii) any employer contribution to purchase an annuity contract under Code section 403(b) under a salary reduction agreement (within the meaning of Code section 3121(a)(5)(D)) and (iv) any elective employer contribution under Code section 408(p)(2)(A)(i). The annual limit referred to above shall not be reduced by Catch-Up Contributions to the extent permitted under Section 3.7 of the Plan. The deferral limits under Code section 402(g) that were in effect for years beginning before January 1, 2002 shall continue to apply for Plan years prior to 2002.

1.13"Conversion Period". The period of converting the prior accounting system of the Plan and Trust or the prior accounting system of any plan and trust which is merged, in whole or in part, into the Plan and Trust, to the accounting system described in Section 6.

1.14"Direct Rollover". An Eligible Rollover Distribution that is paid by the Plan directly to an Eligible Retirement Plan for the benefit of a Distributee.

1.15"Disability". A Participant's total and permanent, mental or physical disability resulting in termination of employment as evidenced by (a) receipt of disability payments under the Employer’s long-term disability program or (b) presentation of medical evidence satisfactory to the Administrator.

1.16"Distributee". A Participant, a Beneficiary (if he or she is the surviving spouse of a Participant) or an Alternate Payee under a QDRO (if he or she is the spouse or former spouse of a Participant).

1.17"Effective Date". The date upon which the provisions of this amended and restated document become effective. This date is January 1, 2002 unless stated otherwise. In general, the provisions of this document only apply to Participants who are Employees on or after the Effective Date. However, investment and distribution provisions apply to all Participants with Account balances to be invested or distributed after the Effective Date. The effective date of the original Plan document is October 1, 1974.

1.18"Eligible Employee". An Employee of an Employer, except any Employee:

(a)whose compensation and conditions of employment are covered by a collective bargaining agreement to which the Employer is a party unless the agreement calls for the Employee's participation in the Plan;

(b)who is treated as an Employee because he or she is a Leased Employee; or (c)who is a nonresident alien and who (i) receives no earned income (within the meaning of Code section 911(d)(2)), from sources within the United States under Code section 861(a)(3); or (ii) receives such earned income from such sources within the United States but such income is exempt from United States income tax under an applicable income tax convention.

1.19"Eligible Retirement Plan". An individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), or a qualified trust described in Code section 401(a), that accepts a Distributee's Eligible Rollover Distribution, except that, if the Distributee is the surviving spouse of a Participant, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

For Plan Years after December 31, 2001, an eligible retirement plan shall also mean any annuity contract described in Section 403(b) of the Code, and an eligible Section 457(b) deferred compensation plan maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into such plan from this Plan. An eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code.

1.20"Eligible Rollover Distribution". A distribution of all or any portion of the balance to the credit of a Distributee, excluding (i) a distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; (ii) a distribution to the extent such distribution is required under Code section 401(a)(9); iii) the portion of a distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities); (iv) any hardship distribution, or (v) any distribution if the aggregate amount of distributions to the Participant is reasonably expected to be less than $200 for the calendar year.

For distributions after December 31, 2001, a distribution shall not fail to be an eligible rollover distribution merely because the distribution consists of after-tax employee contributions that are not includible in gross income. However, the portion of any such distribution that consists of after-tax employee contributions may be transferred only to an individual retirement account or annuity described in Code section 408(a) or (b), or to a qualified defined contribution plan described in Code section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separate accounting for the portion of the distribution that is includable in gross income and the portion of the distribution that is not includable in gross income.

Effective for calendar years beginning January 1, 1999, an Eligible Rollover Distribution described in Code section 402(c)(4), which the Participant may elect to roll over to another plan under Code section 401()(31), excludes hardship distributions as described in Code section 401(k)(2)(B)(i)(IV), which are attributable to the Participant’s elective contributions under Treas. Reg. §1.401(k)-1(d)(2)(ii).

1.21"Employee". An individual who is:

(a)directly employed by any Related Company and for whom any income for such employment is subject to withholding of income or social security taxes, or

(b)a Leased Employee.

1.22"Employer". The Company and any other Related Company that adopts the Plan with the approval of the Company.

1.23"ERISA". The Employee Retirement Income Security Act of 1974, as amended. Reference to any specific ERISA section shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.24"Former Participant". The Plan status of an individual after he or she is determined to be a Terminated Participant and his or her Account is distributed or forfeited.

1.25"HCE" or "Highly Compensated Employee". An Employee who is a Highly Compensated Employee as determined under Section 12.

1.26"Hour of Service". Each hour for which an Employee is entitled to:

(a)payment for the performance of duties for any Related Company;

(b)payment from any Related Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence;

(c)back pay, irrespective of mitigation of damages, by award or agreement with any Related Company (and these hours shall be credited to the period to which the award or agreement pertains); or

(d)no payment, but is on a Leave of Absence (and these hours shall be based upon his or her normally scheduled hours per week or a 40 hour week if there is no regular schedule).

The crediting of Hours of Service for which no duties are performed shall be in accordance with the U.S. Department of Labor regulation sections 2530.200b-2(b) and (c). Actual hours shall be used whenever an accurate record of hours are maintained for an Employee. Otherwise, an equivalent number of hours shall be credited for each payroll period in which the Employee would be credited with at least 1 Hour of Service. The payroll period equivalencies are 45 hours weekly, 90 hours biweekly, 95 hours semimonthly and 190 hours monthly.

An Employee's service with a predecessor or acquired company shall only be counted in the determination of his or her Hours of Service for eligibility and/or vesting purposes if (1) the Company directs that credit for such service be granted, or (2) a qualified plan of the predecessor or acquired company is subsequently maintained by any Related Company.

1.27"Ineligible". The Plan status of an individual who is (1) an Employee of a Related Company which is not then an Employer, (2) an Employee of an Employer, but not an Eligible Employee, or (3) not an Employee.

1.28"Investment Fund". An investment fund as described in Section 16.2. The Investment Funds authorized by the Administrator to be offered under the Plan as of the Effective Date are set forth in Appendix A.

1.29"Leased Employee". An individual other than an Employee who, pursuant to an agreement between the recipient and any other person ("Leasing Organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code section 414(n)(6)) on a substantially full time basis for a period of at lest one year, and such services are performed under the primary direction or control of the recipient. Contributions or benefits provided to a Leased Employee by the Leasing Organization that are attributable to services performed for the recipient Employer shall be treated as provided by the recipient Employer).

A Leased Employee shall not be considered an employee of the recipient if:

(i)such employee is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in Code section 415(c)(3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross income under Code sections 125, 402(e)(3), 402(h)(1)(B) or 403(b), (2) immediate participation, and (3) full and immediate vesting; and

(ii)leased employees do not constitute more than 20 percent of the recipient's nonhighly compensated work force.

1.30"Leave of Absence". A period during which an individual is deemed to be an Employee, but is absent from active employment, provided that the absence:

(a)was authorized by a Related Company; or

(b)was due to military service in the United States armed forces and the individual returns to active employment within the period during which he or she retains employment rights under federal law.

1.31"Loan Account". The record maintained for purposes of accounting for a Participant's loan and payments of principal and interest thereon.

1.32"NHCE" or "Non-Highly Compensated Employee". An Employee who is a Non-Highly Compensated Employee as determined under Section 12.

1.33"Normal Retirement Date". The date of a Participant's 65th birthday.

1.34"Owner". A person with an ownership interest in the capital, profits, outstanding stock or voting power of a Related Company within the meaning of Code section 318 or 416 (which exclude indirect ownership through a qualified plan).

1.35"Parental Leave". The period of absence from work by reason of the pregnancy of an Employee, the birth of the Employee's child, the placement of a child with the Employee in connection with the child's adoption, or the caring for such child immediately after birth or placement as described in Code section 410(a)(5)(E).

1.36"Participant". The Plan status of an Eligible Employee after he or she completes the eligibility requirements and enters the Plan as described in Section 2.1 and any individual for whom assets have been transferred from a predecessor plan merged, in whole or in part, with the Plan. An Eligible Employee who makes a Rollover Contribution prior to completing the eligibility requirements as described in Section 2.1 shall also be considered a Participant, except that he or she shall not be considered a Participant for purposes of Plan provisions related to Contributions, other than a Rollover Contribution, until he or she completes the eligibility requirements and enters the Plan as described in Section 2.1. A Participant's participation continues until his or her employment with all Related Companies ends and his or her Account is distributed or forfeited.

1.37"Pay". The base pay paid to an Eligible Employee by an Employer while he or she is a Participant during the current period.

Pay is neither increased by any salary credit or decreased by any salary reduction pursuant to Code sections 125 or 402(e)(3). Pay is limited to $200,000 per Plan Year effective January 1, 2002 (as adjusted for cost of living increases pursuant to Code sections 401(a)(17) and 415(d)).

1.38"Plan". The Jacobs Engineering Group Inc. 401(k) Plus Savings Plan set forth in this document, as from time to time amended.

1.39"Plan Year". The annual accounting period of the Plan and Trust which ends on each December 31.

1.40"QDRO". A domestic relations order which the Administrator has determined to be a qualified domestic relations order within the meaning of Code section 414(p).

1.41"Related Company". With respect to any Employer, that Employer and any corporation, trade or business which is, together with that Employer, a member of the same controlled group of corporations, a trade or business under common control, or an affiliated service group within the meaning of Code sections 414(b), (c), (m) or (o), except that for purposes of Section 13 "within the meaning of Code sections 414(b), (c), (m) or (o), as modified by Code section 415(h)" shall be substituted for the preceding reference to "within the meaning of Code sections 414(b), (c), (m) or (o)".

1.42"Required Beginning Date". The latest date benefit payments shall commence to a Participant.

(a)For calendar years commencing before January 1, 1997, such date shall mean:

(1)with regard to a Participant who attained age 70½ in 1996, did not terminate employment with all Related Companies before January 1, 1997, and is not or was not a 5% Owner, the April 1 that next follows (i) the calendar year in which the Participant attained age 70½, or (ii) if the Participant elects to apply this clause (ii), the calendar year in which the Participant terminates employment with all Related Companies (and any such election must be made prior to January 1, 1998); and

(2)with regard to a Participant who attained age 70½ after December 31, 1987 and before January 1, 1996 or, in 1996 if he or she terminated employment with all Related Companies before January 1, 1997 or is or

was a 5% Owner, the April 1 that next follows the calendar year in which the Participant attains age 70½ and

(3)with regard to a Participant who attained age 70½ before January 1, 1988 and who is not 5% Owner, the April 1 that next follows the later of (i) the calendar year in which the Participant attained age 70½, or (ii) the calendar year in which the Participant terminates employment with all Related Companies; and

(4)with regard to a Participant who attained age 70½ before January 1, 1988 and who is a 5% Owner, the April 1 that next follows the later of (i) the calendar year in which the Participant attained age 70½, or (ii) the earlier of the calendar year in which or within which ends the Plan Year in which the Participant becomes a 5% Owner or the calendar year in which he or she terminates employment with all Related Companies.

A Participant shall be considered a 5% Owner for this purpose if such Participant is a 5% Owner as defined in Code section 416(i) (determined in accordance with Code section 416 but without regard to whether the Plan is top-heavy) at any time during the Plan Year ending with or within the calendar year in which the Participant attains age 66½ or in any subsequent Plan Year.

(b)For calendar years commencing after December 31, 1996 and before January 1, 1999, such date shall mean:

(1)with regard to a Participant who attained age 70½ in 1997 or 1998, the April 1 that next follows the calendar year in which he or she attained age 70½, except that if the Participant (i) did not terminate employment with all Related Companies before January 1 of the calendar year following the calendar year in which he or she attained age 70½, (ii) is not a 5% Owner, such date shall instead mean the April 1 that next follows (i) the calendar year in which the Participant attained age 70½, or (ii) if the Participant elects to apply this clause (ii), the calendar year in which the Participant terminates employment with all Related Companies (and any such election must be made prior to the April 1 of the calendar year following the calendar year in which he or she attained age 70½); and

(2)with regard to a Participant who is a 5% Owner, the April 1 that next follows the calendar year in which the Participant attains age 70½.

A Participant shall be considered a 5% Owner for this purpose if such Participant is a 5% Owner with respect to the Plan Year ending in the calendar year in which the Participant attains age 70½.

(c)For calendar years commencing after December 31, 1998, such date shall mean:

(1)with regard to a Participant who is not a 5% Owner, the April 1 that next follows the later of (i) the calendar year in which the Participant attained age 70½, or (ii) the calendar year in which the Participant terminates employment with all Related Companies; and

(2)with regard to a Participant who is a 5% Owner, the April 1 that next follows the calendar year in which the Participant attains age 70½.

A Participant shall be considered a 5% Owner for this purpose if such Participant is a 5% Owner with respect to the Plan Year ending in the calendar year in which the Participant attains age 70½.

1.43"Spousal Consent". The written consent given by a spouse to a Participant's election or waiver of Beneficiary designation. The spouse's consent must acknowledge the effect on the spouse of the Participant's election, waiver or designation, and be duly witnessed by a notary public. Spousal Consent shall be valid only with respect to the spouse who signs the Spousal Consent and only for the particular choice made by the Participant which requires Spousal Consent. A Participant may revoke (without Spousal Consent) a prior election, waiver or designation that required Spousal Consent at any time before payments begin. Spousal Consent also means a determination by the Administrator that there is no spouse, the spouse cannot be located, or such other circumstances as may be established under Code section 417(a)(2)(B).

1.44"Taxable Income". Compensation in the amount reported by the Employer or a Related Company as "Wages, tips, other compensation" on Form W-2, or any successor method of reporting under Code section 6041(d).

1.45"Terminated Participant". The Plan status of a Participant who is not an Employee and with respect to whom the Administrator has reported to the Trustee that the Participant's employment has terminated with all Related Companies.

1.46"Trust". The legal entity created by those provisions of this document which relate to the Trustee. The Trust is part of the Plan and holds the Plan assets which are comprised of the aggregate of Participants' Accounts, and any unallocated funds invested in interest bearing deposits (which may include interest bearing deposits of the Trustee) and/or money market type assets or funds, pending allocation to Participants' Accounts or disbursement to pay Plan fees and expenses.

1.47"Trustee". Vanguard Fiduciary Trust Company

1.48"USERRA". The Uniformed Services Employment and Reemployment Rights Act of 1994, as amended.

1.49“Valuation Date”. Each business day the New York Stock Exchange is open for business.

2 ELIGIBILITY

2.1 Eligibility

All Participants as of January 1, 1998 shall continue their eligibility to participate.

For purposes of Pre-Tax Contributions, each other individual who is an Eligible Employee on January 1, 1998 shall become a Participant on that date. Each other Eligible Employee shall become a Participant as soon as administratively feasible after date of hire but not more than 30 days.

For purposes of Matching Contributions, each Eligible Employee shall become a Participant on the first day of the next month after the date he or she completes a 12-month eligibility period in which he or she is credited with at least 1,000 Hours of Service. The initial eligibility period begins on the date an Employee first performs an Hour of Service. Subsequent eligibility periods begin with the start of each Plan Year beginning after the first Hour of Service is performed.

2.2 Ineligible Employees

If an Employee completes the above eligibility requirements, but is Ineligible at the time participation would otherwise begin (if he or she were not Ineligible), he or she shall become a Participant on the first subsequent date on which he or she is an Eligible Employee.

2.3 Ineligible, Terminated or Former Participants

An Ineligible, Terminated or Former Participant may not make or share in any Contributions, other than such Contributions due to be made on his or her behalf after the date he or she became an Ineligible, Terminated or Former Participant for periods prior to such date, nor may an Ineligible or Terminated Participant be eligible for a new Plan loan (except as described in Section 9.1), during the period he or she is an Ineligible or Terminated Participant, but he or she shall continue to participate for all other purposes. An Ineligible, Terminated or Former Participant shall automatically become an active Participant on the date he or she again becomes an Eligible Employee.

3 PARTICIPANT CONTRIBUTIONS

3.1 Pre-Tax Contribution Election

Upon becoming a Participant, an Eligible Employee may elect to reduce his or her Pay by an amount which does not exceed the Contribution Dollar Limit or the limits described in the Contribution Percentage Limits paragraph of this Section 3, and have such amount contributed to the Plan by the Employer as a Pre-Tax Contribution. The election shall be made in such manner and with such advance notice as prescribed by the Administrator and may be limited to a whole percentage of Pay. In no event shall an Employee's Pre-Tax Contributions under the Plan and comparable contributions to all other plans, contracts or arrangements of all Related Companies exceed the Contribution Dollar Limit for the Employee's taxable year beginning in the Plan Year.

3.2 Changing a Contribution Election

A Participant who is an Eligible Employee may change his or her Pre-Tax Contribution election at any time in such manner and with such advance notice as prescribed by the Administrator, and such election change shall be effective as soon as administratively feasible after such date. A Participant's Contribution election made as a percentage of Pay shall automatically apply to Pay increases or decreases.

3.3 Revoking and Resuming a Contribution Election

A Participant may revoke his or her Pre-Tax Contribution election at any time in such manner and with such advance notice as prescribed by the Administrator, and such revocation shall be effective as soon as administratively feasible after such date.

A Participant who is an Eligible Employee may resume Pre-Tax Contributions by making a new election at the same time in which a Participant may change his or her election and such election shall be effective as soon as administratively feasible after such date.

3.4 Contribution Percentage Limits

The Administrator or the Committee may establish and change from time to time, in writing, without the necessity of amending the Plan and Trust, the minimum, if applicable, and maximum Pre-Tax Contribution percentages, prospectively or retrospectively (for the current Plan Year), for all Participants. In addition, the Administrator may establish any lower percentage limits for Highly Compensated Employees as it deems necessary to satisfy the tests described in Section 12. As of the Effective Date, the maximum Contribution percentages are:

Plan Years	Contribution Type	Highly Compensated Employees	All Other Participants
Prior to 2002	Pre-Tax	10%	18%
After 2001	Pre-Tax	10%	50%

Irrespective of the limits that may be established by the Administrator in accordance with the paragraph above , in no event shall the Contributions made by or on behalf of a Participant for a Plan Year exceed the maximum allowable under Code section 415.

