



TETRA TECH, INC.



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Annual Report

Building Momentum



Corporate Profile >

Tetra Tech, Inc. (Nasdaq: TTEK) is a leading provider of specialized management consulting and technical services in three principal business areas: resource management, infrastructure and communications.

Our management consulting services are complemented by our technical services, including research and development, applied science, engineering and architectural design, construction management, and operations and maintenance. We provide these services to a diverse base of public and private sector clients. Founded in 1966, we have over 6,000 employees located in more than 150 offices worldwide.



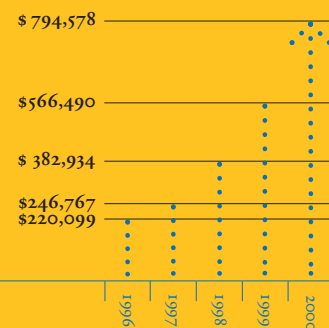
Financial Highlights >

Fiscal Year Ended <i>(in thousands, except per share data)</i>	Oct. 1, ⁽¹⁾ 2000	Oct. 3, ⁽²⁾ 1999	Oct. 4, 1998	Sept. 28, 1997	Sept. 29, 1996
Gross revenue	\$794,578	\$566,490	\$382,934	\$246,767	\$220,099
Net revenue	598,121	432,080	297,597	190,791	161,037
Income from operations	74,245	55,424	39,813	24,599	17,735
Net income	40,442	29,115	20,586	14,256	10,105
Basic earnings per share	1.04	0.78	0.59	0.49	0.37
Diluted earnings per share	0.97	0.74	0.56	0.46	0.36
Weighted average common shares outstanding:					
Basic	39,003	37,159	34,962	29,214	27,314
Diluted	41,602	39,550	36,488	30,820	28,226
Net cash flow from operating activities ⁽³⁾	(12,188)	30,258	(6,620)	1,144	21,124
Working capital	154,341	86,313	77,049	42,539	32,739
Total assets	526,038	380,478	266,610	159,513	88,463
Long-term obligations, excluding current portion	85,532	37,289	33,546	—	—
Stockholders' equity	297,907	234,432	167,781	107,641	63,269

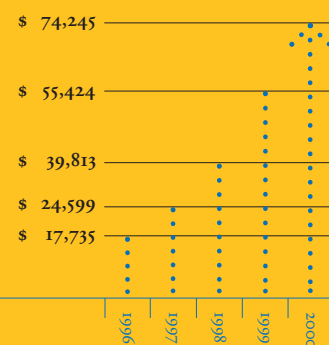
(1) Revenue and income from operations were upwardly impacted by a reversal of reserves in the amount of \$2.00 million, or \$1.16 million on an after tax basis.

(2) Revenue and income from operations were upwardly impacted by a reversal of reserves in the amount of \$1.75 million, or \$0.98 million on an after tax basis.

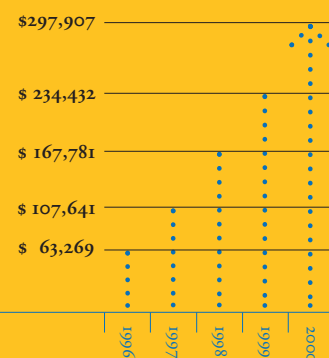
(3) Net cash from operating activities was reduced by \$10.7 million, \$9.3 million, \$10.3 million and \$15.6 million for the years ended October 1, 2000, October 3, 1999, October 4, 1998 and September 28, 1997, respectively, as a result of our assignment of accounts receivable to the former owners of certain acquired companies.



Gross Revenue
(in thousands)



Income from Operations
(in thousands)



Stockholders' Equity
(in thousands)

To Our Shareholders >

Tetra Tech delivered another year of strong performance and record results in fiscal year 2000. In addition to attaining record revenue, backlog, and profitability, we further strengthened our presence in the high growth segments of each of our business areas, in accordance with our goal to be the leader in the markets we serve.

The Strongest Year in Our History

For fiscal year 2000, our gross revenue increased 40.3%, to \$794.6 million from \$566.5 million in the previous year. Our net revenue (gross revenue less subcontractor costs) increased 38.4% to \$598.1 million from \$432.1 million in the previous year. Operating income increased 34.0% to \$74.2 million from \$55.4 million, and net income rose 38.9% to \$40.4 million from \$29.1 million in the previous year.

Diluted earnings per share for fiscal year 2000 increased 32.0% to \$0.97, compared to \$0.74 last year. Our fiscal year 2000 results include the reversal of approximately \$2.0 million, or approximately \$1.2 million on an after-tax basis, of reserves previously provided for potential disallowance of certain government receivables collected during the year. The combination of the reserve reversal and tax credits contributed \$0.06 to diluted earnings per share for the year.

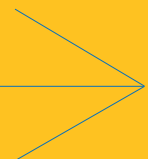
Our growth was particularly strong in our Infrastructure and Communications businesses as we carried out the strategy we began several years ago to become a strong player in these growth businesses. Building on existing technical competencies, we expanded into the Infrastructure business five years ago and into the Communications business three years ago. During this short time, we have built two strong, dynamic businesses that we believe have a bright future.