3.5 Refunds When Contribution Dollar Limit Exceeded

A Participant who makes Pre-Tax Contributions for a calendar year to the Plan and comparable contributions to any other qualified defined contribution plan in excess of the Contribution Dollar Limit may notify the Administrator in writing by the following March 1 (or as late as April 14 if allowed by the Administrator) that an excess has occurred. In this event, the amount of the excess specified by the Participant, adjusted for investment gain or loss, shall be refunded to him or her by the April 15 following the year of deferral and shall not be included as an Annual Addition (as defined in Section 13.1) under Code section 415 for the year contributed. The excess amounts shall first be taken from unmatched Pre-Tax Contributions and then from matched Pre-Tax Contributions. Any Matching Contributions attributable to refunded excess Pre-Tax Contributions as described in this Section, adjusted for investment gain or loss, shall be forfeited and used to reduce future

Contributions to be made by an Employer as soon as administratively feasible. Refunds and forfeitures shall not include investment gain or loss for the period between the end of the applicable calendar year and the date of distribution or forfeiture.

3.6 Timing, Posting and Tax Considerations

Participants' Contributions, other than Rollover Contributions, may only be made through payroll deduction. Such amounts shall be paid to the Trustee in cash and posted to each Participant's Account(s) as soon as such amounts can reasonably be separated from the Employer's general assets and balanced against the specific amount made on behalf of each Participant. In no event, however, shall such amounts be paid to the Trustee more than 15 business days following the end of the month that includes the date amounts are deducted from a Participant's Pay (or as that maximum period may be otherwise extended by ERISA). Pre-Tax Contributions shall be treated as Contributions made by an Employer in determining tax deductions under Code section 404(a).

3.7 Catch-Up Contributions

All Employees who are eligible to make elective deferrals under this Plan may make Catch-Up Contributions to this Plan on the following terms and conditions:

(a) The Employee may make the Catch-Up Contribution if the Employee has attained age 50 before the close of the Plan Year for which the Catch-Up Contribution is made.

(b) The Catch-Up Contributions must be made in accordance with, and subject to the limitations of Code section 414(b). The Catch-Up Contribution shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code sections 402(g) and 415. The Plan shall not be treated as failing to satisfy the provisions of the plan implementing the requirements of Code sections 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416, as applicable, by reason of making such Catch-Up Contributions.

(c) Catch-Up Contributions may be made only for Plan Years beginning after December 31, 2001.

(d) The aggregate Catch-Up Contributions that may be made to this Plan and other Eligible Retirement Plans under Code section 414(v) are the following amounts for the following years:

2001	$0
2002	$1,000
2003	$2,000
2004	$3,000
2005	$4,000
2006	$5,000
2007-2010	$5,000, indexed annually for inflation in $500 increments
2011 and thereafter	$0

4 ROLLOVER CONTRIBUTIONS AND TRANSFERS FROM AND TO OTHER QUALIFIED PLANS

4.1 Rollover Contributions from Other Plans

The Administrator may authorize the Trustee to accept a Rollover Contribution in cash, directly from an Eligible Employee or as a Direct Rollover from another qualified plan on behalf of the Eligible Employee, even if he or she is not yet a Participant. The Employee shall be responsible for providing satisfactory evidence, in such manner as prescribed by the Administrator, that such Rollover Contribution qualifies as a rollover contribution, within the meaning of Code section 402(c) or 408(d)(3)(A)(ii). Such amounts received directly from an Eligible Employee must be paid to the Trustee in cash within 60 days after the date received by the Eligible Employee from an Eligible Retirement Plan. Rollover Contributions shall be posted to the Eligible Employee's Rollover Account as of the date received by the Trustee.

If the Administrator later determines that an amount contributed pursuant to the above paragraph did not in fact qualify as a rollover contribution, within the meaning of Code section 402(c) or 408(d)(3)(A)(ii), the balance credited to the Participant's Rollover Account shall immediately be (1) segregated from all other Plan assets, (2) treated as a nonqualified trust established by and for the benefit of the Participant, and (3) distributed to the Participant. Any such amount shall be deemed never to have been a part of the Plan.

4.2 Transfers From Other Qualified Plans

The Administrator may instruct the Trustee to receive assets in cash or in kind directly from another Eligible Retirement Plan on the following terms and conditions:

(a)The transferor plan must be a qualified plan described in Code section 401(a) or 403(a), excluding after-tax employee contributions. This plan may also accept rollover contributions from an individual retirement account or annuity described in Code section 408(a) or (b) that is eligible to be rolled over and would otherwise be includable in gross income.

(b)The Participant complies with reasonable regulations adopted from time to time by the Administrator. The Participant must provide the name and address of the transferor plan and such other information that is needed to accept the transfer from the other plan.

(c)The transfer will not be accepted if any amounts are not exempted by Code section 401(a)(11)(B) from the annuity requirements of Code section 417 unless the Plan complies with such requirements.

(d)The transfer will not be accepted if any amounts include benefits protected by Code section 411(d)(6) which would not be preserved under applicable Plan provisions.

(e)The Trustee may refuse to receive any transfer if the Trustee determines that the type of assets are unacceptable. The Trustee will normally accept rollover contributions only of cash or marketable securities.

(f)The Trustee must separately account for amounts rolled over. The amounts shall be posted to the appropriate Accounts of Participants and separately accounted for as of the date received by the Trustee.

(g)To the extent that a transfer includes Participant loans, such loans shall continue in effect subject to the terms and conditions in effect as of the date of the transfer or as otherwise agreed to by the Administrator. The Administrator may for any reason refuse to accept participant loan transfers from other plans.

4.3 Direct Rollovers To Other Plans

A Participant may direct the Trustee to make a Direct Rollover to another IRA or plan if:

(a)the Participant is entitled to receive an Eligible Rollover Distribution;

(b)the plan to which the distribution is transferred is an Eligible Retirement Plan;

(c)the Eligible Retirement Plan receiving the direct rollover authorizes the Direct Rollover into such plan;

(d)the Participant complies with any reasonable procedures for Direct Rollovers requested by the Administrator. The Administrator may require the Participant to provide additional information and documentation, such as the name of the other Eligible Retirement Plan to which the Direct Rollover will be made, a representation that the Eligible Retirement Plan will accept a Direct Rollover, the address of the transferee plan, and any other information that is necessary for the Trustee or Administrator to make a Direct Rollover;

(e)the Participant complies with any other requirements under the Code or regulations for a Direct Rollover.

5 EMPLOYER CONTRIBUTIONS

5.1 Matching Contributions

(a)Frequency and Eligibility. For each period for which Participants' Contributions are made, the Employer shall make Matching Contributions, as described in the following Allocation Method paragraph, on behalf of each Participant who contributed during the period and who has met the eligibility requirements of Section 2.1.

(b)Allocation Method. The Matching Contributions for each period shall total 50% of each eligible Participant's Pre-Tax Contributions for the period. However, no Matching Contributions shall be made based upon a Participant's Contributions in excess of 6% of his or her Pay. The Employer or the Committee may change the 50% matching rate or the 6% of considered Pay to any other percentages, including 0%, generally by notifying eligible Participants in sufficient time to adjust their Contribution elections prior to the start of the period for which the new percentages apply.

(c)Timing, Medium and Posting. The Employer shall make each period's Matching Contribution in cash as soon as administratively feasible, and for purposes of deducting such Contribution, not later than the Employer's federal tax filing date, including extensions, for the Employer's taxable year that ends with or within the Plan Year for which the Matching Contribution is made. Such amounts shall be paid to the Trustee and posted to each Participant's Matching Account once the total Matching Contribution received has been balanced against the specific amount to be credited to each Participant's Matching Account.

6 ACCOUNTING

6.1 Individual Participant Accounting

The Administrator shall maintain an individual set of Accounts for each Participant in order to reflect transactions both by type of Account and investment medium. Financial transactions shall be accounted for at the individual Account level by posting each transaction to the appropriate Account of each affected Participant. Participant Account values shall be maintained in shares for the Investment Funds and in dollars for the Loan Account. At any point in time, the Account value shall be determined using the most recent Valuation Date values provided by the Trustee.

6.2 Valuation Date Accounting and Investment Cycle

Participant Account values shall be determined as of each Valuation Date. For any transaction to be processed as of a Valuation Date, the Trustee must receive instructions for the transaction by the Valuation Date. Such instructions shall apply to amounts held in the Account on that Valuation Date. Financial transactions of the Investment Funds shall be posted to Participants' Accounts as of the Valuation Date, based upon the Valuation Date values provided by the Trustee, and settled on the Valuation Date.

6.3 Accounting for Investment Funds

Investments in each Investment Fund shall be maintained in shares. The Trustee is responsible for determining the share values of each Investment Fund as of each Valuation Date. To the extent an Investment Fund is comprised of collective investment funds offered by the Trustee or any other entity authorized to offer collective investment funds, the share values shall be determined in accordance with the rules governing such collective investment funds, which are incorporated herein by reference. All other share values shall be determined by the Trustee. The share value of each Investment Fund shall be based on the fair market value of its underlying assets.

6.4 Payment of Fees and Expenses

Except to the extent Plan fees and expenses related to Account maintenance, transaction and Investment Fund management and maintenance, set forth below, are paid by the Employer directly, such fees and expenses shall be paid as set forth below.

(a)Account Maintenance: Account maintenance fees and expenses, may include but are not limited to, administrative, Trustee, government annual report preparation, audit, legal, nondiscrimination testing and fees for any other special services.

Account maintenance fees shall be charged to Participants on a per Participant basis provided that no fee shall reduce a Participant's Account balance below zero.

(b)Investment Fund Management and Maintenance: Management and maintenance fees and expenses related to the Investment Funds shall be charged at the Investment Fund level and reflected in the net gain or loss of each Investment Fund.

The Company may determine that the Employers pay a lower portion of the fees and expenses allocable to the Accounts of Participants who are no longer Employees or who are not Beneficiaries, unless doing so would result in discrimination prohibited under Code section 401(a)(4) or a significant detriment prohibited by Code section 411(a)(11). As of the Effective Date, a breakdown of which Plan fees and expenses shall generally be borne by the Trust (and charged to individual Participants' Accounts or charged at the Investment Fund level and reflected in the net gain or loss of each Investment Fund) and those that shall be paid by the Employer is set forth in Appendix B, which may be changed from time to time by the Company, in writing, without the necessity of amending the Plan and Trust.

The Trustee shall have the authority to pay any such fees and expenses, which remain unpaid by the Employer for 60 days, from the Trust.

6.5 Accounting for Participant Loans

Participant loans shall be held in a separate Loan Account of the Participant and accounted for in dollars as an earmarked asset of the borrowing Participant's Account.

6.6 Error Correction

The Administrator may correct any errors or omissions in the administration of the Plan by restoring any Participant's Account balance with the amount that would be credited to the Account had no error or omission been made. Funds necessary for any such restoration shall be provided through payment made by the Employer, or by the Trustee to the extent the error or omission is attributable to actions or inactions of the Trustee.

6.7 Participant Statements

The Administrator shall provide Participants with statements of their Accounts as soon after the end of each quarter of the Plan Year as administratively feasible.

6.8 Special Accounting During Conversion Period

The Administrator and Trustee may use any reasonable accounting methods in performing their respective duties during any Conversion Period. This includes, but is not limited to, the method for allocating net investment gains or losses and the extent, if any, to which contributions received by and distributions paid from the Trust during this period share in such allocation.

6.9 Accounts for Alternate Payees

A separate Account shall be established for an Alternate Payee entitled to any portion of a Participant's Account under a QDRO as of the date and in accordance with the directions specified in the QDRO. In addition, a separate Account may be established during the period of time the Administrator, a court of competent jurisdiction or other appropriate

person is determining whether a domestic relations order qualifies as a QDRO. Such a separate Account shall be valued and accounted for in the same manner as any other Account.

(a)Distributions Pursuant to QDROs. If a QDRO so provides, the portion of a Participant's Account payable to an Alternate Payee may be distributed, in a form permissible under Section 11 and Code section 414(p), to the Alternate Payee at any time beginning as soon as practicable after the QDRO determination is made, regardless of whether the Participant is entitled to a distribution from the Plan at such time. The Alternate Payee shall be provided the notice prescribed by Code section 402(f).

(b)Participant Loans. Except to the extent required by law, an Alternate Payee, on whose behalf a separate Account has been established, shall not be entitled to borrow from such Account. If a QDRO specifies that the Alternate Payee is entitled to any portion of the Account of a Participant who has an outstanding loan balance, all outstanding loans shall generally continue to be held in the Participant's Account and shall not be divided between the Participant's and Alternate Payee's Accounts.

(c)Investment Direction. Where a separate Account has been established on behalf of an Alternate Payee and has not yet been distributed, the Alternate Payee may direct the investment of such Account in the same manner as if he or she were a Participant.

7 INVESTMENT FUNDS AND ELECTIONS

7.1 Investment Funds

Except for Participants' Loan Account and any unallocated funds invested in interest bearing deposits (which may include interest bearing deposits of the Trustee) and/or money market type assets or funds, pending allocation to Participants' Accounts, or disbursement to pay Plan fees and expenses, the Trust shall be maintained in various Investment Funds. The Administrator shall select the Investment Funds offered to Participants and may change the number or composition of the Investment Funds, subject to the terms and conditions agreed to with the Trustee. As of the Effective Date, a list of the Investment Funds offered under the Plan is set forth in Appendix A, which may be changed from time to time by the Administrator, in writing, and as agreed to by the Trustee, without the necessity of amending the Plan and Trust.

The Administrator may set a maximum percentage of the total election that a Participant may direct into any specific Investment Fund, which maximum, if any, as of the Effective Date is set forth in Appendix A, which may be changed from time to time by the Administrator, in writing, without the necessity of amending the Plan and Trust.

7.2 Responsibility for Investment Choice

Each Participant shall be solely responsible for the selection of his or her Investment Fund choices. No fiduciary with respect to the Plan is empowered to advise a Participant as to the manner in which his or her Accounts are to be invested, and the fact that an Investment Fund is offered shall not be construed to be a recommendation for investment.

During any Conversion Period, Trust assets may be held in any investment vehicle permitted by the Plan, as directed by the Administrator, irrespective of prior Participant investment elections.

7.3 Investment Fund Elections

A Participant shall provide his or her initial investment election upon becoming a Participant and may change his or her investment election at any time in accordance with procedures established by the Administrator and the Trustee. A Participant shall make his or her investment election in any combination of one or any number of the Investment Funds offered in accordance with the procedures established by the Administrator and Trustee. Investment elections received by the Trustee shall be effective on the Valuation Date.

7.4 Default if No Valid Investment Election

The Administrator shall specify an Investment Fund for the investment of that portion of a Participant's Account which is not yet held in an Investment Fund and for which no valid investment election is on file. The Investment Fund specified as of the Effective Date is set forth in Appendix A, which may be changed from time to time by the Administrator, in writing, without the necessity of amending the Plan and Trust.

7.5 Investment Fund Election Change Fees

A reasonable processing fee may be charged directly to a Participant's Account for Investment Fund election changes in excess of a specified number per year as determined by the Administrator.

8 VESTING

8.1 Fully Vested Accounts

A Participant shall be fully vested in all Accounts at all times.

9 PARTICIPANT LOANS

9.1 Participant Loans Permitted

Loans to Participants and Beneficiaries are permitted pursuant to the terms and conditions set forth in this Section, except that a loan shall not be permitted to a Participant who is no longer an Employee or to a Beneficiary, unless such Participant or Beneficiary is otherwise a party in interest (as defined in ERISA section 3(14)).

9.2 Loan Application, Note and Security

A Participant shall apply for any loan in such manner and with such advance notice as prescribed by the Administrator. Each loan shall be evidenced by a promissory note, secured only by the portion of the Participant's Account from which the loan is made, and the Plan shall have a lien on this portion of his or her Account.

9.3 Spousal Consent

A Participant is not required to obtain Spousal Consent in order to borrow from his or her Account under the Plan, unless they have transferred into this plan with a grandfathered benefit that allows a joint and survivor option.

9.4 Loan Approval

The Administrator, or the Trustee, if otherwise authorized by the Administrator and agreed to by the Trustee, is responsible for determining that a loan request conforms to the requirements described in this Section and granting such request.

9.5 Loan Funding Limits, Account Sources and Funding Order

The loan amount must meet all of the following limits as determined as of the Valuation Date then the loan is processed and shall be funded from the Participant's Accounts as follows:

(a)Plan Minimum Limit. The minimum amount for any loan is $500.

(b)Plan Maximum Limit, Account Sources and Funding Order. Subject to the legal limit described in (c) below, the maximum a Participant may borrow, including the aggregate outstanding balances of existing Plan loans, is 100% of the Participant's Accounts.

(c)Legal Maximum Limit. The maximum a Participant may borrow, including the aggregate outstanding balances of existing Plan loans, is 50% of his or her vested Account balance, not to exceed $50,000. However, the $50,000 maximum is reduced by the Participant's highest aggregate outstanding Plan loan balance during the 12-month period ending on the day before the Valuation Date as of which the loan is made. For purposes of this paragraph, the qualified plans of all Related Companies shall be treated as though they are part of the Plan to the extent it would decrease the maximum loan amount.

9.6 Maximum Number of Loans

A Participant may have only one loan outstanding at any given time.

9.7 Source and Timing of Loan Funding

A loan to a Participant shall be made solely from the assets of his or her own Account. The available assets shall be determined first by Account and then within each Account used for funding a loan, amounts shall be taken from the Investment Fund in direct proportion to the market value of the Participant's interest in each Investment Fund as of the Valuation Date on which the loan is processed.

The loan shall be funded on the Valuation Date as of which the loan is processed. The Trustee shall make payment to the Participant as soon thereafter as administratively feasible.

9.8 Interest Rate

The interest rate charged on Participant loans shall be a fixed reasonable rate of interest, determined from time to time by the Administrator, which provides the Plan with a return commensurate with the prevailing interest rate charged by persons in the business of lending money for loans which would be made under similar circumstances. As of the Effective Date, the interest rate is determined as set forth in Appendix C, which may be changed from time to time by the Administrator, in writing, without the necessity of amending the Plan and Trust.

9.9 Loan Payment

Substantially level amortization shall be required of each loan with payments made at least monthly, generally through payroll deduction. Loans may be prepaid in full or in part at any time. The Participant may choose the loan repayment period, not to exceed 5 years.

9.10 Loan Payment Hierarchy

Loan principal payments shall be credited to the Participant's Accounts in the inverse of the order used to fund the loan. Loan interest shall be credited to the Participant's Accounts in direct proportion to the principal payment. Loan payments are credited to the Investment Funds based upon the Participant's current investment election for new Contributions.

9.11 Repayment Suspension

The Administrator may agree to a suspension of loan payments for up to 12 months for a Participant who is on a Leave of Absence without pay. During the suspension period, interest shall continue to accrue on the outstanding loan balance. At the expiration of the suspension period all outstanding loan payments and accrued interest thereon shall be due unless otherwise agreed upon by the Administrator.

9.12 Loan Default

A loan is treated as in default if a scheduled loan payment is not made at the time required. A Participant shall then have a grace period to cure the default before it becomes final. Such grace period shall be for a period that does not extend beyond the last day of the calendar quarter following the calendar quarter in which the scheduled loan payment was due or such lesser or greater maximum period as may later be authorized by Code section 72(p).

In the event a default is not cured within the grace period, the Administrator may direct the Trustee to report the outstanding principal balance of the loan and accrued interest thereon as a taxable distribution to the Participant. As soon as a Plan withdrawal or distribution to such Participant would otherwise be permitted, the Administrator may instruct the Trustee to execute upon its security interest in the Participant's Account by distributing the note to the Participant.

9.13 Call Feature

The Administrator shall have the right to call any Participant loan once a Participant's employment with all Related Companies has terminated, unless he or she is otherwise a party in interest (as defined in ERISA section 3(14)), or if the Plan is terminated.

10 IN-SERVICE WITHDRAWALS

10.1 In-Service Withdrawals Permitted

In-service withdrawals to a Participant who is an Employee are permitted pursuant to the terms and conditions set forth in this Section and pursuant to the terms and conditions set forth in Section 11 with regard to an in-service withdrawal made in accordance with a Participant's Required Beginning Date.

10.2 In-Service Withdrawal Application and Notice

A Participant shall apply for any in-service withdrawal in such manner and with such advance notice as prescribed by the Administrator. The Participant shall be provided the notice prescribed by Code section 402(f).

Code sections 401(a)(11) and 417 do not apply to in-service withdrawals under the Plan. An in-service withdrawal may commence less than 30 days after the aforementioned notice is provided, if:

(a)the Participant is clearly informed that he or she has the right to a period of at least 30 days after receipt of such notice to consider his or her option to elect or not elect a Direct Rollover for all or a portion, if any, of his or her in-service withdrawal which constitutes an Eligible Rollover Distribution; and

(b)the Participant after receiving such notice, affirmatively elects a Direct Rollover for all or a portion, if any, of his or her in-service withdrawal which constitutes an Eligible Rollover Distribution or alternatively elects to have all or a portion made payable directly to him or her, thereby not electing a Direct Rollover for all or a portion thereof.

Notwithstanding the foregoing, Hardship Withdrawal amounts withdrawn from a Participant's Pre-Tax Account shall not constitute an Eligible Rollover Distribution.

10.3 Spousal Consent

A Participant is not required to obtain Spousal Consent in order to receive an in-service withdrawal under the Plan.

10.4 In-Service Withdrawal Approval

The Administrator, or the Trustee, if otherwise authorized by the Administrator and agreed to by the Trustee, is responsible for determining whether an in-service withdrawal request conforms to the requirements described in this Section and granting such request.

10.5 Payment Form and Medium

The form of payment for an in-service withdrawal shall be a single lump sum and payment shall be made in cash. With regard to the portion of an in-service withdrawal representing an Eligible Rollover Distribution, a Participant may elect a Direct Rollover for all or a portion of such amount.

10.6 Source and Timing of In-Service Withdrawal Funding

An in-service withdrawal to a Participant shall be made solely from the assets of his or her own Account and shall be based on the Account values as of the Trade Date the in-service withdrawal is processed. The available assets shall be determined first by Account and then within each Account used for funding an in-service withdrawal, amounts shall be taken by Investment Fund in direct proportion to the market value of the Participant's interest in each Investment Fund (which excludes his or her Loan Account balance) as of the Valuation Date on which the in-service withdrawal is processed.

10.7 Hardship Withdrawals

(a)Requirements. A Participant who is an Employee may request the withdrawal of up to the amount necessary to satisfy a financial need including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the withdrawal. Only requests for withdrawals (1) on account of a

Participant's "Deemed Financial Need" and (2) which are "Deemed Necessary" to satisfy the financial need shall be approved.

(b)"Deemed Financial Need". An immediate and heavy financial need relating to:

(1)the payment of unreimbursed medical care expenses (described under Code section 213(d)) incurred (or to be incurred) by the Employee, his or her spouse or dependents (as defined in Code section 152);

(2)the purchase (excluding mortgage payments) of the Employee's principal residence;

(3)the payment of unreimbursed tuition, related educational fees and room and board for up to the next 12 months of post-secondary education for the Employee, his or her spouse or dependents (as defined in Code section 152);

(4)the payment of amounts necessary for the Employee to prevent losing his or her principal residence through eviction or foreclosure on the mortgage; or

(5)any other circumstance specifically permitted under Code section 401(k)(2)(B)(i)(IV).

(c)"Deemed Necessary". A withdrawal is "Deemed Necessary" to satisfy the financial need only if the withdrawal amount does not exceed the financial need and all of these conditions are met:

(1)the Employee has obtained all possible withdrawals (other than hardship withdrawals) and nontaxable loans available from the Plan and all other plans maintained by Related Companies, unless repayment of this loan would create an additional financial hardship;

(2)the Administrator shall suspend the Employee from making any contributions to the Plan and all other qualified and nonqualified plans of deferred compensation and all stock option or stock purchase plans maintained by Related Companies for 12 months from the date the withdrawal payment, or six months for Plan Years after December 31, 2001; and

(3)the Administrator shall reduce the Contribution Dollar Limit for the Employee with regard to the Plan and all other plans maintained by Related Companies, for the calendar year next following the calendar year of the withdrawal by the amount of the Employee's Pre-Tax Contributions for the calendar year of the withdrawal.

(c)Account Sources and Funding Order. All available amounts must first be withdrawn from a Participant's After-Tax Account. The remaining withdrawal shall come from the following of the Participant's Accounts, in the priority order as follows:

Rollover Account

Matching Account
Prior Plan Account
Pre-Tax Account

The amount that may be withdrawn from a Participant's Pre-Tax Account shall not include any amounts attributable to earnings after December 31, 1988.

The amount that may be withdrawn from a Participant's Matching Account shall not include any amounts attributable to contributions or earnings after the start of the first Plan Year beginning after December 31, 1988.

(d)Minimum Amount. There is no minimum amount for a hardship withdrawal.

(e)Permitted Frequency. There is no restriction on the number of hardship withdrawals permitted to a Participant.

(f)Suspension from Further Contributions. Upon making a hardship withdrawal, a Participant may not make additional Pre-Tax Contributions (or additional contributions to all other qualified and nonqualified plans of deferred compensation and all stock option or stock purchase plans maintained by Related Companies), if his or her hardship withdrawal was "Deemed Necessary", and shall not be eligible to receive Match Contributions, for a period of 12 months from the date the withdrawal payment is made. The Suspension Period shall be six months, instead of 12 months, for hardship withdrawals after December 31, 2001.

10.8 After-Tax Account Withdrawals

(a)Requirements. A Participant who is an Employee may make an After-Tax Account withdrawal.

(b)Account Sources and Funding Order. The withdrawal shall come from a Participant's After-Tax Account.

(c)Minimum Amount. There is no minimum amount for an After-Tax Account withdrawal.

(c)Permitted Frequency. There is no restriction on the number of After-Tax Account withdrawals permitted to a Participant.

(d)Suspension from Further Contributions. An After-Tax Account withdrawal shall not affect a Participant's ability to make further Contributions.

10.9 Rollover Account Withdrawals

(a)Requirements. A Participant who is an Employee may make a Rollover Account withdrawal.

(b)Account Sources and Funding Order. The withdrawal shall come from a Participant's Rollover Account.

(c)Minimum Amount. There is no minimum amount for a Rollover Account withdrawal.

(c)Permitted Frequency. There is no restriction on the number of Rollover Account withdrawals permitted to a Participant.

(d)Suspension from Further Contributions. A Rollover Account withdrawal shall not affect a Participant's ability to make further Contributions.

10.10 Over Age 59½ Withdrawals

(a)Requirements. A Participant who is an Employee and over age 59½ may make an Over Age 59½ withdrawal.

(b)Minimum Amount. There is no minimum amount for an Over Age 59½ withdrawal.

(c)Permitted Frequency. The maximum number of Over Age 59½ withdrawals permitted to a Participant in any 12-month period is not to exceed one per month.

(d)Suspension from Further Contributions. An Over Age 59½ withdrawal shall not affect a Participant's ability to make or be eligible to receive further Contributions.

11 DISTRIBUTIONS ONCE EMPLOYMENT ENDS OR BY REASON OF A PARTICIPANT'S REQUIRED BEGINNING DATE

11.1 Benefit Information, Notices and Election

A Participant, or his or her Beneficiary in the case of his or her death, shall be provided with information regarding all optional times and forms of distribution available under the Plan, including the notices prescribed by Code sections 402(f) and 411(a)(11). Subject to the other requirements of this Section, a Participant, or his or her Beneficiary in the case of his or her death, may elect, in such manner and with such advance notice as prescribed by the Administrator, to have his or her vested Account balance distributed beginning upon any Valuation Date following the Participant's termination of employment with all Related Companies and a reasonable period of time during which the Administrator shall process, and inform the Trustee of, the Participant's termination or, if earlier, at the time of the Participant's Required Beginning Date.

Notwithstanding, if a Participant's termination of employment with all Related Companies does not constitute a separation from service for purposes of Code section 401(k)(2)(B)(i)(I) or otherwise constitute an event set forth under Code section 401(k)(10)(A)(ii) or (iii) as described in Section 19.3, the portion of a Participant's Account subject to the distribution rules of Code section 401(k) may not be distributed until such time as he or she separates from service for purposes of Code section 401(k)(2)(B)(i)(I) or, if earlier, upon such other event as described in Code section 401(k)(2)(B) and as provided for in the Plan.

Code sections 401(a)(11) and 417 do not apply to distributions under the Plan. A distribution may commence less than 30 days after the above notices are provided, if:

(a)the Participant is clearly informed that he or she has the right to a period of at least 30 days after receipt of such notices to consider the decision as to whether to elect a distribution and if so to elect a particular form of distribution and to elect or not elect a Direct Rollover for all or a portion, if any, of his or her distribution which constitutes an Eligible Rollover Distribution; and

(b)the Participant after receiving such notices, affirmatively elects a distribution and a Direct Rollover for all or a portion, if any, of his or her distribution which constitutes an Eligible Rollover Distribution or alternatively elects to have all or a portion made payable directly to him or her, thereby not electing a Direct Rollover for all or a portion thereof.

11.2 Spousal Consent

A Participant is not required to obtain Spousal Consent in order to receive a distribution under the Plan.

11.3 Payment Form and Medium

Except to the extent otherwise provided by Section 11.4, a Participant may elect to be paid in any of these forms:

(a)a single lump sum; or

(b)a portion paid in a lump sum, and the remainder paid later (partial payment); or

(c)periodic installments over a period not to exceed the life expectancy of the Participant and his or her Beneficiary.

Distributions shall be made in cash, except to the extent a distribution consists of a loan call as described in Section 9. With regard to the portion of a distribution representing an Eligible Rollover Distribution, a Distributee may elect a Direct Rollover for all or a portion of such amount.

11.4 Source and Timing of Distribution Funding

A distribution to a Participant shall be made solely from the assets of his or her own Account and shall be based on the Account values as of the Valuation Date the distribution is processed. The available assets shall be determined first by Account and then within each Account used for funding a distribution, amounts shall be taken from the Investment Fund in direct proportion to the market value of the Participant's interest in each Investment Fund as of the Valuation Date on which the distribution is processed.

The distribution shall be funded on the Valuation Date as of which the distribution is processed. The Trustee shall make payment to the Participant or on behalf of the Participant as soon thereafter as administratively feasible.

11.5 Latest Commencement Permitted

In addition to any other Plan requirements and unless a Participant elects otherwise, his or her benefit payments shall begin not later than 60 days after the end of the Plan Year in which he or she attains his or her Normal Retirement Date or retires, whichever is later. However, if the amount of the payment or the location of the Participant (after a reasonable search) cannot be ascertained by that deadline, payment shall be made no later than 60 days after the earliest date on which such amount or location is ascertained but in no event later than the Participant's Required Beginning Date. A Participant's failure to elect in such manner as prescribed by the Administrator to have his or her vested Account balance distributed, shall be deemed an election by the Participant to defer his or her distribution

but in no event shall his or her benefit payments commence later than his or her Required Beginning Date.

With regard to a Participant who is an Employee and who commenced benefit payments in accordance with Code section 401(a)(9) as in effect prior to January 1, 1997, and who is not a 5% Owner, he or she may, but is not required to, discontinue such benefit payments until he or she is otherwise required to again commence benefit payments in accordance with Code section 401(a)(9) as in effect for calendar years commencing after December 31, 1996.

Notwithstanding any provision of the Plan to the contrary, distributions may be made pursuant to the terms of any method of distribution elected by an Employee who was a Participant prior to January 1, 1984, in accordance with the terms of the Plan as in effect immediately prior to that date, provided that the election shall remain in effect only until revoked and (if revoked) may not later be reinstated.

If benefit payments cannot begin at the time required because the location of the Participant cannot be ascertained (after a reasonable search), the Administrator may, at any time thereafter, treat such person's Account as forfeited subject to the provisions of Section 18.6.

11.6 Payment Within Life Expectancy

The Participant's payment election must be consistent with the requirements of Code section 401(a)(9).

With respect to distributions under the Plan made on or after January 17, 2001 for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Code section 401(a)(9) in accordance with the regulations under Code section 401(a)(9) that were proposed on January 17, 2001 (the 2001 Proposed Regulations), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a participant for 2001 prior to January 17, 2001 are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such participant for 2001 on or after such date. If the total amount of required minimum distributions made to a participant for 2001 prior to January 17, 2001 are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations. This amendment shall continue in effect until the last calendar year beginning before the effective date of the final regulations under Code section 401(a)(9) or such other date as may be published by the Internal Revenue Service.

11.7 Incidental Benefit Rule

The Participant's payment election must be consistent with the requirement that, if the Participant's spouse is not his or her sole primary Beneficiary, the minimum annual distribution for each calendar year, beginning with the calendar year preceding the calendar year that includes the Participant's Required Beginning Date, shall not be less than the quotient obtained by dividing (a) the Participant's vested Account balance as of the last Valuation Date of the preceding year by (b) the applicable divisor as determined under the tables published from time to time by the Internal Revenue Service.

11.8 Payment to Beneficiary

Payment to a Beneficiary must be completed by the end of the calendar year that contains the fifth anniversary of the Participant's death, except that:

(a)If the Participant designated one or more individual Beneficiaries, then Minimum Distributions may be made in installments beginning by December 31 of the calendar year following the death of Participant. The Minimum Distribution Amount for each Distribution Year following the death of the Participant shall be made by dividing the Participant’s Vested Account Balance as of the last Valuation Date of the preceding year by the applicable divisor as determined under tables published from time to time by the Internal Revenue Service;

(b)If the surviving spouse is the Beneficiary, payments need not begin until the later of (i) the end of the calendar year that includes the first anniversary of the Participant's death, or (ii) the end of the calendar year in which the Participant would have attained age 70½ and must be completed within the spouse's life or life expectancy; and

(c)If the Participant and the surviving spouse who is the Beneficiary die (i) before the Participant's Required Beginning Date and (ii) before payments have begun to the spouse, the spouse shall be treated as the Participant in applying these rules.

11.9 Beneficiary Designation

Each Participant may complete a beneficiary designation form indicating the Beneficiary who is to receive the Participant's remaining Plan interest at the time of his or her death and such designation may be changed at any time. However, a Participant's spouse shall be the sole primary Beneficiary unless the designation includes Spousal Consent for another Beneficiary. If no proper designation is in effect at the time of a Participant's death or if the Beneficiary does not survive the Participant, the Beneficiary shall be, in the order listed, the:

(a)Participant's surviving spouse,

(b)Participant's children, in equal shares, (or if a child does not survive the Participant, and that child leaves issue, the issue shall be entitled to that child's share, by right of representation) or

(c)Participant's estate.

12 ADP AND ACP TESTS

12.1 Contribution Limitation Definitions

The following definitions are applicable to this Section 12 (where a definition is contained in both Sections 1 and 12, for purposes of Section 12 the Section 12 definition shall be controlling):

(a)"ACP" or "Average Contribution Percentage". The Average Percentage calculated using Contributions allocated to Participants as of a date within the Plan Year.

(b)"ACP Test". The determination of whether the ACP is in compliance with the Basic or Alternative Limitation for a Plan Year (as defined in Section 12.2).

(c)"ADP" or "Average Deferral Percentage". The Average Percentage calculated using Deferrals allocated to Participants as of a date within the Plan Year.

(c)"ADP Test". The determination of whether the ADP is in compliance with the Basic or Alternative Limitation for a Plan Year (as defined in Section 12.2).