Continually Positioning for Growth and Profitability

We continued to execute our focused strategy in our business areas. In Resource Management, we further strengthened our leadership role in the high growth segments of water quality and watershed management. Our growth was particularly strong in our Infrastructure and Communications businesses as we carried out the strategy we began several years ago to become a strong player in these growth businesses. Building on existing technical competencies, we expanded into the Infrastructure business five years ago and into the Communications business three years ago. During this short time, we have built two strong, dynamic businesses that we believe have a bright future. As a result, net revenue from each of our three business areas is now relatively equal in size, with Resource Management representing 39.1%, Infrastructure representing 31.2%, and Communications representing 29.7% of our total business mix. This balance of three equally strong businesses provides greater stability in a changing business environment. Let me describe some of the developments in each of our business areas in greater detail.

Water-related Markets Continue Strong Momentum in Resource Management

Tetra Tech's leadership role in water quality and watershed management was demonstrated again this year by the award of over \$60 million in new contracts for work on water quality programs nationwide. These awards demonstrate our ability to leverage our long-term involvement in these programs, our ability to offer the technical expertise to move these programs forward, and our careful attention to customer satisfaction. As a result, we continue to gain market share in these high priority programs to ensure clean water. Our strong technical reputation and ability to build public consensus resulted in the expansion of our customer base to include numerous state and local agencies. For example, this year Tetra Tech led a team of experts to complete a first of its kind watershed-wide investigation of several pollutants in South San Francisco Bay. The study developed a range of science-based water quality objectives that have broad-based stakeholder support. The success of this effort will enable the City of San Jose, California to incorporate new water quality standards as the basis for future permits needed to accommodate the growth of Silicon Valley.



Expanded Capabilities and Geographic Coverage Enhance Infrastructure Business

Our strategy is to build our Infrastructure business nationwide to provide new technical solutions to improve the quality of life. This year we strengthened our capabilities and geographic presence in the Midwest and in the Northeast through the acquisitions of FHC, Inc., based in Oklahoma, Rizzo Associates, Inc., based in Massachusetts, and Edward A. Sears Associates, based in New York. These acquisitions also strengthen our ability to capture large, technically complex infrastructure programs.

We also made significant progress in expanding into the high technology areas of building design. As building owners require increasingly specialized systems for communications, security, and energy efficiency, the development of integrated building systems incorporating the latest technology is essential for cost effective building operation. Tetra Tech is working with numerous building owners to design “smart buildings” that incorporate new technologies, including wireless voice and data access, satellite/microwave feeds, audio/visual systems, and other complex communications technologies.

Offering End-to-End Capabilities in Communications

Our strategy in this very dynamic growth business is to offer turnkey capabilities for communications network development in both wireless and wired systems.

I am particularly proud of becoming a leading provider of network planning, development, deployment, and management services to communication system owners, operators, and equipment suppliers worldwide. I am confident that our expanded capabilities and enhanced geographic presence will enable Tetra Tech to capitalize on the explosive growth in the communications industry.

I am particularly proud of becoming a leading provider of network planning, development, deployment, and management services to communication system owners, operators, and equipment suppliers worldwide. This year, we significantly enhanced our capabilities in radio frequency (RF) engineering with the acquisition of eXpert Wireless Solutions, Inc., which brings an excellent reputation in the optimum siting of wireless communications facilities to maximize signal reception. We also acquired LC of Illinois, Inc., HFC Technologies, Inc. (collectively, LCI), Wm. Bethlehem Trading Ltd. (BTL), Engineered Communications (ENG), and Drake Contractors, Inc. (DCI), to expand our wired communications networking capabilities. ENG and LCI specialize in wired RF engineering of fiber optic, coaxial cable, and hybrid coaxial fiber networks throughout North America. DCI and BTL develop cable and fiber optic networks. I am confident that our expanded capabilities and enhanced geographic presence will enable Tetra Tech to capitalize on the explosive growth in the communications industry.

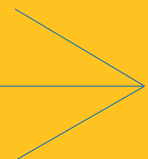
Diversified Businesses Enhance Company Strength

At the end of fiscal 2000 each of our three business areas is strong. As a reflection of our current business mix and of our strategic focus on the high technology elements of our business areas, we have changed our Nasdaq trading symbol from WATR to TTEK. Our strategy of focusing on the high growth segments in each business, coupled with our sound financial management principles, has resulted in building momentum throughout the Company. We look to the future with confidence. With the continued support of our customers, shareholders, and employees, I believe that Tetra Tech has unlimited possibilities ahead. We will continue to strive for and deliver the outstanding results that you have come to expect from Tetra Tech.

Sincerely,



Li-San Hwang
Chairman, President, and Chief Executive Officer



Tetra Tech's formula for momentum

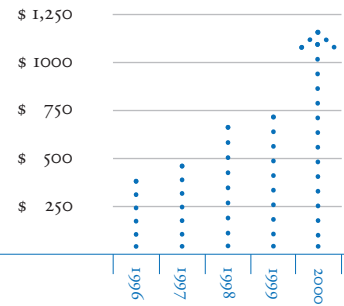
Sir Isaac Newton defined linear momentum as the product of mass times velocity, $p = mv$. Business momentum is much the same way, a product of mass or market presence times the velocity at which a business is growing. Business momentum allows us to resist temporary fluctuations in the markets served and keeps energy high and opportunities broad. This year, Tetra Tech continued building momentum as we increased the mass and velocity of our business.

Mass Tetra Tech increased to over 6,000 employees located in over 150 offices on four continents. The Company now competes in the much larger markets of infrastructure and communications that can provide for our continued growth. For the first time in our history, this year Tetra Tech exceeded a billion dollars in market capitalization, a milestone that provides increased financial strength and flexibility.

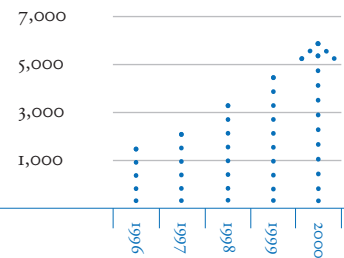
Velocity Tetra Tech also grew at a faster rate than last year, both internally and externally. We are performing work in approximately twice as many countries as in fiscal year 1999. Strong performance from our infrastructure and communications businesses resulted in part from a higher technology skills base, which added an array of engineering capabilities this year. We also expanded our services to fixed (indoor) wireless communications, and we are now involved in setting industry standards in this emerging communications market.

Momentum >

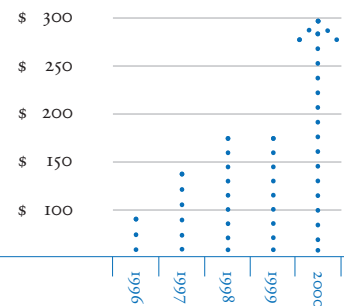
Leveraging our size and enhanced capabilities for sustained growth.



Market Capitalization
(in millions)

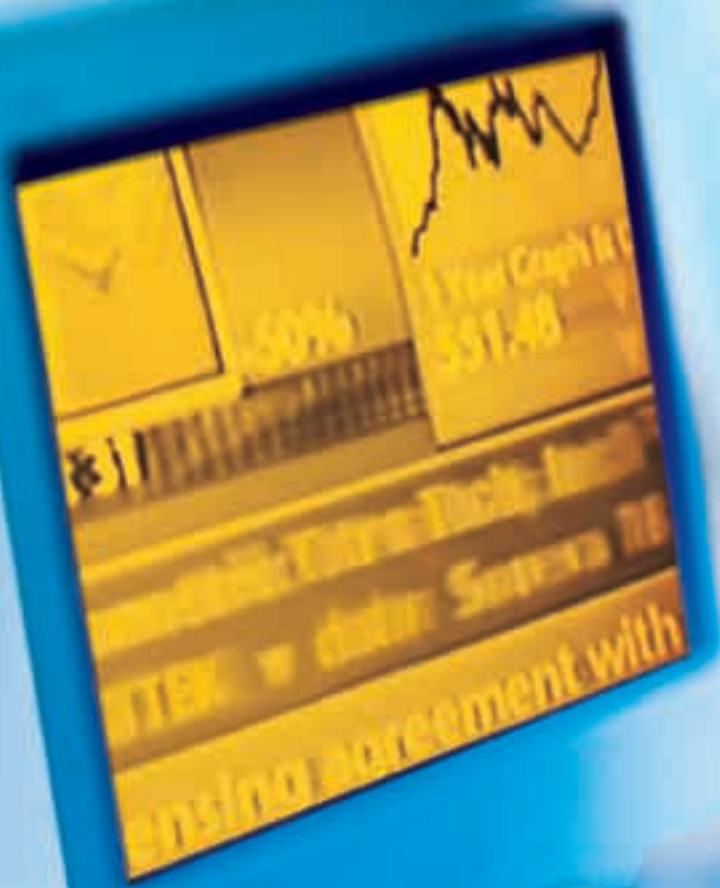


Number of Full Time Equivalent Employees



Value of \$100 Invested





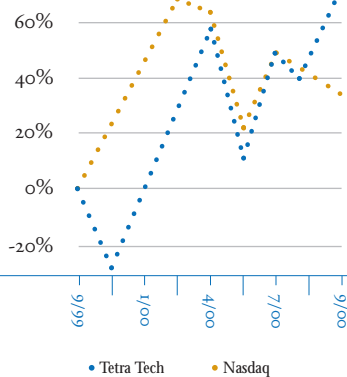
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KEY CUSTOMER
 U.S. General Services Administration

LINES OF SERVICE
 Building systems
 Security systems
 Communications systems

A promising growth area for Tetra Tech is the engineering design of major buildings to accommodate the latest communications technologies and energy efficiency in a quality design. In recognition of our performance, this year we received the U.S. General Services Administration Public Buildings Division's highest honor, the Certificate for Outstanding Contribution in Federal Design, for our work on three federal courthouse buildings under a 10-year program.