(d)"Average Percentage". The average of the calculated percentages for Participants within the specified group. The calculated percentage refers to either the "Deferrals" or "Contributions" (as defined in this Section) made on each Participant's behalf for the Plan Year, divided by his or her Compensation. (Pre-Tax Contributions to the Plan or comparable contributions to plans of Related Companies which must be refunded solely because they exceed the Contribution Dollar Limit are included in the percentage for the HCE Group but not for the NHCE Group.)

(e)"Contributions" shall include Matching and may include Pre-Tax, but with regard to Pre-Tax, only to the extent that (1) the Administrator elects to use them, (2) they are not used or counted in the ADP Test and (3) they otherwise satisfy the requirements as prescribed under Code section 401(m) permitting treatment as Contributions for purposes of the ACP Test.

(f)"Current Year Testing Method". The use of the Plan Year's ADP for the Plan Year's NHCE Group for purposes of performing the Plan Year's ADP Test and/or the use of the Plan Year's ACP for the Plan Year's NHCE Group for purposes of performing the Plan Year's ACP Test.

(g)"Deferrals" shall include Pre-Tax Contributions.

(h)"HCE" or "Highly Compensated Employee". For Plan Years commencing after December 31, 1996, with respect to all Related Companies, an Employee who (in accordance with Code section 414(q)):

(1)Was a more than 5% Owner (within the meaning of Code section 414(q)(2)) at any time during the Plan Year or the preceding Plan Year; or

(2)Received Compensation during the preceding Plan Year in excess of $80,000 (as adjusted for such Year pursuant to Code sections 414(q)(1) and 415(d)) or, if the Company elects for such preceding Plan Year, "in excess of $80,000 (as adjusted for such Year pursuant to Code sections 414(q)(1) and 415(d)) and was a member of the "top-paid group" (within the meaning of Code section 414(q)(3)) for such preceding Plan Year" shall be substituted for the preceding reference to "in excess of $80,000 (as adjusted for such Year pursuant to Code sections 414(q)(1) and 415(d))". The $80,000 amount referred to above shall be $90,000 for Plan Years beginning in 2002 (subject to adjustment as provided above).

A former Employee shall be treated as an HCE if (1) such former Employee was an HCE when he or she separated from service, or (2) such former Employee was an HCE in service at any time after attaining age 55.

The determination of who is an HCE and the determination of the number and identity of Employees in the top-paid group shall be made in accordance with Code section 414(q).

(i)"HCE Group" and "NHCE Group". With respect to all Related Companies, the respective group of HCEs and NHCEs who are eligible to have amounts contributed on their behalf for the respective Plan Year, including Employees who would be eligible but for their election not to participate or to contribute, or because their Pay is greater than zero but does not exceed a stated minimum. For Plan Years commencing after December 31, 1998, with respect to all Related Companies, if the Plan permits participation prior to an Eligible Employee's satisfaction of the minimum age and service requirements of Code section 410(a)(1)(A), Eligible Employees who have not met the minimum age and service requirements of Code section 410(a)(1)(A) may be excluded in the determination of the NHCE Group, but not in the determination of the HCE Group, for purposes of (i) the ADP Test, if Code section 410(b)(4)(B) is applied in determining whether the 401(k) portion of the Plan meets the requirements of Code section 410(b), or (ii) the ACP Test, if Code section 410(b)(4)(B) is applied in determining whether the 401(m) portion of the Plan meets the requirements of Code section 410(b).

(3)If the Related Companies maintain two or more plans which are subject to the ADP or ACP Test and are considered as one plan for purposes of Code sections 401(a)(4) or 410(b), all such plans shall be aggregated and treated as one plan for purposes of meeting the ADP and ACP Tests, provided that the plans may only be aggregated if they have the same plan year.

(4)If an HCE is covered by more than one cash or deferred arrangement, or more than one arrangement permitting employee or matching contributions, maintained by the Related Companies, all such plans shall be aggregated and treated as one plan (other than those plans that may not be permissively aggregated) for purposes of calculating the separate percentage for the HCE which is used in the determination of the Average Percentage. For purposes of the preceding sentence, if such plans have different plan years, the plans are aggregated with respect to the plan years ending with or within the same calendar year.

(j)"Multiple Use Test". The test described in Section 12.4 which a Plan must meet where the Alternative Limitation (described in Section 12.2) is used to meet both the ADP and ACP Tests. The Multiple Use Test shall not apply for Plan Years after December 31, 2001.

(k)"NHCE" or "Non-Highly Compensated Employee". An Employee who is not an HCE.

(l)"Prior Year Testing Method". The use of the preceding Plan Year's ADP for the preceding Plan Year's NHCE Group for purposes of performing the Plan Year's ADP Test and/or the use of the preceding Plan Year's ACP for the preceding Plan Year's NHCE Group for purposes of performing the Plan Year's ACP Test.

12.2 ADP and ACP Tests

For Plan Years commencing before January 1, 1997, for each Plan Year, the Current Year Testing Method shall be used and the ADP and ACP for the HCE Group must meet either the Basic or Alternative Limitation when compared to the respective ADP and ACP for the NHCE Group, defined below:

For Plan Years commencing after December 31, 1996, for each Plan Year, the Prior Year Testing Method shall be used and the ADP and ACP for the HCE Group must meet either the Basic or Alternative Limitation when compared to the respective preceding Plan Year's ADP and ACP for the preceding Plan Year's NHCE Group, defined as follows:

(a)Basic Limitation. The HCE Group Average Percentage may not exceed 1.25 times the NHCE Group Average Percentage.

(b)Alternative Limitation. The HCE Group Average Percentage is limited by reference to the NHCE Group Average Percentage as follows:

If the NHCE Group Average Percentage is:	**Then the Maximum HCE Group Average Percentage is:**
Less than 2%	2 times NHCE Group Average %
2% to 8%	NHCE Group Average % plus 2%
More than 8%	NA - Basic Limitation applies

Alternatively, the Company may elect to use the Current Year Testing Method and the ADP and/or ACP for the HCE Group must meet either the Basic or Alternative Limitation as defined above when compared to the respective Plan Year's ADP and/or ACP for the Plan Year's NHCE Group. If a Current Year Testing Method election is made, such election may not be changed except as provided by the Code.

In the case of the first Plan Year in which the Plan is subject to the requirements of Code section 401(k), the amount taken into account as the "preceding Plan Year's ADP for the preceding Plan Year's NHCE Group", shall be (i) 3%, or (ii) if the Company elects, the Plan Year's ADP. The preceding sentence shall not apply with regard to a Plan that is a successor plan or, if for such first Plan Year, the Plan is aggregated with another plan that was subject to the requirements of Code section 401(k) in the preceding year and treated as one plan for purposes of meeting the ADP Test.

12.3 Correction of ADP and ACP Tests

For Plan Years commencing after December 31, 1996, for each Plan Year, if the ADP or ACP Tests are not met, the Administrator shall determine, no later than the end of the next Plan Year, a maximum percentage to be used in place of the calculated percentage for all HCEs that would reduce the ADP and/or ACP for the HCE Group by a sufficient amount to meet the ADP and ACP Tests.

With regard to each HCE whose Deferral percentage and/or Contribution percentage is in excess of the maximum percentage, a dollar amount of excess Deferrals and/or excess Contributions shall then be determined by (i) subtracting the product of such maximum percentage for the ADP and the HCE's Compensation from the HCE's actual Deferrals and (ii) subtracting the product of such maximum percentage for the ACP and the HCE's

Compensation from the HCE's actual Contributions. Such amounts shall then be aggregated to determine the total dollar amount of excess Deferrals and/or excess Contributions. ADP and/or ACP corrections shall be made in accordance with the leveling method as described below.

(a)ADP Correction. The HCE with the highest Deferral dollar amount shall have his or her Deferral dollar amount reduced in an amount equal to the lesser of the dollar amount of excess Deferrals for all HCEs or the dollar amount that would cause his or her Deferral dollar amount to equal that of the HCE with the next highest Deferral dollar amount. The process shall be repeated until the total of the Deferral dollar amount reductions equals the dollar amount of excess Deferrals for all HCEs.

To the extent an HCE's Deferrals were determined to be reduced as described in the paragraph above, Pre-Tax Contributions shall, by the end of the next Plan Year, be refunded to the HCE, except that such amount to be refunded shall be reduced by Pre-Tax Contributions previously refunded because they exceeded the Contribution Dollar Limit. The excess amounts shall first be taken from unmatched Pre-Tax Contributions and then from matched Pre-Tax Contributions. Any Matching Contributions attributable to refunded excess Pre-Tax Contributions as described in this Section, adjusted for investment gain or loss for the Plan Year to which the excess Pre-Tax Contributions relate, shall be forfeited and used to reduce future Contributions to be made by an Employer as soon as administratively feasible.

(b)ACP Correction. The HCE with the highest Contribution dollar amount shall have his or her Contribution dollar amount reduced in an amount equal to the lesser of the dollar amount of excess Contributions for all HCEs or the dollar amount that would cause his or her Contribution dollar amount to equal that of the HCE with the next highest Contribution dollar amount. The process shall be repeated until the total of the Contribution dollar amount reductions equals the dollar amount of excess Contributions for all HCEs.

To the extent an HCE's Contributions were determined to be reduced as described in the paragraph above, Matching Contributions shall, by the end of the next Plan Year, be refunded to the HCE.

(c) Investment Fund Sources. Once the amount of excess Deferrals and/or Contributions is determined, and with regard to excess Contributions, allocated by type of Contribution, within each Account from which amounts are refunded amounts shall be taken from the Investment Fund in direct proportion to the market value of the Participant's interest in each Investment Fund (which excludes his or her Loan Account balance) as of the Valuation Date on which the correction is processed.

12.4 Multiple Use Test

If the Alternative Limitation (defined in Section 12.2) is used to meet both the ADP and ACP Tests, the ADP and ACP for the HCE Group must also comply with the requirements of Code section 401(m)(9). Such Code section requires that the sum of the ADP and ACP for the HCE Group (as determined after any corrections needed to meet the ADP and ACP Tests have been made) not exceed the sum (which produces the most favorable result) of:

(a)the Basic Limitation (defined in Section 12.2) applied to either the ADP or ACP for the NHCE Group, and

(b)the Alternative Limitation applied to the other NHCE Group percentage.

The multiple-use test described in this Section 12, and in Section 1.401(m)-2 of the Treasury Regulation, shall not apply for plan years beginning after December 31, 2001.

12.5 Correction of Multiple Use Test

If the multiple use limit is exceeded, the Administrator shall determine a maximum percentage to be used in place of the calculated percentage for all HCEs that would reduce either or both the ADP or ACP for the HCE Group by a sufficient amount to meet the multiple use limit. Any excess shall be corrected in the same manner that excess Deferrals or Contributions are corrected.

12.6 Adjustment for Investment Gain or Loss

Any excess Deferrals or Contributions to be refunded to a Participant in accordance with this Section 12 shall be adjusted for investment gain or loss. Refunds shall not include investment gain or loss for the period between the end of the applicable Plan Year and the date of distribution.

12.7 Testing Responsibilities and Required Records

The Administrator shall be responsible for ensuring that the Plan meets the ADP Test, and if applicable, the ACP Test and the Multiple Use Test, and that the Contribution Dollar Limit is not exceeded. The Administrator shall maintain records which are sufficient to demonstrate that the ADP Test, and if applicable, the ACP Test and the Multiple Use Test, have been met for each Plan Year for at least as long as the Employer's corresponding tax year is open to audit.

12.8 Separate Testing

(a)Multiple Employers: The determination of HCEs, NHCEs, and the performance of the ADP Test, and if applicable, the ACP Test and the Multiple Use Test, and any corrective action resulting therefrom, shall be conducted separately with regard to the Employees of each Employer (and its Related Companies) that is not a Related Company with respect to the other Employer(s).

(b)Collective Bargaining Units: The performance of the ADP Test, and if applicable, the ACP Test and the Multiple Use Test, and any corrective action resulting therefrom, shall be conducted separately with regard to Employees who are eligible to participate in the Plan as a result of a collective bargaining agreement.

In addition, testing may be conducted separately, at the discretion of the Administrator and to the extent permitted under Treasury regulations, with regard to any group of Employees for whom separate testing is permissible under such regulations.

13 MAXIMUM CONTRIBUTION AND BENEFIT LIMITATIONS

13.1 "Annual Addition" Defined

The sum for a Plan Year of all (i) contributions (excluding rollover contributions) and forfeitures allocated to the Participant's Account and his or her account in all other defined contribution plans maintained by any Related Company, (ii) amounts allocated to the Participant's individual medical account (within the meaning of Code section 415(l)(2)) which is part of a defined benefit plan maintained by any Related Company, and (iii) if the Participant is a key employee (within the meaning of Code section 419A(d)(3)) for the applicable or any prior Plan Year, amounts attributable to post-retirement medical benefits allocated to his or her separate account under a welfare benefit fund (within the meaning of Code section 419(e)) maintained by any Related Company. The Plan Year refers to the year to which the allocation pertains, regardless of when it was allocated. The Plan Year shall be the Code section 415 limitation year.

13.2 Maximum Annual Addition

A Participant's Annual Addition for any Plan Year shall not exceed the lesser of (i) 25% of his or her Compensation or (ii) $30,000 (as adjusted for cost of living increases pursuant to Code section 415(d)); provided, however, that clause (i) shall not apply to Annual Additions described in clauses (ii) and (iii) of Section 13.1.

Effective for limitation years beginning after December 31, 2001, the maximum annual addition that may be contributed or allocated to a Participant’s account under the Plan for any limitation year shall not exceed the catch-up contributions permitted under Section 3.7 of the Plan and Code section 414(v), and the lesser of the following amounts:

(a)$40,000, as adjusted for cost of living increases under Code section 415(d), or

(b)100% of the Participant’s compensation, as defined under Code section 415(c)(3) for the limitation year. The compensation limit shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code section 401(h) or Code section 419A(f)(2)) that is otherwise treated as an annual addition.

13.3 Avoiding an Excess Annual Addition

If, at any time during a Plan Year, the allocation of any additional Contributions would produce an excess Annual Addition for such year, Contributions to be made for the remainder of the Plan Year shall be limited to the amount needed for each affected Participant to receive the maximum Annual Addition.

13.4 Correcting an Excess Annual Addition

Upon the discovery of an excess Annual Addition to a Participant's Account (resulting from a reasonable error in determining a Participant's compensation or the maximum permissible amount of his or her elective deferrals (within the meaning of Code section 402(g)(3)), or other facts and circumstances acceptable to the Internal Revenue Service), the excess amount (adjusted to reflect investment gains) shall first be returned to the Participant to the extent of his or her Pre-Tax Contributions (however to the extent Pre-Tax Contributions were matched, the applicable Matching Contributions shall be forfeited in proportion to the returned matched Pre-Tax Contributions) and the remaining excess, if any, shall be forfeited by the Participant and used to reduce future Contributions to be made by an Employer as soon as administratively feasible.

13.5 Correcting a Multiple Plan Excess

If a Participant, whose Account is credited with an excess Annual Addition, received allocations to more than one defined contribution plan, the excess shall be corrected by reducing the Annual Addition to the Plan only after all possible reductions have been made to the other defined contribution plans.

13.6 "Defined Benefit Fraction" Defined

The fraction, for any Plan Year, where the numerator is the "projected annual benefit" and the denominator is the greater of 125% of the "protected current accrued benefit" or the normal limit which is the lesser of (i) 125% of the dollar limitation in effect under Code section 415(b)(1)(A) for the Plan Year or (ii) 140% of the amount which may be taken into account under Code section 415(b)(1)(B) for the Plan Year, where a Participant's:

(a)"projected annual benefit" is the annual benefit provided by the plan determined pursuant to Code section 415(e)(2)(A), and

(b)"protected current accrued benefit" in a defined benefit plan in existence (1) on July 1, 1982, shall be the accrued annual benefit provided for under Public Law 97-248, section 235(g)(4), as amended, or (2) on May 6, 1986, shall be the accrued annual benefit provided for under Public Law 99-514, section 1106(i)(3).

13.7 "Defined Contribution Fraction" Defined

The fraction where the numerator is the sum of the Participant's Annual Addition for each Plan Year to date and the denominator is the sum of the "annual amounts" for each year in which the Participant has performed service with a Related Company. The "annual amount" for any Plan Year is the lesser of (i) 125% of the dollar limitation in effect under Code section 415(c)(1)(A) (determined without regard to subsection (c)(6)) for the Plan Year or (ii) 140% of the amount which may be taken into account under Code section 415(c)(1)(B) for the Plan Year, where:

(a)each Annual Addition is determined pursuant to the Code section 415(c) rules in effect for such Plan Year, and

(b)the numerator is adjusted pursuant to Public Law 97-248, section 235(g)(3), as amended, or Public Law 99-514, section 1106(i)(4).

13.8 Combined Plan Limits and Correction

The sum of a Participant's Defined Benefit Fraction and Defined Contribution Fraction for any Plan Year may not exceed 1.0. If the combined fraction exceeds 1.0 for any Plan Year, the Participant's benefit under any defined benefit plan (to the extent it has not been distributed or used to purchase an annuity contract) shall be limited so that the combined fraction does not exceed 1.0 before any defined contribution limits shall be enforced.

For Plan Years commencing after December 31, 1999, the provisions of the preceding paragraph shall no longer apply.

13.9 Affiliated Companies

If the contribution limit for a Participant exceeds the maximum permissible contribution limits under the Code as a result of the Participant's participation in more than one qualified plan of the Employer, then the contributions to the account of the Participant shall first be reduced to the extent necessary from the qualified plan, or plans of the affiliated company of the most recent employment of the Participant.

14 TOP HEAVY RULES

14.1 Top Heavy Definitions

When capitalized, the following words and phrases have the following meanings when used in this Section:

(a)"Aggregation Group". The group consisting of each qualified plan of the Related Companies (1) in which a Key Employee is a participant or was a participant during the determination period (regardless of whether such plan has terminated), or (2) which enables another plan in the group to meet the requirements of Code sections 401(a)(4) or 410(b). The Administrator may also treat any other qualified plan of the Related Companies as part of the group if the resulting group would continue to meet the requirements of Code sections 401(a)(4) and 410(b) with such plan being taken into account.