Tetra Tech vs Nasdaq

Evolution of customer needs contributes to Tetra Tech's performance

Tetra Tech demonstrates performance to its shareholders through meeting or exceeding the performance of our peers in every aspect of the Company. Our financial performance has achieved record results quarter-to-quarter and year-to-year. This accomplishment results from a disciplined approach to financial management that is emphasized throughout the Company as a core value. Our financial performance enables us to expand our capabilities as well as to attract and retain outstanding associates.

From a customer perspective, performance is demonstrated by delivering responsive, high quality services on complex programs ranging from watershed management to communications network development. Tetra Tech has responded to changing customer needs by broadening its capabilities and geographic presence. Our increasing skills base allows us to provide customers with responsive, high quality performance.

Consistent performance resulted in the capture of several major, long-term federal programs in which the primary criteria for award were past performance and quality of work. The \$200 million contract to support the U.S. Air Force worldwide highlights our consistent quality of service delivered to the Department of Defense. Tetra Tech is proud of serving the Air Force for nearly 30 years. The Company estimates that over 80% of our business is from such repeat customers.

Performance >

Meeting or exceeding the expectations of our customers and shareholders through our performance against goals.



Executing our strategy for focused growth

In fiscal year 2000, Tetra Tech's net revenue increased 38.4% over the previous year, while internal growth increased to 12.0% during the same time period. This dynamic growth resulted from a long term strategy of targeted service and geographic expansion to diversify Tetra Tech's services and client base in the high growth segments of our business. This year the number of our employees increased by over 20%, and our skills base significantly expanded. We also furthered our strategy of geographic expansion by acquiring infrastructure companies in the Northeast and Midwest, and adding wired communications capabilities in the Midwest and Canada. These strategies directly increased both our top and bottom line growth this year, and resulted in consistent financial performance during a year of stock market volatility.

Tetra Tech is well positioned to continue solid growth because of its ability to respond to changing customer needs with single source capability. The communications business is now our fastest growing business area, as consumers demand high-speed access to transport information from anywhere in the world. Such new markets will position the Company to consistently meet its goal of 20 to 25% earnings per share growth, quarter after quarter, year after year.

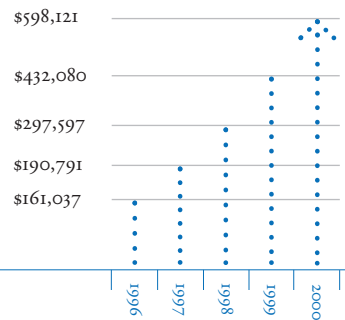
KEY CUSTOMER

TeleCorp PCS, Inc.

LINES OF SERVICE

Turnkey wireless network development

Tetra Tech was awarded our first complete turnkey wireless communications project this year. We will permit, design, build, and test this state of the art communications network for TeleCorp. Programs such as this position Tetra Tech to provide turnkey third generation (3G) wireless development in Europe and other countries. 3G projects, which provide customers with wireless high-speed data access, will help to fuel our future growth in communications.



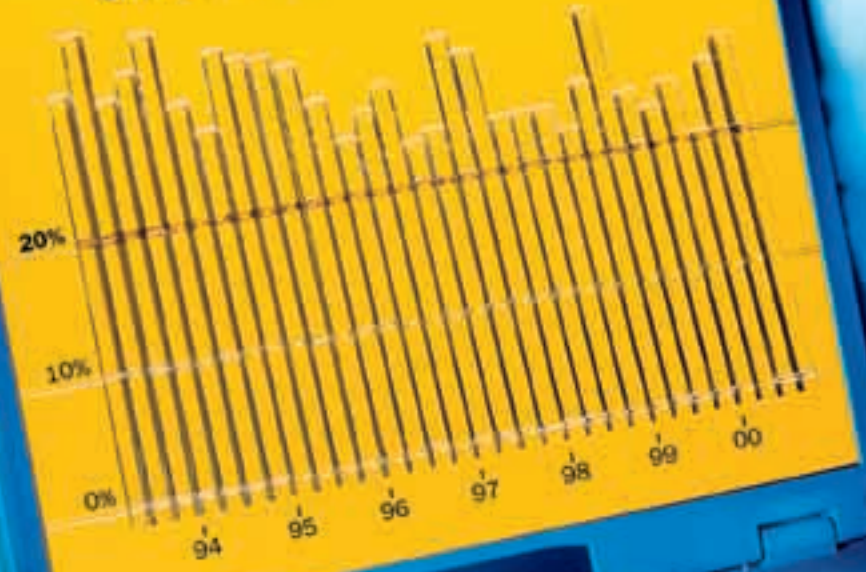
Net Revenue
(in thousands)

Growth >

Expanding in high growth market segments, increasing market share, and becoming a leader in the markets we serve.