(b)"Determination Date". For any Plan Year, the last Valuation Date of the preceding Plan Year or, in the case of the Plan's first Plan Year, the last Valuation Date of that Plan Year.

(c)"Key Employee". A current or former Employee (or his or her Beneficiary) who at any time during the five year period ending on the Determination Date was:

(i)an officer of a Related Company whose Compensation (i) exceeds 50% of the amount in effect under Code section 415(b)(1)(A) and (ii) places him or her within the following highest paid group of officers:

Number of Employees Not Excluded Under Code Section 414(q)5	**Number of Highest Paid Officers Included**
Less than 30	3
30 to 500	10% of the number of Employees not excluded under Code section 414(q)(5)
More than 500	50

(ii)a more than 5% owner

(iii)a more than 1% Owner whose Compensation exceeds $150,000, or

(iv)a more than 0.5% Owner who is among the 10 Employees owning the largest interest in a Related Company and whose Compensation exceeds the amount in effect under Code section 415(c)(1)(A).

For Plan Years beginning after December 31, 2001, a "Key Employee" means any employee or former employee (including deceased employee) who at any time during the Plan Year that includes the Determination Date was an officer of the Employer having annual compensation greater than $130,000 (as adjusted under Code section 416(i)(1) for Plan Years beginning after December 31, 2002), a 5% owner of the Employer, or a 1% owner of the Employer having annual compensation of more than $150,000. Annual compensation for such purposes means compensation within the meaning of Code section 415(c)(3). The determination of who is a key employee will be made in accordance with Code section 416(i)(1) and the applicable regulations and other guidance of general applicability issued thereunder.

(d)"Plan Benefit". The sum as of the Determination Date of (1) an Employee's Account, (2) the present value of his or her other accrued benefits provided by all qualified plans within the Aggregation Group, and (3) the aggregate distributions made within the five year period ending on such Date. For this purpose, the present value of the Employee's accrued benefit in a defined benefit plan shall be determined by the method that is used for benefit accrual purposes under all such plans maintained by the Related Companies or, if there is no such single method used under all such plans, as if the benefit accrues no more rapidly than the slowest rate permitted by the fractional accrual rule in Code section 411(b)(1)(C). Plan Benefits shall exclude rollover contributions and similar transfers made after December 31, 1983 as provided in Code section 416(g)(4)(A).

For Plan Years beginning after December 31, 2001, the present value of accrued benefits and the amounts of account balances of an Employee as of the Determination Date shall be increased by the distributions made with respect to the Employee under the Plan and any Plan aggregated with the Plan under Code section 416(g)(2) during the 1-year period ending on the Determination Date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code section 416(g)(2)(A)(i). In the case of a distribution made for reason other than separation from service, death or disability, this provision shall be applied by substituting "5-year period" for "1-year period." The accrued benefits and accounts of any individual who has not performed services for the Employer during the 1-year period ending on the Determination Date shall not be taken into account.

(e)"Top Heavy". The Plan's status when the Plan Benefits of Key Employees account for more than 60% of the Plan Benefits of all Employees who have performed services at any time during the five year period ending on the Determination Date. The Plan Benefits of Employees who were, but are no longer, Key Employees (because they have not been an officer or Owner during the five year period), are excluded in the determination.

14.2 Special Contributions

(a)Minimum Contribution Requirement. For each Plan Year in which the Plan is Top Heavy, the Employer shall not allow any contributions (other than a Rollover

Contribution from a plan maintained by a non Related Company) to be made by or on behalf of any Key Employee unless the Employer makes a contribution (other than contributions made by an Employer in accordance with a Participant's salary deferral election or contributions made by an Employer based upon the amount contributed by a Participant) on behalf of all Participants who were Eligible Employees as of the last day of the Plan Year in an amount equal to at least 3% of each such Participant's Compensation.

(b)Overriding Minimum Benefit. Notwithstanding, contributions shall be permitted on behalf of Key Employees if the Employer also maintains a defined benefit plan which automatically provides a benefit which satisfies the Code section 416(c)(1) minimum benefit requirements, including the adjustment provided in Code section 416(h)(2)(A), if applicable. If the Plan is part of an Aggregation Group under which a Key Employee is receiving a benefit and no minimum contribution is provided under any other plan, a minimum contribution of at least 3% of Compensation shall be provided to the Participants specified in the preceding paragraph. In addition, the Employer may offset a defined benefit minimum by contributions (other than contributions made by an Employer in accordance with a Participant's salary deferral election or contributions made by an Employer based upon the amount contributed by a Participant) made to the Plan.

(c)Matching Contributions. Effective for Plan Years beginning after December 31, 2001, Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Code section 416(c)(2) and the Plan. The preceding sentence shall apply with respect to matching contributions under the Plan or, if the Committee provides that the minimum contribution requirement will be met in another plan, such other Plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and the other requirements of Code section 401(m).

14.3 Adjustment to Combined Limits for Different Plans

For each Plan Year in which the Plan is Top Heavy, 100% shall be substituted for 125% in determining the Defined Benefit Fraction and the Defined Contribution Fraction. For Plan Years commencing after December 31, 1999, the provisions of the preceding sentence shall no longer be effective.

14.4 Modification of Top Heavy Rules

The top-heavy requirements of Code section 416 and of Section 14 of this Plan shall not apply in any year beginning after December 31, 2001 in which Plan consists solely of a cash or deferred arrangement that meets the requirements of Code section 401(k)(12) and matching contributions with respect to which the requirements of Code section 401(m)(11) are met.

15 PLAN ADMINISTRATION

15.1 Plan Delineates Authority and Responsibility

Plan fiduciaries include the Company, the Administrator, the Committee and/or the Trustee, as applicable, whose specific duties are delineated in the Plan and Trust. In addition, Plan

fiduciaries also include any other person to whom fiduciary duties or responsibilities are delegated with respect to the Plan. Any person or group may serve in more than one fiduciary capacity with respect to the Plan. To the extent permitted under ERISA section 405, no fiduciary shall be liable for a breach by another fiduciary.

15.2 Fiduciary Standards

Each fiduciary shall:

(a) discharge his or her duties in accordance with the Plan and Trust to the extent they are consistent with ERISA;

(b) use that degree of care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) act with the exclusive purpose of providing benefits to Participants and their Beneficiaries, and defraying reasonable expenses of administering the Plan;

(d) diversify Plan investments, to the extent such fiduciary is responsible for directing the investment of Plan assets, so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(e) treat similarly situated Participants and Beneficiaries in a uniform and nondiscriminatory manner.

15.3 Company is ERISA Plan Administrator

The Company is the administrator of the Plan (within the meaning of ERISA section 3(16)) and is responsible for compliance with all reporting and disclosure requirements, except those that are explicitly the responsibility of the Trustee under applicable law. The Administrator and/or Committee shall have any necessary authority to carry out such functions through the actions of the Administrator, duly appointed officers of the Company and/or the Committee.

15.4 Administrator Duties

The Administrator or the Committee shall have the discretionary authority to construe the Plan and Trust, other than the provisions which relate to the Trustee, and to do all things necessary or convenient to effect the intent and purposes thereof, whether or not such powers are specifically set forth in the Plan and Trust. Actions taken in good faith by the Administrator or the Committee shall be conclusive and binding on all interested parties, and shall be given the maximum possible deference allowed by law. In addition to the duties listed elsewhere in the Plan and Trust, the Administrator's and Committee’s authority shall include, but not be limited to, the discretionary authority to:

(a) determine who is eligible to participate, if a contribution qualifies as a rollover contribution, the allocation of Contributions, and the eligibility for loans, in-service withdrawals and distributions;

(b) provide each Participant with a summary plan description no later than 90 days after he or she has become a Participant (or such other period permitted under

ERISA section 104(b)(1)), as well as informing each Participant of any material modification to the Plan in a timely manner;

(c)make a copy of the following documents available to Participants during normal work hours: the Plan and Trust (including subsequent amendments), all annual and interim reports of the Trustee related to the entire Plan, the latest annual report and the summary plan description;

(d)determine the fact of a Participant's death and of any Beneficiary's right to receive the deceased Participant's interest based upon such proof and evidence as it deems necessary;

(e)establish and review at least annually a funding policy bearing in mind both the short-run and long-run needs and goals of the Plan and to the extent Participants may direct their own investments, the funding policy shall focus on which Investment Funds are available for Participants to use; and

(f)adjudicate claims pursuant to the claims procedure described in Section 18.

15.5 Advisors May be Retained

The Administrator and Committee may retain such agents and advisors (including attorneys, accountants, actuaries, consultants, record keepers, investment counsel and administrative assistants) as they consider necessary to assist it in the performance of its duties. The Administrator shall also comply with the bonding requirements of ERISA section 412.

15.6 Delegation of Administrator Duties

The Company, as Administrator of the Plan, has appointed a Committee to administer the Plan on its behalf. The Company shall provide the Trustee with the names and specimen signatures of any persons authorized to serve as Committee members and act as or on its behalf. Any Committee member appointed by the Company shall serve at the pleasure of the Company, but may resign by written notice to the Company. Committee members shall serve without compensation from the Plan for such services. Except to the extent that the Company otherwise provides, any delegation of duties to the Committee shall carry with it the full discretionary authority of the Administrator to complete such duties.

15.7 Committee Operating Rules.7 Committee Operating Rules

(a) Actions of Majority. Any act delegated by the Company to the Committee may be done by a majority of its members. The majority may be expressed by a vote at a meeting or in writing without a meeting, and a majority action shall be equivalent to an action of all Committee members.

(b) Meetings. The Committee shall hold meetings upon such notice, place and times as it determines necessary to conduct its functions properly.

(c) Reliance by Trustee. The Committee may authorize one or more of its members to execute documents on its behalf and may authorize one or more of its members or other individuals who are not members to give written direction to the Trustee in the performance of its duties. The Committee shall provide such authorization in writing to the Trustee with the name and specimen signatures of any person authorized to act on its behalf. The Trustee shall accept such direction and rely

upon it until notified in writing that the Committee has revoked the authorization to give such direction. The Trustee shall not be deemed to be on notice of any change in the membership of the Committee, parties authorized to direct the Trustee in the performance of its duties, or the duties delegated to and by the Committee until notified in writing.

16 MANAGEMENT OF INVESTMENTS MANAGEMENT OF INVESTMENTS

16.1 Trust Agreement.1 Trust Agreement

All Plan assets shall be held by the Trustee in trust, in accordance with those provisions of the Plan and Trust which relate to the Trustee, for use in providing Plan benefits and paying Plan fees and expenses not paid directly by the Employer. Plan benefits shall be drawn solely from the Trust and paid by the Trustee as directed by the Administrator. Notwithstanding, the Company may appoint, with the approval of the Trustee, another trustee to hold and administer Plan assets which do not meet the requirements of Section 16.2.

16.2 Investment Funds.2 Investment Funds

The Administrator is hereby granted authority to direct the Trustee to invest Trust assets in one or more Investment Funds. The number and composition of Investment Funds may be changed from time to time, without the necessity of amending the Plan and Trust. The Trustee may establish reasonable limits on the number of Investment Funds as well as the acceptable assets for any such Investment Fund. Each of the Investment Funds may be comprised of any of the following:

(a) shares of a registered investment company, whether or not the Trustee or any of its affiliates is an advisor to, or other service provider to, such company;

(b) collective investment funds maintained by the Trustee, or any other fiduciary to the Plan, which are available for investment by trusts which are qualified under Code sections 401(a) and 501(a);

(c) individual equity and fixed income securities which are readily tradable on the open market;

(d) synthetic guaranteed investment contracts and guaranteed investment contracts issued by an insurance company and/or synthetic guaranteed investment contracts and bank investment contracts issued by a bank; and

(e) interest bearing deposits (which may include interest bearing deposits of the Trustee).

Any Investment Fund assets invested in a collective investment fund, shall be subject to all the provisions of the instruments establishing and governing such fund. These instruments, including any subsequent amendments, are incorporated herein by reference.

16.3 Authority to Hold Cash.3 Authority to Hold Cash

The Trustee shall have the authority to cause the investment manager of each Investment Fund to maintain sufficient deposit or money market type assets in each Investment Fund to handle the Investment Fund's liquidity and disbursement needs.

16.4 Trustee to Act Upon Instructions.4 Trustee to Act Upon Instructions

The Trustee shall carry out instructions to invest assets in the Investment Funds as soon as practicable after such instructions are received from the Administrator, Participants or Beneficiaries. Such instructions shall remain in effect until changed by the Administrator, Participants or Beneficiaries.

16.5 Administrator Has Right to Vote Registered Investment Company Shares.5 Administrator Has Right to Vote Registered Investment Company Shares

The Administrator shall be entitled to vote proxies or exercise any shareholder rights relating to shares held on behalf of the Plan in a registered investment company. Notwithstanding, the authority to vote proxies and exercise shareholder rights related to such shares held in a Custom Fund is vested as provided otherwise in Section 16.

16.6 Custom Fund Investment Management .6 Custom Fund Investment Management

The Administrator may designate, with the consent of the Trustee, an investment manager for any Investment Fund established by the Trustee solely for Participants of the Plan and, subject to Section 16.7, any other qualified plan of the Company or a Related Company (a "Custom Fund"). The investment manager may be the Administrator, Trustee or an investment manager pursuant to ERISA section 3(38). The Administrator shall advise the Trustee in writing of the appointment of an investment manager and shall cause the investment manager to acknowledge to the Trustee in writing that the investment manager is a fiduciary to the Plan.

A Custom Fund shall be subject to the following:

(a) Guidelines. Written guidelines, acceptable to the Trustee, shall be established for a Custom Fund. If a Custom Fund consists solely of collective investment funds or shares of a registered investment company (and sufficient deposit or money market type assets to handle the Custom Fund's liquidity and disbursement needs), its underlying instruments shall constitute the guidelines.

(b) Authority of Investment Manager. The investment manager of a Custom Fund shall have the authority to vote or execute proxies, exercise shareholder rights, manage, acquire, and dispose of Trust assets.

(c) Custody and Trade Settlement. Unless otherwise agreed to by the Trustee, the Trustee shall maintain custody of all Custom Fund assets and be responsible for the settlement of all Custom Fund trades. For purposes of this Section, shares of a collective investment fund, shares of a registered investment company and synthetic guaranteed investment contracts and guaranteed investment contracts issued by an insurance company and/or synthetic guaranteed investment contracts and bank investment contracts issued by a bank, shall be regarded as the Custom Fund assets instead of the underlying assets of such instruments.

(d) Limited Liability of Co-Fiduciaries. Neither the Administrator nor the Trustee shall be obligated to invest or otherwise manage any Custom Fund assets for which the Trustee or Administrator is not the investment manager nor shall the Administrator or Trustee be liable for acts or omissions with regard to the investment of such assets except to the extent required by ERISA.

16.7 Master Custom Fund.7 Master Custom Fund

The Trustee may establish, at the direction of the Administrator, a single Custom Fund (the "Master Custom Fund"), for the benefit of the Plan and any other qualified plan of the Company or a Related Company for which the Trustee acts as trustee pursuant to a plan and trust document that contains a provision substantially identical to this provision. The assets of the Plan, to the extent invested in the Master Custom Fund, shall consist only of that percentage of the assets of the Master Custom Fund represented by the shares held by the Plan.

16.8 Authority to Segregate Assets.8 Authority to Segregate Assets

The Administrator may direct the Trustee to split an Investment Fund into two or more funds in the event any assets in the Investment Fund are illiquid or the value is not readily determinable. In the event of such segregation, the Administrator shall give instructions to the Trustee on what value to use for the split-off assets, and the Trustee shall not be responsible for confirming such value.

17 TRUST ADMINISTRATION <u>TRUST ADMINISTRATION</u>

17.1 Trustee to Construe Trust.1 Trustee to Construe Trust

The Trustee shall have the discretionary authority to construe those provisions of the Plan and Trust which relate to the Trustee and to do all things necessary or convenient to the administration of the Trust, whether or not such powers are specifically set forth in the Plan and Trust. Actions taken in good faith by the Trustee shall be conclusive and binding on all interested parties, and shall be given the maximum possible deference allowed by law.

17.2 Trustee To Act As Owner of Trust Assets.2 Trustee To Act As Owner of Trust Assets

Subject to the specific conditions and limitations set forth in the Plan and Trust, the Trustee shall have all the power, authority, rights and privileges of an absolute owner of the Trust assets and, not in limitation but in amplification of the foregoing, may:

(a) receive, hold, manage, invest and reinvest, sell, tender, exchange, dispose of, encumber, hypothecate, pledge, mortgage, lease, grant options respecting, repair, alter, insure, or distribute any and all property in the Trust;

(b) borrow money, participate in reorganizations, pay calls and assessments, vote or execute proxies, exercise subscription or conversion privileges, exercise options and register any securities in the Trust in the name of the nominee, in federal book entry form or in any other form as shall permit title thereto to pass by delivery;

(c) renew, extend the due date, compromise, arbitrate, adjust, settle, enforce or foreclose, by judicial proceedings or otherwise, or defend against the same, any obligations or claims in favor of or against the Trust; and

(d) lend, through a collective investment fund, any securities held in such collective investment fund to brokers, dealers or other borrowers and to permit such securities to be transferred into the name and custody and be voted by the borrower or others.

17.3 United States Indicia of Ownership.3 United States Indicia of Ownership

The Trustee shall not maintain the indicia of ownership of any Trust assets outside the jurisdiction of the United States, except as authorized under ERISA section 404(b).

17.4 Tax Withholding and Payment.4 Tax Withholding and Payment

(a) Withholding. The Trustee shall calculate and withhold federal (and, if applicable, state) income taxes as required by law if no election is made or the election is less than the amount required by law. With regard to any taxable distribution that is not an Eligible Rollover Distribution, the Trustee shall calculate and withhold federal (and, if applicable, state) income taxes in accordance with the Participant's withholding election or as required by law if no election is made.