EPS Growth Greater Than 20%





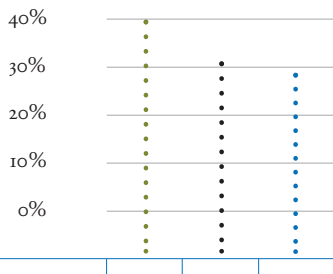
KEY CUSTOMER

U.S. Environmental Protection Agency
(EPA)

LINES OF SERVICE

Scientific analyses and modeling
Data management
Consensus building

Tetra Tech has played a major role in the development of the \$1.4 billion EPA Total Maximum Daily Load (TMDL) program. We have gained a major market share in this high growth segment as a result of our consistent delivery of innovative, next generation solutions under several successive contracts. Tetra Tech has recently completed complex water quality studies to restore water bodies such as Newport Bay, California to beneficial uses.



- Resource Management
- Infrastructure
- Communications

**Business Mix as %
of Net Revenue**
(end of Q4 2000)

A track record that few companies can match

Delivering consistent results is fundamental to performance and a cornerstone of our strategy for maintaining customer satisfaction, for increasing shareholder value, and for continued growth. Tetra Tech's commitment to our customers is based on continuously improving technology and service offerings in order to provide state of the art solutions. This commitment is best demonstrated by our leadership position in water resources programs, by having incorporated innovative technologies in infrastructure projects, and by our enviable track record for rapid development of communications networks. Our client list includes many Fortune 100 corporations, as well as major government agencies and numerous state and local government entities. To earn and keep their business, consistent results must be delivered.

Commitment to shareholders is best demonstrated by our track record of consistent growth in revenue, net income, and EPS. Since going public in 1991, the Company has delivered 31 consecutive quarters of greater than 20% EPS growth, a track record that few companies can match.

Tetra Tech has also consistently demonstrated an ability to identify and to penetrate growth markets such as infrastructure, communications, and information management. We have continuously expanded services, diversified the client base and enhanced long-term growth potential.

Consistency >

Delivering on our commitment to produce expected results for our customers and shareholders.



A cornerstone of our success

The foundation of Tetra Tech's strength is identifying and moving quickly into new markets and effectively managing financial resources. The Company continuously evaluates customer needs and translates them into new services. It also continuously evaluates global market trends and opportunities based on a return on investment. The process by which changes are foreseen continues to be a cornerstone of Tetra Tech's management approach.

Tetra Tech's strong track record of foresight is demonstrated by its ability to anticipate market changes and integrate those changes into new service offerings. In 1995, we diversified our client base and services by entering the infrastructure business, extending our core management and technical competencies to a new market. In 1997, we started a small wireless communications business and quickly expanded to become one of the largest providers of communications infrastructure services. We are currently working in several business areas that we anticipate will have an even greater market potential than wireless communications had in 1997. Opportunities such as indoor wireless communications, advanced geographic information systems (GIS), energy and resource management models, and other information technologies provide dynamic growth potential for future branches of our business.

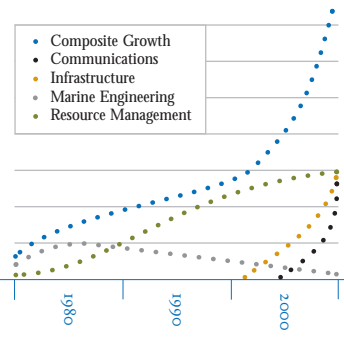
KEY CUSTOMER

Time Warner World Headquarters

LINES OF SERVICE

- Fixed wireless communications
- Integrated building systems
- Information technology

Tetra Tech is providing information technology infrastructure for Time Warner's new flagship world headquarters in New York City. Time Warner Center is designed as the infrastructure of the next century with "smart card" security, wireless indoor communications, and other innovative technology throughout the complex. The 2.7 million square foot facility will also house the Jazz Center, a five-star hotel and CNN's broadcast studios.



Foresight >

Looking forward to anticipate market trends and translate those trends into business growth.

Broadband Wireless Market Heats Up

There's great news for wireless broadband users. The market is heating up, and the competition is getting fiercer. As more carriers enter the market, consumers can expect to see faster speeds, better coverage, and more competitive pricing. This is a positive sign for the industry as a whole, and it's a reflection of the growing demand for mobile broadband services.

The Outlook

Mississippi River Sullied by Massive Oil Spill

The outlook for the industry is bright, with many analysts predicting significant growth in the coming years. The increasing adoption of mobile devices and the need for reliable, high-speed connectivity are driving the demand for wireless broadband services. As the market continues to expand, we can expect to see further innovation and investment in the sector.



100%



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Selected Consolidated Financial Data >

TETRA TECH, INC.