(b) Taxes Due From Investment Funds. The Trustee shall pay from the Investment Fund any taxes or assessments imposed by any taxing or governmental authority on such Investment Fund or its income, including related interest and penalties.

17.5 Trust Accounting.5 Trust Accounting

(a) Annual Report. Within 90 days (or other reasonable period) following the close of the Plan Year, the Trustee shall provide the Administrator with an annual accounting of Trust assets and information to assist the Administrator in meeting ERISA's annual reporting and audit requirements.

(b) Periodic Reports. The Trustee shall maintain records and provide sufficient reporting to allow the Administrator to properly monitor the Trust's assets and activity.

(c) Administrator Approval. Approval of any Trustee accounting shall automatically occur 90 days after such accounting has been received by the Administrator, unless the Administrator files a written objection with the Trustee within such time period. Such approval shall be final as to all matters and transactions stated or shown therein and binding upon the Administrator.

17.6 Valuation of Certain Assets.6 Valuation of Certain Assets

If the Trustee determines the Trust holds any asset which is not readily tradable and listed on a national securities exchange registered under the Securities Exchange Act of 1934, as amended, the Trustee may engage a qualified independent appraiser to determine the fair market value of such property, and the appraisal fees shall be paid from the Investment Fund containing the asset.

17.7 Legal Counsel.7 Legal Counsel

The Trustee may consult with legal counsel of its choice, including counsel for the Employer or counsel of the Trustee, upon any question or matter arising under the Plan and Trust. When relied upon by the Trustee, the opinion of such counsel shall be evidence that the Trustee has acted in good faith.

17.8 Fees and Expenses.8 Fees and Expenses

The Trustee's fees for its services as Trustee shall be such as may be mutually agreed upon by the Company and the Trustee. Trustee fees and all reasonable expenses of counsel and advisors retained by the Trustee shall be paid in accordance with Section 6.

17.9 Trustee Duties and Limitations.9 Trustee Duties and Limitations

The Trustee's duties, unless otherwise agreed to by the Trustee, shall be confined to construing the terms of the Plan and Trust as they relate to the Trustee, receiving funds on behalf of and making payments from the Trust, safeguarding and valuing Trust assets, investing and reinvesting Trust assets in the Investment Funds as directed by the Administrator, Participants or Beneficiaries, and those duties as described in this Section 17.

The Trustee shall have no duty or authority to ascertain whether Contributions are in compliance with the Plan, to enforce collection or to compute or verify the accuracy or adequacy of any amount to be paid to it by the Employer. The Trustee shall not be liable for the proper application of any part of the Trust with respect to any disbursement made at the direction of the Administrator.

18 RIGHTS, PROTECTION, CONSTRUCTION AND JURISDICTION RIGHTS, PROTECTION, CONSTRUCTION AND JURISDICTION

18.1 Plan Does Not Affect Employment Rights.1 Plan Does Not Affect Employment Rights

The Plan does not provide any employment rights to any Employee. The Employer expressly reserves the right to discharge an Employee at any time, with or without cause, without regard to the effect such discharge would have upon the Employee's interest in the Plan.

18.2 Compliance With USERRA.2 Compliance With USERRA

Notwithstanding any provision of the Plan to the contrary, effective October 13, 1996, with regard to an Employee who after serving in the uniformed services is reemployed on or after December 12, 1994, within the time required by USERRA, contributions shall be made and benefits and service credit shall be provided under the Plan with respect to his or her qualified military service (as defined in Code section 414(u)(5)) in accordance with Code section 414(u). Furthermore, notwithstanding any provision of the Plan to the contrary, Participant loan payments may be suspended during a period of qualified military service.

18.3 Limited Return of Contributions.3 Limited Return of Contributions

Except as provided in this Section 18.3, (i) Plan assets shall not revert to the Employer nor be diverted for any purpose other than the exclusive benefit of Participants and Beneficiaries and defraying reasonable expenses of administering the Plan; and (ii) a Participant's vested interest shall not be subject to divestment. As provided in ERISA section 403(c)(2), the actual amount of a Contribution or portion thereof made by the Employer (or the current value of such if a net loss has occurred) may revert to the Employer if:

(a) such Contribution or portion thereof is made by reason of a mistake of fact;

(b) a determination with respect to the initial qualification of the Plan under Code section 401(a) is not received and a request for such determination is made within the time prescribed under Code section 401(b) (the existence of and Contributions under the Plan are hereby conditioned upon such initial qualification); or

(c) such Contribution or portion thereof is not deductible under Code section 404 (such Contributions are hereby conditioned upon such deductibility) in the taxable year of the Employer for which the Contribution is made.

The reversion to the Employer must be made (if at all) within one year of the mistaken payment, the date of denial of qualification, or the date of disallowance of deduction, as the case may be. A Participant shall have no rights under the Plan with respect to any such reversion.

18.4 Assignment and Alienation.4 Assignment and Alienation

As provided by Code section 401(a)(13) and to the extent not otherwise required by law, no benefit provided by the Plan may be anticipated, assigned or alienated, except:

(a) to create, assign or recognize a right to any benefit with respect to a Participant pursuant to a QDRO; or

(b) to use a Participant's vested Account balance as security for a loan from the Plan which is permitted pursuant to Code section 4975.

18.5 Facility of Payment.5 Facility of Payment

If a Plan benefit is due to be paid to a minor or if the Administrator reasonably believes that any payee is legally incapable of giving a valid receipt and discharge for any payment due him or her, the Administrator shall have the payment of the benefit, or any part thereof, made to the person (or persons or institution) whom it reasonably believes is caring for or supporting the payee, unless it has received due notice of claim therefor from a duly appointed guardian or conservator of the payee. Any payment shall to the extent thereof, be a complete discharge of any liability under the Plan to the payee.

18.6 Reallocation of Lost Participant's Accounts.6 Reallocation of Lost Participant's Accounts

If the Administrator cannot locate a person entitled to payment of a Plan benefit after a reasonable search, the Administrator may at any time thereafter treat such person's Account as forfeited and use such amount to reduce future Contributions to be made by an Employer as soon as administratively feasible. If such person subsequently presents the Administrator with a valid claim for the benefit, such person shall be paid the amount treated as forfeited. The Administrator shall pay the amount through an additional amount contributed by the Employer.

18.7 Suspension of Certain Plan Provisions During Conversion Period.7 Suspension of Certain Plan Provisions During Conversion Period

Notwithstanding any provision of the Plan to the contrary, during any Conversion Period, in accordance with procedures established by the Administrator and the Trustee, the Administrator may temporarily suspend, in whole or in part, certain provisions under the Plan, which may include, but are not limited to, a Participant's right to change his or her Contribution election, a Participant's right to change his or her investment election and a Participant's right to borrow or withdraw from his or her Account or obtain a distribution f rom his or her Account.

18.8 Suspension of Certain Plan Provisions During Other Periods.8 Suspension of Certain Plan Provisions During Other Periods

Notwithstanding any provision of the Plan to the contrary, in accordance with procedures established by the Administrator and the Trustee, the Administrator may temporarily suspend a Participant's right to borrow or withdraw from his or her Account or obtain a distribution from his or her Account, if (i) the Administrator receives a domestic relations order and the Participant's Account is a source of the payment for such domestic relations order, or (ii) if the Administrator receives notice that a domestic relations order is being sought by the Participant, his or her spouse, former spouse, child or other dependent (as defined in Code section 152) and the Participant's Account is a source of the payment for such domestic relations order. Such suspension may continue for a reasonable period of time (as determined by the Administrator) which may include the period of time the Administrator, a court of competent jurisdiction or other appropriate person is determining whether the domestic relations order qualifies as a QDRO.

18.9 Claims Procedure.9 Claims Procedure

(a) Right to Make Claim. An interested party who disagrees with the Administrator's determination of his or her right to Plan benefits must submit a written claim and exhaust this claim procedure before legal recourse of any type is sought. The claim must include the important issues the interested party believes support the claim. The Administrator, pursuant to the authority provided in the Plan, shall either approve or deny the claim.

(b) Process for Denying a Claim. The Administrator's partial or complete denial of an initial claim must include an understandable, written response covering (1) the specific reasons why the claim is being denied (with reference to the pertinent Plan provisions) and (2) the steps necessary to perfect the claim and obtain a final review.

(c) Appeal of Denial and Final Review. The interested party may make a written appeal of the Administrator's initial decision, and the Administrator shall respond in the same manner and form as prescribed for denying a claim initially.

(d) Time Frame. The initial claim, its review, appeal and final review shall be made in a timely fashion, subject to the following time table:

Action	Days to Respond From Last Action
Administrator determines benefit	NA
Interested party files initial request	60 days
Administrator's initial decision	90 days
Interested party requests final review	60 days
Administrator's final decision	60 days

However, the Administrator may take up to twice the maximum response time for its initial and final review if it provides an explanation within the normal period of why an extension is needed and when its decision shall be forthcoming.

18.10 Construction.10 Construction

Headings are included for reading convenience. The text shall control if any ambiguity or inconsistency exists between the headings and the text. The singular and plural shall be interchanged wherever appropriate. References to Participant shall include Alternate Payee and/or Beneficiary when appropriate and even if not otherwise already expressly stated.

18.11 Jurisdiction and Severability.11 Jurisdiction and Severability

The Plan and Trust shall be construed, regulated and administered under ERISA and other applicable federal laws and, where not otherwise preempted, by the laws of the State of Pennsylvania. If any provision of the Plan and Trust is or becomes invalid or otherwise unenforceable, that fact shall not affect the validity or enforceability of any other provision of the Plan and Trust. All provisions of the Plan and Trust shall be so construed as to render them valid and enforceable in accordance with their intent.

18.12 Indemnification by Employer.12 Indemnification by Employer

The Employers hereby agree to indemnify all Plan fiduciaries against any and all liabilities resulting from any action or inaction, (including a Plan termination in which the Company fails to apply for a favorable determination from the Internal Revenue Service with respect to the qualification of the Plan upon its termination), in relation to the Plan or Trust (i) including (without limitation) expenses reasonably incurred in the defense of any claim relating to the Plan or its assets, and amounts paid in any settlement relating to the Plan or its assets, but (ii) excluding liability resulting from actions or inactions made in bad faith, or resulting from the negligence or willful misconduct of the Trustee. The Company shall have the right, but not the obligation, to conduct the defense of any action to which this Section applies. The Plan fiduciaries are not entitled to indemnity from the Plan assets relating to any such action.

19 AMENDMENT, MERGER, DIVESTITURES AND TERMINATION AMENDMENT, MERGER, DIVESTITURES AND TERMINATION

19.1 Amendment.1 Amendment

The Company reserves the right to amend the Plan and Trust at any time, to any extent and in any manner it may deem necessary or appropriate. The Company (and not the Trustee) shall be responsible for adopting any amendments necessary to maintain the qualified status of the Plan and Trust under Code sections 401(a) and 501(a). The Committee shall have the authority to adopt any Plan and Trust amendments which have no substantial adverse financial impact upon any Employer or the Plan. All interested parties shall be bound by any amendment, provided that no amendment shall:

(a) become effective unless it has been adopted in accordance with the procedures set forth in Section 19.5;

(b) except to the extent permissible under ERISA and the Code, make it possible for any portion of the Trust assets to revert to an Employer or to be used for, or diverted to, any purpose other than for the exclusive benefit of Participants and Beneficiaries entitled to Plan benefits and to defray reasonable expenses of administering the Plan;

(c) decrease the rights of any Participant to benefits accrued (including the elimination of optional forms of benefits) to the date on which the amendment is adopted, or if later, the date upon which the amendment becomes effective, except to the extent permitted under ERISA and the Code; nor

(d) permit a Participant to be paid any portion of his or her Account subject to the distribution rules of Code section 401(k) unless the payment would otherwise be permitted under Code section 401(k).

19.2 Merger.2 Merger

The Plan and Trust may not be merged or consolidated with, nor may its assets or liabilities be transferred to, another plan unless each Participant and Beneficiary would, if the resulting plan were then terminated, receive a benefit just after the merger, consolidation or transfer which is at least equal to the benefit which would be received if either plan had terminated just before such event.

19.3 Divestitures.3 Divestitures

In the event of a sale by an Employer which is a corporation of: (i) substantially all of the Employer's assets used in a trade or business to an unrelated corporation, or (ii) a sale of such Employer's interest in a subsidiary to an unrelated entity or individual, lump sum distributions shall be permitted from the Plan to Participants with respect to Employees who continue employment with the corporation acquiring such assets or who continue employment with such subsidiary, as applicable. The Participant must have a severance from service with the Employer as a condition to receiving a distribution as provided above.

Notwithstanding the foregoing, distributions shall not be permitted if the purchaser agrees, in connection with the sale, to be substituted as the Company as the sponsor of the Plan or to accept a transfer in a transaction subject to Code section 414(l)(1) of the assets and liabilities representing the Participants' benefits into a plan of the purchaser or a plan to be established by the purchaser.

19.4 Plan Termination and Complete Discontinuance of Contributions.4 Plan Termination and Complete Discontinuance of Contributions

The Company may, at any time and for any reason, terminate the Plan in accordance with the procedures set forth in Section 19.5, or completely discontinue contributions. Upon either of these events, or in the event of a partial termination of the Plan within the meaning of Code section 411(d)(3), the Accounts of each affected Participant shall be fully vested.

In the event of the Plan's termination, if no successor plan is established or maintained, lump sum distributions shall be made in accordance with the terms of the Plan as in effect at the time of the Plan's termination or as thereafter amended, provided that a post-termination amendment shall not be effective to the extent that it violates Section 19.1 unless it is required in order to maintain the qualified status of the Plan upon its termination. The Trustee's and Employer's authority shall continue beyond the Plan's termination date until all Trust assets have been liquidated and distributed.

19.5 Amendment and Termination Procedures.5 Amendment and Termination Procedures

The following procedural requirements shall govern the adoption of any amendment or termination (a "Change") of the Plan and Trust:

(a) The Company may adopt any Change by action of its board of directors in accordance with its normal procedures.

(b) The Committee may adopt any Change within the scope of its authority provided under Section 19.1 and in the manner specified in Section 15.7(a).

(c) Any Change must be (1) set forth in writing, and (2) signed and dated by an executive officer of the Company or, in the case of a Change adopted by the Committee, at least one of its members.

(d) If the effective date of any Change is not specified in the document setting forth the Change, it shall be effective as of the date it is signed by the last person whose signature is required under clause (2) above, except to the extent that another effective date is necessary to maintain the qualified status of the Plan and Trust under Code sections 401(a) and 501(a).

(e) No Change shall become effective until it is accepted and signed by the Trustee (which acceptance shall not unreasonably be withheld).

19.6 Termination of Employer's Participation.6 Termination of Employer's Participation

Any Employer may, at any time and for any reason, terminate its Plan participation by action of its board of directors in accordance with its normal procedures. Written notice of such action shall be signed and dated by an executive officer of the Employer and delivered to the Company. If the effective date of such action is not specified, it shall be effective on, or as soon as reasonably practicable after, the date of delivery. Upon the Employer's request, the Company may instruct the Trustee and Administrator to spin off all affected Accounts and underlying assets into a separate qualified plan under which the Employer shall assume the powers and duties of the Company. Alternatively, the Company may continue to maintain the Accounts under the Plan.

19.7 Replacement of the Trustee.7 Replacement of the Trustee

The Trustee may resign as Trustee under the Plan and Trust or may be removed by the Company at any time upon at least 90 days written notice (or less if agreed to by both parties). In such event, the Company shall appoint a successor trustee by the end of the notice period. The successor trustee shall then succeed to all the powers and duties of the Trustee under the Plan and Trust. If no successor trustee has been named by the end of the notice period, the Company's chief executive officer shall become the trustee, or if he or she declines, the Trustee may petition the court for the appointment of a successor trustee.

19.8 Final Settlement and Accounting of Trustee.8 Final Settlement and Accounting of Trustee

(a) Final Settlement. As soon as administratively feasible after its resignation or removal as Trustee, the Trustee shall transfer to the successor trustee all property currently held by the Trust. However, the Trustee is authorized to reserve such sum of money as it may deem advisable for payment of its accounts and expenses in connection with the settlement of its accounts or other fees or expenses payable by the Trust. Any balance remaining after payment of such fees and expenses shall be paid to the successor trustee.

(b) Final Accounting. The Trustee shall provide a final accounting to the Administrator within 90 days of the date Trust assets are transferred to the successor trustee.

(c) Administrator Approval. Approval of the final accounting shall automatically occur 90 days after such accounting has been received by the Administrator, unless the Administrator files a written objection with the Trustee within such time period. Such approval shall be final as to all matters and transactions stated or shown therein and binding upon the Administrator.

APPENDIX A - INVESTMENT FUNDSAPPENDIX A - INVESTMENT FUNDS

I. Investment Funds Available

The Investment Funds offered under the Plan as of the Effective Date include this set of daily valued funds:

Funds

Vanguard Prime Money Market Fund
Vanguard Retirement Savings Trust
Vanguard Total Bond Market Index Fund
Vanguard Asset Allocation Fund
Vanguard 500 Index fund
Vanguard PRIMECAP Fund
Vanguard Growth and Income Fund
Vanguard Mid-Cap Index Fund
Vanguard Windsor Fund
VanKampen Emerging Growth Fund
RS Emerging Growth Fund
Janus Overseas Fund
Janus Twenty Fund

II. Default Investment Fund

The default Investment Fund as of the Effective Date is the Vanguard Prime Money Market Fund.

APPENDIX B - PAYMENT OF PLAN FEES AND EXPENSES

As of the Effective Date, payment of Plan fees and expenses shall be as follows:

I. Investment Management Fees: These are paid by Participants in that management fees reduce the investment return reported and credited to Participants.

II. Recordkeeping Fees: These are paid by Participants and are assessed monthly and billed/collected from Accounts quarterly.

III. Additional Fees Paid by Participants: Audit Fees, periodic RFI expenses, Plan related legal and consulting fees, and other expenses necessary for plan administration shall be added to the recordkeeping fees and assessed against Participants’ Accounts, per 2) above. Estimates of the fees shall be determined and reconciled, at least annually.