Fiscal Year Ended (in thousands, except per share data)	Oct. 1, ⁽¹⁾ 2000	Oct. 3, ⁽²⁾ 1999	Oct. 4, ⁽³⁾ 1998	Sept. 28, ⁽⁴⁾ 1997	Sept. 29, ⁽⁵⁾ 1996
Statements of Income Data					
Gross revenue	\$794,578	\$566,490	\$382,934	\$246,767	\$220,099
Subcontractor costs	196,457	134,410	85,337	55,976	59,062
Net revenue	598,121	432,080	297,597	190,791	161,037
Cost of net revenue	452,872	327,336	223,871	141,019	122,084
Gross profit	145,249	104,744	73,726	49,772	38,953
Selling, general and administrative expenses	71,004	49,320	33,913	25,173	21,218
Income from operations	74,245	55,424	39,813	24,599	17,735
Net interest expense	7,026	3,135	1,910	20	776
Income before minority interest and income tax expense	67,219	52,289	37,903	24,579	16,959
Minority interest	–	–	1,397	–	–
Income before income tax expense	67,219	52,289	36,506	24,579	16,959
Income tax expense	26,777	23,174	15,920	10,323	6,854
Net income	\$ 40,442	\$ 29,115	\$ 20,586	\$ 14,256	\$ 10,105
Basic earnings per share	\$ 1.04	\$ 0.78	\$ 0.59	\$ 0.49	\$ 0.37
Diluted earnings per share	\$ 0.97	\$ 0.74	\$ 0.56	\$ 0.46	\$ 0.36
Weighted average common shares outstanding:					
Basic	39,003	37,159	34,962	29,214	27,314
Diluted	41,602	39,550	36,488	30,820	28,226
Fiscal Year Ended (in thousands)	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998	Sept. 28, 1997	Sept. 29, 1996
Balance Sheet Data					
Working capital	\$154,341	\$ 86,313	\$ 77,049	\$ 42,539	\$ 32,739
Total assets	526,038	380,478	266,610	159,513	88,463
Long-term obligations, excluding current portion	85,532	37,289	33,546	–	–
Stockholders' equity	297,907	234,432	167,781	107,641	63,269

(1) Included in our revenue and income from operations is \$2.00 million or \$1.16 million on an after tax basis, relating to the reversal of certain reserves. Additionally, we have included the results of operations and financial positions of LC of Illinois, Inc. and HFC Technologies, Inc. (collectively acquired October 25, 1999), Edward A. Sears Associates (acquired March 30, 2000), eXpert wireless Solutions, Inc. (acquired April 3, 2000), 1261248 Ontario, Inc., which does business as Engineered Communications (acquired May 3, 2000), FHC, Inc. (acquired May 17, 2000), Rizzo Associates, Inc. (acquired May 24, 2000), Drake Contractors, Inc. (acquired June 16, 2000), and Wm. Bethlehem Trenching Ltd. (acquired July 5, 2000) from the effective acquisition dates.

(2) Included in our revenue and income from operations is \$1.75 million, or \$0.98 million on an after tax basis, relating to the reversal of reserves. Additionally, we have included the results of operations and financial positions of MFG, Inc. (formerly McCulley, Frick & Gilman, Inc., acquired February 26, 1999), Collins/Piña Consulting Engineers, Inc. (acquired May 7, 1999), D.E.A. Construction Company (acquired May 19, 1999), BAH Communications, Inc. (acquired May 21, 1999), Utilities & C.C., Inc. (acquired June 18, 1999), ASL Consultants, Inc. (acquired June 25, 1999), Cosentini Associates, Inc. (formerly partnership interests and certain companies affiliated with Cosentini Associates LLP, acquired June 30, 1999), PDR Engineers, Inc. (acquired September 3, 1999), and Evergreen Utility Contractors, Inc., Continental Utility

Contractors, Inc. and Gig Harbor Construction, Inc. (collectively acquired October 2, 1999) from the effective acquisition dates.

(3) We have included the results of operations and financial positions of Tetra Tech NUS, Inc. (acquired December 31, 1997), Whalen/Sentrex LLC (formed March 2, 1998), C.D.C. Engineering, Inc. (acquired March 26, 1998 and subsequently merged into Tetra Tech, Inc. on July 29, 1999), McNamee, Porter & Seeley, Inc. (acquired July 8, 1998) and the Sentrex Group of Companies (acquired September 22, 1998) from the effective acquisition dates.

(4) We have included the results of operations and financial positions of IWA Engineers (acquired December 11, 1996 and subsequently merged into Tetra Tech, Inc. on July 29, 1999), FLO Engineering, Inc. (acquired December 20, 1996 and subsequently merged into Tetra Tech, Inc. on July 29, 1999), SCM Consultants, Inc. (acquired March 19, 1997), Whalen & Company, Inc. (acquired June 11, 1997) and CommSite Development Corporation (acquired July 11, 1997 and subsequently merged into Whalen & Company, Inc. on January 4, 1999) from the effective acquisition dates.

(5) We have included the results of operations and financial position of KCM, Inc. (acquired November 7, 1995) from the effective acquisition date.

Management's Discussion and Analysis of Financial Condition and Results of Operations >

Except for the historical information contained below, the matters discussed in this section are forward-looking statements that involve a number of risks and uncertainties. Our actual liquidity needs, capital resources and operating results may differ materially from the discussion set forth below in these forward-looking statements. For additional information, refer to the Notes to Consolidated Financial Statements.

Overview

Tetra Tech, Inc. is a leading provider of specialized management consulting and technical services in three principal business areas: resource management, infrastructure and communications. As a specialized management consultant, we assist our clients in defining problems and developing innovative and cost-effective solutions. Our management consulting services are complemented by our technical services. These technical services, which implement solutions, include research and development, applied science, engineering and architectural design, construction management, and operations and maintenance. Our clients include a diverse base of public and private organizations located in the United States and internationally.

Since our initial public offering in December 1991, we increased the size and scope of our business and have expanded our service offerings through a series of strategic acquisitions and internal growth. From fiscal 1991 through fiscal 2000, we generated a net revenue compounded annual growth rate of approximately 35.8% and achieved a net income compounded annual growth rate of approximately 37.2%.

We derive our revenue from fees from professional services. Our services are billed under various types of contracts with our clients, including:

- fixed-price;
- fixed-rate time and materials;
- cost-reimbursement plus fixed fee; and
- cost-reimbursement plus fixed and award fee.

In the course of providing our services, we routinely subcontract services. These subcontractor costs are passed through to our clients and, in accordance with industry practice, are included in our gross revenue. Because subcontractor services can change significantly from project to project, we believe net revenue, which is gross revenue less the cost of subcontractor services, is a more appropriate measure of our performance.

Our cost of net revenue includes professional compensation and certain direct and indirect overhead costs such as rents, utilities and travel. Professional compensation represents the majority of these costs. Our selling, general and administrative (SG&A) expenses are comprised primarily of our corporate headquarters' costs related to the executive offices, corporate accounting, information technology, marketing, and bid and proposal costs. These costs are generally unrelated to specific client projects. In addition, we include amortization of certain intangible assets resulting from acquisitions in SG&A expenses.

We provide services to a diverse base of Federal, state and local government agencies, and private and international clients. The following table presents, for the periods indicated, the approximate percentage of our net revenue attributable to these client sectors:

Client	Fiscal 2000	Fiscal 1999	Fiscal 1998
Federal government	29.1%	39.1%	48.7%
State and local government	16.3	16.3	12.7
Private	51.4	41.3	35.4
International	3.2	3.3	3.2
Total	100.0%	100.0%	100.0%

We manage our business in three operating segments: Resource Management, Infrastructure and Communications. The following table presents, for the periods indicated, the approximate percentage of net revenue attributable to the operating segments:

Operating Segment	Fiscal 2000	Fiscal 1999	Fiscal 1998
Resource Management	41.3%	53.6%	66.8%
Infrastructure	31.8	25.9	15.9
Communications	25.6	20.5	17.2
Other revenue	1.3	0.0	0.1
Total	100.0%	100.0%	100.0%

Our revenue and operating results fluctuate from quarter to quarter as a result of a number of factors, such as:

- the seasonality of the spending cycle of our public sector clients, and the spending patterns of our private sector clients;
- employee hiring and utilization rates;
- the number and significance of client engagements commenced and completed during a quarter;
- delays incurred in connection with an engagement;
- the ability of clients to terminate engagements without penalties;
- the size and scope of engagements;
- the timing and size of the return on investment capital; and
- general economic and political conditions.

Variations in any of these factors can cause significant variations in operating results from quarter to quarter and could result in losses.

Recent Acquisitions

As a part of our growth strategy, we expect to pursue complementary acquisitions to expand our geographical reach and the breadth and depth of our service offerings. During fiscal 2000, we purchased nine companies in the following eight transactions:

LC of Illinois, Inc. – In October 1999, we acquired LC of Illinois, Inc. and HFC Technologies, Inc. (collectively, LCI). The purchase was valued at approximately \$1.6 million. LCI, an Illinois-based firm, provides engineering and network infrastructure services for cable television and fiber optic telephone networks including design, construction and maintenance capabilities for communications and information transport systems.

Edward A. Sears Associates – In March 2000, Tetra Tech Engineers, P.C. acquired certain assets of Edward A. Sears Associates (ESA). Concurrent with this transaction, our wholly-owned subsidiary, Cosentini Associates, Inc., acquired certain non-licensed assets of ESA from Tetra Tech Engineers, P.C. The purchase was valued at approximately \$0.4 million. ESA, a New York-based firm, provides engineering services to hospitals primarily in New York.

eXpert Wireless Solutions, Inc. – In April 2000, we acquired eXpert Wireless Solutions, Inc. (EWS). The purchase was valued at approximately \$18.8 million, excluding the value of the accounts receivable of \$1.8 million which were assigned to the former owners at the time of acquisition. EWS, a New Jersey-based firm, provides radio-frequency engineering and consulting services to the wireless communications industry.

Engineered Communications – In May 2000, we acquired, through our majority-owned subsidiary, Tetra Tech Canada Ltd., 1261248 Ontario, Inc., which does business as Engineered Communications (ENG). The purchase was valued at approximately \$1.5 million. ENG, a Canadian-based firm, provides engineering and network services for the wired communications industry in Ontario, Canada.