IV. Additional Fees Paid by Employer: All other Plan related fees and expenses shall be paid by the Employer. To the extent that the Administrator later elects that any such fees shall be borne by Participants, the fees shall be added to the recordkeeping fees and assessed against Participants' Accounts, per 2) above and estimates of the fees shall be determined and reconciled, at least annually.

APPENDIX C - LOAN INTEREST RATE

Effective January 1, 1998, the interest rate charged on Participant loans shall be equal to the U.S. Treasury rate for a note of the same maturity, plus 1%.

Effective January 1, 1999, the interest rate charged on Participant loans shall be equal to the prime rate published in The Wall Street Journal at the time the loan is processed, plus 1%. If multiple prime rates are published in The Wall Street Journal, the prime rate selected shall be the rate closest to the last prime rate used for this purpose.

The rate may be determined once for all loans made in a month, and the maturity may be determined to the nearest year.

Exhibit 10.12

AMENDMENT NO. 1 TO THE

JACOBS ENGINEERING GROUP INC. 401(k) PLUS SAVINGS PLAN AND TRUST

AS AMENDED AND RESTATED APRIL 1, 2003

The Jacobs Engineering Group Inc. 401(k) Plus Savings Plan and Trust, as Amended and Restated April 1, 2003, is hereby further amended by adding Section 4.4 to the Plan to read as follows, effective for the Plan Year ending December 31, 2005:

4.4. Automatic Rollovers of Mandatory Distributions.

In the event of a mandatory distribution greater than $1,000 in accordance with the provisions of Section 11 of the Plan, if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly in accordance with Section 11 of the Plan, then the Plan Administrator shall pay the distribution in a direct rollover to an individual retirement plan designed by the Plan Administrator.

Date: March 28, 2005 Jacobs Engineering Group Inc.

By: /S/ John W. Prosser, Jr.
Title: Executive Vice President
Finance and Administration

AMENDMENT NO. 2 TO THE

JACOBS ENGINEERING GROUP INC. 401(k) PLUS SAVINGS PLAN AND TRUST

AS AMENDED AND RESTATED APRIL 1, 2003

This amendment to the Jacobs Engineering Group Inc. 401(k) Plus Savings Plan and Trust, as Amended and Restated April 1, 2003 (the “Plan”), as described below, is intended to (i) permit Plan participants to specify the extent to which partial distributions are withdrawn from their separate sub-accounts, effective January 1, 2006; (ii) bring the Plan document into compliance with the updated Treasury Department regulations under Sections 401(k) and 401(m) of the Internal Revenue Code, effective January 1, 2006; and (iii) reflect the merger of a portion of the Jacobs Construction Services 401(k) Plus Savings Plan and Trust into the Plan, effective at midnight on January 1, 2007.

The changes in this amendment are effective as noted.

1. Effective January 1, 2006, Section 1.20 is amended by replacing the reference to Treas. Reg. §1.401(k)-1(d)(2)(ii) with a reference to Treas. Reg. §1.401(k)-1(d)(3).

2. Effective January 1, 2006, Section 10.7 (“Hardship Withdrawals”) is amended by modifying subsection (b) to read as follows:

(b) "Deemed Financial Need". An immediate and heavy financial need relating to:

(1) the payment of unreimbursed medical care expenses (described under Code section 213(d), but without regard to whether the expenses exceed 7.5% of adjusted gross income) incurred (or to be incurred) by the Employee, his or her spouse or dependents (as defined in Code section 152, without regard to subsections (b)(1), (b)(2), and (d)(1)(B) of Code section 152);

(2) the purchase (excluding mortgage payments) of the Employee's principal residence;

(3) the payment of unreimbursed tuition, related educational fees and room and board for up to the next 12 months of post-secondary education for the Employee, his or her spouse, children, or dependents (as defined in Code section 152, without regard to subsections (b)(1), (b)(2), and (d)(1)(B) of Code section 152);

(4) the payment of amounts necessary for the Employee to prevent losing his or her principal residence through eviction or foreclosure on the mortgage;

(5) the payment of burial or funeral expenses for the Employee's deceased parent, spouse, children or dependents (as defined in Code section 152, without regard to subsection (d)(1)(B) of Code section 152);

(6) the payment of expenses for the repair of damage to the Employee's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income); or

(7) any other circumstance specifically permitted under Treasury Regulations section 401(k)-1(d)(3)(iii)(B).

3. Effective January 1, 2006, Section 11.1 (“Benefit Information, Notices, and Election”) is amended by replacing the phrase “separation from service,” in the second paragraph, with the phrase “severance from employment,” and by replacing the phrase “separates from service,” in the second paragraph, with the phrase “has a severance from employment.”

4. Effective January 1, 2006, Section 11.4 (“Source and Timing of Distribution Funding”) is amended by adding the following at the end of the first paragraph:

> In the case of a partial distribution pursuant to Section 11.3(b), the Participant may specify the amount to be distributed from each of his or her Accounts. If a Participant fails to specify the source of the distribution in this manner, the distributed amount shall be pro-rated among each of the Participant’s Accounts.

5. Effective January 1, 2006, Section 12.2 (“ADP and ACP Tests”) is amended by deleting the second to last paragraph.

6. Effective January 1, 2006, Section 12.6 (“Adjustment for Investment Gain or Loss”) is amended to read, in its entirety, as follows:

> Any excess Deferrals or Contributions to be refunded to a Participant in accordance with this Section 12 shall be adjusted for investment gain or loss, including investment gain or loss attributable to the period between the end of the applicable Plan Year and the date of distribution.

7. Effective at midnight on January 1, 2007, a new Section 19.9 is added to read as follows:

> 19.9 Merger of Jacobs Construction Services 401(k) Plus Savings Plan and Trust.

Effective January 1, 2007, the account balances of participants in the Jacobs Construction Services 401(k) Plus Savings Plan and Trust who are classified as “staff” employees were merged into this Plan. From that date onward, amounts merged into this Plan from the Jacobs Construction Services 401(k) Plus Savings Plan and Trust have been governed by the terms of

Date: January 29, 2007 Jacobs Engineering Group Inc.

By: /S/ John W. Prosser, Jr.
Title: Executive Vice President
Finance and Administration

AMENDMENT NO. 3 TO THE

JACOBS ENGINEERING GROUP INC. 401(k) PLUS SAVINGS PLAN AND TRUST

AS AMENDED AND RESTATED APRIL 1, 2003

This amendment to the Jacobs Engineering Group Inc. 401(k) Plus Savings Plan and Trust, as Amended and Restated April 1, 2003 (the "Plan"), as described below, is intended to clarify certain Plan provisions and bring the Plan into full compliance with the 2005 Cumulative List of Changes in Plan Qualification Requirements, as set forth in IRS Notice 2005-101.

The changes in this amendment are effective as noted.

1. Effective for loans made on or after January 1, 2004, Section 9.12 ("Loan Default") is amended by adding a new third paragraph to read as follows:

> A Participant with an outstanding defaulted loan may not receive a subsequent loan, unless the Participant (i) makes a full repayment of the defaulted loan balance, (ii) provides adequate security for the subsequent loan (in addition to the Participant's accrued benefit), or (iii) enters into an enforceable agreement to repay the loan through direct payroll deductions.

2. Effective April 1, 2003, Section 11.6 ("Payment Within Life Expectancy") is renamed "Compliance with Code Section 401(a)(9)" and is amended to read, in its entirety, as follows:

> 11.6 Compliance with Code Section 401(a)(9)
>
> Notwithstanding any provision of the Plan to the contrary, all distributions from the Plan shall be made in accordance with the minimum distribution requirements of Code section 401(a)(9) (including the incidental death benefit rule of Code section 401(a)(9)(G)) and the regulations thereunder.

3. Effective January 1, 2002, Sections 13.5 through 13.8 are deleted in their entirety, and Section 13.9 is renumbered as Section 13.5.

Date: January 29, 2007 Jacobs Engineering Group Inc.

By: /S/ John W. Prosser, Jr.
Title: Executive Vice President
Finance and Administration

JACOBS ENGINEERING GROUP INC.

1999 Outside Director Stock Plan
(As Amended and Restated)

1. Purpose.

The purpose of the Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan (the "Plan") is to attract and retain the services of experienced and knowledgeable independent directors of Jacobs Engineering Group Inc. (the "Company") for the benefit of the Company and its stockholders and to provide an additional incentive for such directors to continue to work for the best interests of the Company and its stockholders through continuing ownership of its Common Stock.

2. Definitions .

Unless the context clearly indicates otherwise, the following terms, when used in this Plan, shall have the meanings set forth in this Paragraph 2.

"Board of Directors" shall mean the Board of Directors of the Company.

"Common Stock" shall mean the Common Stock, $1.00 par value, of the Company or such other class of shares or other securities as may be applicable pursuant to the provisions of Paragraph 5.

"Company" shall mean Jacobs Engineering Group Inc.

"Disabled" shall mean an Outside Director's inability to perform the duties of a director of the Company by reason of a mental or physical impairment. The following shall constitute conclusive proof that an Outside Director is disabled:

(a) The appointment by a court of competent jurisdiction of a guardian or conservator of the person or estate of an Outside Director; or

(b) An Outside Director's failure to attend any meetings of the Board during a period of six months by reason of illness or physical injury, as determined by the Board of Directors.

"Fair Market Value" shall mean the closing price of the Common Stock as reported in the composite transactions report of the National Securities Exchange on which the Common Stock is then listed ("Exchange"). If such day is a day that the Exchange is not open, then the Fair Market Value shall be determined by reference to the closing price of the Common Stock for the immediately preceding trading day.

"Forfeiture Restrictions" is defined in Paragraph 11.

"Grant Price" shall mean the average of the Fair Market Values of the Common Stock for the ten trading days ending on the second trading day prior to the date for which the Grant Price is being determined, but in no event less than 85% of the Fair Market Value of the Common Stock for the day the Grant Price is being determined. If the day for which the Grant Price is being determined is a day that the Exchange is not open, then the Grant Price shall be determined by reference to the relevant price or prices as of the immediately preceding trading day.

Notwithstanding the foregoing, in the event that an Outside Director is elected or re-elected to the Board of Directors following the start of the averaging period that would otherwise be used to determine the Grant Price of an Option issued to such Outside Director pursuant to Paragraph 6, the Grant Price of the Option issued to the Outside Director shall equal the Fair Market Value of the Common Stock for the day the Grant Price is being determined.

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

"Outside Director" shall have the meaning given the term "Non-Employee Director" by Rule 16b-3 adopted under the 1934 Act.

"Option" shall mean an Option granted pursuant to this Plan.

"Plan" shall mean this Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan as set forth herein, as the same may be amended from time to time.

"Restricted Stock" is defined in Paragraph 11.

"Restricted Stock Unit" means a Stock Award granted pursuant to Paragraph 11 of this Plan, pursuant to which shares of Common Stock may be issued in the future.

"Stock Award" shall mean a grant of Common Stock, Restricted Stock or Restricted Stock Units pursuant to Paragraph 11 of this Plan.

"Tax Date" shall mean the date as of which any federal, state, local or foreign tax is required to be withheld from an Outside Director in connection with the exercise of an Option, the sale or other disposition of Common Stock acquired upon the exercise of an Option, the receipt of a Stock Award, the release of Restricted Stock Forfeiture Restrictions, or the acquisition of Common Stock pursuant to an award of Restricted Stock Units.

3. <u>Shares of Common Stock Subject to the Plan</u> .

(a) Subject to the provisions of Paragraph 5, the aggregate number of shares of Common Stock upon which Options and Stock Awards may be granted under the Plan shall not exceed 800,000 shares.

(b) The shares to be delivered under the Plan shall be made available, at the discretion of the Board of Directors, from either authorized but unissued shares of Common Stock or previously issued shares reacquired by the Company, including shares purchased in the open market.

(c) If any outstanding Option granted under the Plan expires, lapses, is terminated or is forfeited for any reason, then the unissued shares of Common Stock that were allocable to the unexercised portion of such Option shall again be available for issuance upon exercise of an Option granted under this Plan.

4. <u>Administration of the Plan</u>.

(a) The Plan shall be administered by the Board of Directors. The Board of Directors may authorize any officer or officers of the Company to execute and deliver Option Agreements, Restricted Stock Agreements, Restricted Stock Unit Agreements, and other documents on behalf of the Company.

(b) Subject to the provisions of the Plan, the Board of Directors is authorized and directed to interpret the Plan, to establish, amend and rescind policies relating to the Plan, to direct the Company to execute agreements and amendments thereto setting forth the terms and conditions of grants of Outside Director Options and Stock Awards made under the Plan and to make such other determinations and to take such other actions as are consistent with the Plan and are necessary or appropriate for the administration of the Plan. Notwithstanding the foregoing, the Board of Directors shall not have the authority to make any determination, to adopt any policy or to take any action that would cause grants and exercises under the Plan to cease to be exempt from Section 16(b) of the 1934 Act by virtue of Rule 16b-3, or any successor rule, thereunder.

(c) Except as provided in Paragraph 15, any determination, decision or action of the Board of Directors in connection with the construction, interpretation, administration or application of the Plan shall be final, binding and conclusive upon all Plan participants and their transferees, beneficiaries, legal representatives, executors and other successors and assigns and upon all other persons. No member of the Board of Directors, and no other person acting upon the authorization and direction of the Board of Directors, shall be liable for any determination, decision or action made in good faith with respect to the Plan.

(d) The Company shall indemnify and hold harmless the members of the Board of Directors, and other persons who are acting upon the authorization and direction of the Board of Directors, from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission in connection with the performance of such persons' duties, responsibilities and obligations under the Plan, other than such liabilities, costs and expenses as may result from the bad faith, willful misconduct or criminal acts of such persons.

5. Adjustment Provisions.

(a) Subject to the provisions of Paragraph 5(b) and Paragraph 15, if the outstanding shares of Common Stock of the Company are increased, decreased or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed in respect of such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution in respect of such shares of Common Stock or other securities, there shall be an appropriate and proportionate adjustment in each of the following: (i) the maximum number and kind of securities provided in Paragraph 3(a) of this Plan, (ii) the number and kind of shares or other securities subject to then outstanding Options, (iii) the price for each share or other unit of any other securities subject to such Options, but without change in the aggregate purchase price as to which such Options remain exercisable and (iv) the maximum number of shares of to be issued pursuant to Stock Awards under Section 11 of this Plan.

(b) Upon the dissolution or liquidation of the Company or upon a reorganization, merger or consolidation of the Company with one or more companies as a result of which the Company is not the surviving company, or upon the sale of all or substantially all the assets of the Company, all Options, Restricted Stock Units, and Restricted Stock then outstanding under the Plan shall be fully vested and exercisable unless, in the case of Options, provisions are made in connection with such transaction for the continuation of this Plan and the assumption of or substitution for such Options of new Options covering the stock of a successor company, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices.

(c) Adjustments under this Paragraph 5 shall be approved by the Board of Directors. Except as provided in Paragraph 15, the Board of Directors' determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional interests shall be issued under the Plan on account of any such adjustment.

6. Grants of Options to Outside Directors .

All Outside Directors shall receive Options pursuant to this Plan, as follows:

(a) *Appointment Grants* . Outside Directors who first become Directors shall receive an Option to purchase 4,000 shares of Common Stock (an “Appointment Grant”) on the first day of the month following the date upon which they are elected to the Board of Directors.

(b) *Annual Grants* . All Outside Directors shall also receive annually on each first day of March following their receipt of their Appointment Grant an Option to purchase 3,500 shares of Common Stock.

All Options are intended to be non-qualified (non-statutory) stock options.

(c) An Outside Director may, by giving written notice to the Company not less than thirty days' prior to the date on which an Option shall be due to be granted:

(i) Decline to accept further grants of Options under this Plan; or

(ii) Revoke a previous election to decline to accept further grants of Options under this Plan, in which case such Outside Director shall thereafter receive Annual Grants made after such revocation.

An Outside Director who declines to accept grants of Options under this Plan may not receive anything of value in lieu of such grant, either at the time of such election or at any time thereafter.

7. Terms of Outside Director Options.

(a) Option Agreement. Each Option shall be evidenced by a written agreement containing such terms and conditions, not inconsistent with this Plan, as the Board of Directors deems appropriate (an “Option Agreement”). An Option Agreement shall not be effective unless and until it has been executed by a duly authorized officer of the Company and by the Outside Director to whom the Option is being granted.

(b) Option Price. The price of the shares of Common Stock subject to each Outside Director Option shall be the Grant Price on the date such Option is granted.

(c) Exercisability.

(i) No Option may be exercised in whole or in part until one year following the date upon which the Option is granted;

(ii) Subject to the provisions of Paragraph 7(c)(i), which shall at all times preempt the provisions of this Subparagraph 7(c)(ii), an installment of 25% of each Option shall become exercisable one year following the date of grant, with additional installments of 25% becoming exercisable on each anniversary date of the grant, so that all Options are fully exercisable at the end of four years from the date of grant;

(iii) If an Outside Director dies or becomes Disabled while in office all installments of all Options held by such director shall vest and become fully exercisable; and

(iv) Except as provided in paragraph (iii) above, no installment of an Option that has not become exercisable on the date on which the holder thereof ceases to be a director of the Company shall thereafter become exercisable by such holder or his successors and assigns.

8. Expiration of Options . An Option may not be exercised after the first to occur of the following events:

(a) Except in the case of an Outside Director who dies or is Disabled, or an Outside Director's resignation, upon the expiration of three months from the date of the Outside Director's disqualification or removal from the Board of Directors, or, if earlier, upon the expiration of the remaining term of the Option; however, if the Outside Director dies within said three-month period, upon the expiration of one year from the date of death or, if earlier, upon the expiration of the remaining term of the Option;

(b) In the case of the death of an Outside Director while in office, upon the expiration of the terms stated in the Option Agreements held by such director at the time of death;

(c) In the case of an Outside Director who is Disabled, upon the expiration of the terms stated in the Option Agreements held by such director at the time of the Disability; or

(d) In the case of the resignation of an Outside Director, the expiration of the remaining term of the Option.

An Option may not be exercised to any extent by anyone after the expiration of ten years from the date the Option was granted.

9. Exercise of Options .

(a) Following the death or disability of an Outside Director, any exercisable portion of such Option may, prior to the time when such portion becomes unexercisable under the provisions of Paragraph 8, above, be exercised by the Outside Director's personal representative or by any person empowered to do so under court order, or by will or the laws of descent and distribution, unless otherwise determined by the Board of Directors.

(b) *Manner of Exercise* . An Option, or any exercisable portion thereof, may be exercised solely by delivery to the Company of all of the following prior to the time when such Option or portion thereof becomes unexercisable under Paragraph 8:

(i) Notice in writing signed by the Outside Director or other person then entitled to exercise such Option or portion, stating that such Option or portion is exercised;

(ii) Either:

(x) Full payment (in cash or by check) for the shares with respect to which such Option or portion is thereby exercised; or

(y) Upon conditions established by the Board of Directors, by the delivery or constructive exchange of shares of Common Stock owned by the Outside Director for such period of time as may be established by the Board of Directors, such shares having a Fair Market Value equal to the aggregate exercise price of the Options being exercised; or

(z) Any combination of the consideration provided in the foregoing subsections (x) and (y);

(iii) In the event the Option or a portion thereof is being exercised by any person or persons other than the Outside Director to whom it was originally granted, appropriate proof, reasonably satisfactory to the Company, of the authority of such person or persons to exercise the Option or such portion thereof; and

(iv) The Board of Directors may make such provisions, subject to applicable rules and regulations, as it may deem appropriate for the withholding or payment by the Outside Director of any withholding taxes that it determines are required in connection with the exercise of an Option, and an Outside Director's rights in stock issued pursuant to such exercise are subject to satisfaction of such conditions. If permitted by the Board of Directors, an Outside Director may elect to satisfy all or any portion of such taxes by instructing the Company to withhold shares of Common Stock issued pursuant to the exercise of the Option. If shares of Common Stock are withheld to satisfy tax liabilities, the value of such shares shall be computed using the Fair Market Value of the Common Stock on the Tax Date.

Any election to use Common Stock to satisfy a withholding tax obligation must either (A) be in a written instrument signed by the Outside Director and stating the number of shares to be withheld or surrendered or a formula pursuant to which such number may be determined and be irrevocable; or (B) otherwise be made in compliance with the Rules and Regulations of the Securities and Exchange Commission under the 1934 Act relating to such elections, as from time to time in effect.

In no event shall the Company be required to issue fractional shares.

(c) *Rights as a Shareholder*. A holder of an Option shall not be, and shall not have any of the rights or privileges of, a shareholder of the Company with respect to any shares of Common Stock purchasable upon the exercise of such Option unless and until such Option shall have been exercised and a certificate or certificates evidencing such shares shall have been issued by the Company to such holder.

(d) *Conditions to Issuance of Stock Certificates* . The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased upon the exercise of any Option or portion thereof unless and until all legal requirements applicable to such issuance or delivery have, in the opinion of counsel to the Company, been complied with. In connection with any such issuance or transfer, the person acquiring the shares shall, if requested by the Company, give assurances satisfactory to such counsel in respect of such matters as such counsel may deem desirable to assure compliance with all applicable legal requirements.

10. Restrictions on Transferability.

(a) No Option or interest or right therein or part thereof shall be subject to or liable for the debts, contracts or engagements of the Outside Director or the Outside Director's successors in interest, as the case may be, or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Paragraph 10 shall prevent transfers permitted by Paragraph 9(a) or Paragraph 10(b).

(b) Except as otherwise provided by the Board of Directors:

(i) Options granted or awarded pursuant to the Plan shall not be transferable other than by will or by the laws of descent and distribution and the rights of Director under this Plan shall not be assignable or transferable pursuant to a qualified domestic relations order as defined in the Internal Revenue Code of 1986, as amended, Title I of the Employee Retirement Income Security Act or the rules thereunder; and

(ii) During the lifetime of an Outside Director, an Option shall be exercisable only by the Outside Director personally, or by the Outside Director's legal representative.

11. Stock Awards.

(a) In the discretion of the Board of Directors, the Company may make Stock Awards to Outside Directors. Stock Awards may be in the form of Common Stock, Restricted Stock Units, or Restricted Stock or any combination thereof. No Stock Award to an Outside Director may exceed 5,000 shares of Common Stock in any year. Unless otherwise determined by the Board of Directors, Stock Awards may not be made to an individual who has at any time been employed by the Company.

(b) Stock Awards to Outside Directors for the first year that they serve as directors shall be in the form of Restricted Stock or Restricted Stock Units. Restricted Stock awarded under this Plan may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of, and in the event of the Outside Director's ceasing to serve as a director of the Company for any reason (including death and Disability unless the Board of Directors in its sole discretion terminates the Forfeiture Restrictions following the death or Disability of such Outside Director), the Outside Director shall be obligated, for no consideration, to forfeit and surrender such shares (to the extent then subject to the Forfeiture Restrictions) to the Company. The restrictions against disposition and the obligation to forfeit and surrender shares to the Company are herein referred to as “Forfeiture Restrictions”, and the shares that are then subject to the Forfeiture Restrictions are referred to as “Restricted Stock.” Certificates evidencing Restricted Stock shall be appropriately legended to reflect the Forfeiture Restrictions. Restricted Stock Units are Stock Awards denominated in units of Common Stock under which the issuance of Common Stock is subject to such vesting conditions (including continued service as an Outside Director) and other terms and conditions as the Board of Directors deems appropriate. Each Restricted Stock Unit will be equal to one share of Common Stock and will, subject to satisfaction of any vesting and/or other terms and conditions, entitle an Outside Director to the issuance of one share of Common Stock in settlement of the award.

(c) The Forfeiture Restrictions with respect to Restricted Stock awarded to an Outside Director shall lapse and be of no further force and effect, and Restricted Stock Units awarded to an Outside Director shall vest, in each case upon the expiration of such period of time as may be fixed by the Board of Directors prior to the issuance of such Stock Award. In no event shall the restriction period be less than six months from the date the Stock Award is granted.

(d) All of the foregoing restrictions, terms and other conditions regarding shares of Restricted Stock or Restricted Stock Units shall be evidenced by a written agreement between the Company and the Outside Director containing such terms and conditions, not inconsistent with the Plan, as the Board of Directors shall approve.

(e) The Board of Directors may make such provisions as it may deem appropriate, subject to applicable rules and regulations, for the withholding or payment by the Outside Director of any withholding taxes that it determines are required in connection with Stock Awards and the lapse of Forfeiture Restrictions on Restricted Stock, and an Outside Director's rights in such stock are subject to satisfaction of such conditions. If permitted by the Board of Directors, an Outside Director may elect to satisfy all or any portion of such taxes by instructing the Company to withhold shares of Common Stock from a Stock Award or from Restricted Stock as to which the Restrictions have lapsed.

(f) If shares of Common Stock are withheld to satisfy tax liabilities, the value of such shares shall be computed using the Fair Market Value of the Common Stock on the Tax Date.

(g) An Outside Director may not defer the receipt of Common Stock with respect to a Restricted Stock Unit beyond the date set forth in the Agreement between the Company and the Outside Director.

12. Effective Date of the Plan.

This Plan is conditional upon the approval of the shareholders of the Company, and the Plan shall be null and void if it is not approved by the shareholders within twelve months of its approval by the Board of Directors.

13. Amendment, Suspension and Termination of Plan.

Except as provided in this Paragraph 13 and in Paragraph 15, the Board of Directors may amend or terminate the Plan at any time and in any respect.

(a) No amendment of the Plan shall become effective without the approval of the Company's shareholders if such approval is required in order to comply with Rule 16b-3 under the Exchange Act or any other applicable law, rule or regulation.

(b) Unless required by applicable law, rule or regulation, no amendment or termination of the Plan shall affect in a material and adverse manner any Option granted prior to the date of such amendment or termination without the written consent of the Outside Director holding such affected Option.

(c) This Plan is intended to comply with all requirements for the exemption from Section 16(b) of the 1934 Act applicable to Outside Directors provided by Rule 16-3 or its successors under the 1934 Act. To the extent any provision of the Plan does not so comply and cannot for any reason be amended by the Board of Directors or the shareholders of the Company so as to comply, the provision shall, to the extent permitted by law and deemed advisable by the Board of Directors, be deemed null and void with respect to the holder of Options granted under this Plan.

(d) Following the commencement of an averaging period used to determine the Grant Price of an Option, the Board of Directors may not (i) decline to issue the Option, or (ii) amend either the number or class of shares of stock that are subject to the Option, the method for determining the Grant Price, or the length of the averaging period.

14. Governing Law.

This Plan shall be governed by and construed and enforced in accordance with, the laws of the State of Delaware without giving effect to its choice of law rules.

15. Code Section 409A

It is intended that the Options and Restricted Stock Awards issued pursuant to this Plan shall not constitute “deferrals of compensation” within the meaning of Section 409A of the Internal Revenue Code and, as a result, shall not be subject to the requirements of Section 409A. It is further intended that Restricted Stock Units issued pursuant to this Plan shall avoid any “plan failures” within the meaning of Code section 409A(a)(1). The Plan is to be interpreted in a manner consistent with these intentions.

Notwithstanding any other provision in this Plan, a new Option or Restricted Stock Award may not be issued if such Option or Restricted Stock Award would be subject to Section 409A, and an existing Option or Restricted Stock Award may not be modified in a manner that would cause such Option or Restricted Stock Award to become subject to Section 409A.

16. Termination of the Plan.

Unless previously terminated by the Board of Directors, the Plan shall terminate when there are no longer any Options, Restricted Stock Units, or shares of Restricted Stock outstanding.

Exhibit 21

JACOBS ENGINEERING GROUP INC.

LIST OF SUBSIDIARIES

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 indicated 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%
Triton Industrial Group Ltd., a Canadian corporation	100.00%
Triton Construction Ltd., a Canadian corporation	100.00%
Triton Projects Ltd., a Canadian corporation	100.00%
JE Remediation Technologies Inc., a Louisiana corporation	100.00%
Jacobs Maintenance Inc., a Louisiana corporation	100.00%
Jacobs Consultancy Inc., a Texas corporation	100.00%
Jacobs P&C US Inc., a Delaware corporation	100.00%
Jacobs PSG Inc., a Delaware corporation	100.00%
Jacobs P&C Inc., a Delaware corporation	100.00%
Jacobs Minerals, Inc., a Delaware corporation	100.00%
DSI Constructors Inc., a Delaware corporation	100.00%
Jacobs Professional Services Inc., a Delaware corporation	100.00%
Jacobs Field Services Americas Inc., a Delaware corporation	100.00%
Jacobs Engineering Inc., a Delaware corporation	100.00%
CODE International Assurance Ltd., a Nevada corporation	100.00%
Jacobs Engineering SA, a Moroccan corporation	50.00%
Transportation Engineering and Management Consultants Maroc, a Moroccan corporation	50.00%
Jacobs Engineering España, S.L., a Spanish corporation	100.00%
Neste Jacobs Oy, a corporation of Finland	40.00%
Rintekno Oy, a corporation of Finland	100.00%
Jacobs Engineering Ireland Limited, a Republic of Ireland corporation	100.00%
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 Morocco SARLAU, a Moroccan corporation	100.00%
Jacobs Nucléaire SAS, a French corporation	100.00%
Jacobs Spain S.L., a Spanish corporation	100.00%
Jacobs Engineering Deutschland GmbH, a German corporation	100.00%
Jacobs Projects GmbH, a German corporation	100.00%
Jacobs Nederland B.V., a Netherlands corporation	100.00%
Jacobs Process B.V., a Netherlands corporation	100.00%
Jacobs Russia LLC, a Russian corporation	100.00%
Jacobs Norway AS, a Norwegian corporation	100.00%
Jacobs Chile S.A., a Chilean corporation	100.00%
Jacobs Peru S.A., a Peruvian corporation	100.00%

Chemetics Inc., a Canadian corporation	100.00%
Jacobs Minerals Canada Inc. a Canadian corporation	100.00%
Jacobs Österreich GmbH, an Austrian corporation	100.00%
Jacobs Advanced Manufacturing B.V., a Netherlands corporation	100.00%
Jacobs Nuclear Engineering Services Private Ltd., an Indian corporation	100.00%
Jacobs Belgïe N.V., 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 U.K. Limited, a corporation of England and Wales	100.00%
Jacobs Process Limited, a corporation of England and Wales	100.00%
Jacobs E&C Limited, a corporation of England and Wales	100.00%
Jacobs E&C International Limited, a corporation of England and Wales	100.00%
Jacobs Matasis (Pty) Ltd., a South African corporation	74.00%
Jacobs Consultancy Ltd., a corporation of England and Wales	100.00%
Jacobs Industrial Services U.K. Ltd, a corporation of England and Wales	100.00%
Lindsey Engineering Services Ltd, a corporation of England and Wales	100.00%
Jacobs L.E.S. Limited, a corporation of England and Wales	100.00%
Jacobs Engineering India Private Limited, an Indian corporation	100.00%*
HGC Constructors Private Ltd., an Indian corporation	100.00%
Gibb Holdings Limited, a corporation of England and Wales	100.00%
Jacobs One Limited, a corporation of Scotland	100.00%
Babtie International Limited, a corporation of Scotland	100.00%
Ringway Babtie Limited, a corporation of England and Wales	25.00%
Le Crossing Company Limited, a corporation of England and Wales	57.00%
Jacobs China Limited, a Hong Kong corporation	100.00%
Jacobs Macau Limited, a Macau corporation	100.00%
BEAR Scotland Limited, a corporation of Scotland	25.00%
Ringway Jacobs Limited, a corporation of England and Wales	50.00%
JacobsGIBB Limited, a corporation of England and Wales	100.00%
Westminster & Earley Services Ltd, a corporation of England and Wales	100.00%
Thistle Water Ltd., a corporation of England and Wales	30.00%
Jacobs Suomi Oy, a Finnish corporation	100.00%
JEG Acquisition Company Limited, a corporation of England and Wales	100.00%
AWE Management Limited, a corporation of England and Wales	33.34%
Jacobs, Zamel and Turbag Consulting Engineers Company, a Saudi Arabian professional services partnership	60.00%
Jacobs International Holdings Inc., a Delaware corporation	100.00%
Jacobs 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 Panama Inc., a Panamanian 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%

Consulting Engineering Services (India) Private Limited, an Indian corporation	70.00%
Consulting Engineering Services LLC, a Sultanate of Oman corporation	70.00%
Jacobs Projects (Shanghai) Co., Ltd., a Peoples Republic of China corporation	100.00%
Jacobs Construction Engineering Design Consulting (Shanghai) Co., Ltd., a Peoples Republic of China corporation	100.00%
Babtie Asia Pte Limited, a Singapore corporation	100.00%
Jacobs Canada Inc., a Canadian corporation	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 E&C Australia Pty Ltd., an Australian corporation	100.00%
Jacobs Project Management Australia Pty Ltd., an Australian corporation	100.00%
Unique World, an Australian corporation	100.00%
TYBRIN Corporation, a Florida corporation	100.00%
Jacobs Strategic Solutions Group, Inc., a Virginia corporation	100.00%
DM Petroleum Operations Company, a Louisiana corporation	80.00%
Integrated Nuclear Production Solutions, LLC, a Tennessee corporation	55.00%
Jacobs Industrial Services Inc., a Delaware corporation	100.00%
CRSS International Inc., a South Carolina corporation	100.00%
Jacobs Engineering New York 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., an Illinois corporation	100.00%
Edwards and Kelcey Partners LLP, a New Jersey corporation	99.00%
Jacobs Project Management Co., a Delaware corporation	100.00%
LeighFisher Inc., a Delaware corporation	100.00%
LeighFisher Canada Inc., a Canadian corporation	100.00%
LeighFisher Holdings Ltd., a corporation of England and Wales	100.00%
LeighFisher Ltd., a corporation of England and Wales	100.00%
LeighFisher (India) Pvt. Ltd., an Indian corporation	100.00%
KlingStubbins Inc., a Delaware corporation	100.00%***
Integrated Pipeline Solutions, Inc., a Delaware corporation	100.00%
Resource Spectrum Inc., a Georgia corporation	100.00%
Jordan, Jones and Goulding, Inc., a Georgia corporation	100.00%

* Ownership is divided between Jacobs Engineering Inc. and Jacobs U.K. Limited
** Ownership is divided between Jacobs Engineering Group Inc. and Jacobs Canada Inc.
*** An affiliated company

Exhibit 22

Consent of Ernst & Young LLP
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. 333-38984) pertaining to the Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan,
(3) Registration Statement (Form S-8 No. 333-45475) pertaining to the Jacobs Engineering Group Inc. 1981 Executive Incentive Plan,
(4) Registration Statement (Form S-8 No. 333-157014) pertaining to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan,
(5) Registration Statement (Form S-8 No. 333-157015) pertaining to the Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan, and
(6) Registration Statement (Form S-4 No. 333-147936) and related Prospectus of Jacobs Engineering Group Inc.;

of our reports dated November 20, 2012, 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. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended September 28, 2012.

/S/ Ernst & Young LLP
Los Angeles, California
November 20, 2012

EXHIBIT 31.1

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/ Craig L. Martin

Craig L. Martin
Chief Executive Officer

November 20, 2012

EXHIBIT 31.2

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/ John W. Prosser, Jr.

John W. Prosser, Jr.
Chief Financial Officer

November 20, 2012

EXHIBIT 32.1

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 28, 2012 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/ Craig L. Martin

Craig L. Martin
Chief Executive Officer

November 20, 2012

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.

EXHIBIT 32.2

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 28, 2012 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/ John W. Prosser, Jr.

John W. Prosser, Jr.
Chief Financial Officer

November 20, 2012

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.