FHC, Inc. – In May 2000, we acquired FHC, Inc. (FHC). The purchase was valued at approximately \$5.2 million. FHC, an Oklahoma-based firm, provides engineering consulting services primarily to state and local governments in Oklahoma.

Rizzo Associates, Inc. – In May 2000, we acquired Rizzo Associates, Inc. (RAI). The purchase was valued at approximately \$10.3 million. RAI, a Massachusetts-based firm, provides engineering consulting services to state and local governments and commercial clients in the upper Northeast region of the United States.

Drake Contractors, Inc. – In June 2000, we acquired Drake Contractors, Inc. (DCI). The purchase was valued at approximately \$5.5 million, excluding the value of the accounts receivable of \$2.1 million which were assigned to the former owners at the time of acquisition. DCI, a Colorado-based firm, provides infrastructure installation and maintenance services primarily in Colorado.

Wm. Bethlehem Trenching Ltd. – In July 2000, we acquired Wm. Bethlehem Trenching Ltd. (BTL). The purchase was valued at approximately \$0.3 million. BTL, a Canadian-based firm, provides infrastructure installation and maintenance services primarily in Ontario, Canada.



Management's Discussion and Analysis of Financial Condition and Results of Operations >

Results of Operations

The following table sets forth, for the periods indicated, certain operating information as a percentage of net revenue:

Fiscal Year Ended	Percentage of Net Revenue		
	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
Net revenue	100.0%	100.0%	100.0%
Cost of net revenue	75.7	75.8	75.2
Gross profit	24.3	24.2	24.8
Selling, general and administrative expenses	11.9	11.4	11.4
Income from operations	12.4	12.8	13.4
Net interest expense	1.2	0.7	0.7
Income before minority interest and income tax expense	11.2	12.1	12.7
Minority interest	-	-	(0.5)
Income before income tax expense	11.2	12.1	12.2
Income tax expense	4.4	5.4	5.3
Net income	6.8%	6.7%	6.9%

Fiscal 2000 Compared to Fiscal 1999

Net Revenue – Net revenue increased \$166.0 million, or 38.4%, to \$598.1 million in fiscal 2000 from \$432.1 million in fiscal 1999. All three business segments and all four client sectors continued to show net revenue increases in actual dollars. These increases were primarily attributable to the expansion of our infrastructure services throughout the United States, the continued expansion of new lines of service in our communications business and companies acquired in fiscal 2000. As a percentage of net revenue, an increase was realized in the private sector. We segregate from our total revenue, revenue from companies acquired during the current fiscal year as well as revenue recognized from acquired companies during the first 12 months following their respective effective dates of acquisition. Revenue recognized from acquired companies during such first 12 months is referred to as acquisitive revenue. Organic revenue is measured as total revenue less any acquisitive revenue. Net revenue provided by companies acquired during fiscal 2000 totaled \$32.7 million. Excluding this net revenue, we realized 30.9% growth in our net revenue from fiscal 1999 to fiscal 2000. Acquisitive net revenue for fiscal 2000 totaled \$114.2 million. Excluding this net revenue, we realized organic growth in our net revenue of 12.0%.

Gross revenue increased \$228.1 million, or 40.3%, to \$794.6 million in fiscal 2000 from \$566.5 million in fiscal 1999. In fiscal 2000, subcontractor costs comprised 24.7% of gross revenue compared to 23.7% for fiscal 1999.

Cost of Net Revenue – Cost of net revenue increased \$125.5 million, or 38.3%, to \$452.9 million in fiscal 2000 from \$327.3 million in fiscal 1999. As a percentage of net revenue, cost of net revenue decreased from 75.8% in fiscal 1999 to 75.7% in fiscal 2000. Professional compensation, the largest component of our cost of net revenue, rose as the number of our employees increased by 677, or 12.4%, to 6,120 in fiscal 2000 from 5,443 in fiscal 1999. However, excluding the 681 employees provided from acquired companies, the number of our employees remained flat. Gross profit increased \$40.5 million, or 38.7%, to \$145.2 million in fiscal 2000 from \$104.7 million in fiscal 1999. Included in our net revenue and gross profit was \$2.00 million and \$1.75 million relating to reversals of previously established allowances for disallowed costs in fiscal 2000 and fiscal 1999, respectively. (See Note 3 of *Notes to Consolidated Financial Statements*.) As a percentage of net revenue, gross profit increased from 24.2% in fiscal 1999 to 24.3% in fiscal 2000.

Selling, General and Administrative Expenses – SG&A expenses, exclusive of amortization expense, increased \$20.0 million, or 45.1%, to \$64.5 million in fiscal 2000 from \$44.5 million in fiscal 1999. This increase was primarily attributable to expenses associated with the automation of our corporate business systems and processes, business development activities and higher administrative costs associated with acquired companies. As a percentage of net revenue, SG&A expenses, exclusive of amortization expense, increased to 10.8% in fiscal 2000 from 10.3% in fiscal 1999. The amortization expense related to acquisitions increased \$1.7 million, or 33.5%, to \$6.5 million in fiscal 2000 from \$4.8 million in fiscal 1999.

Net Interest Expense – Net interest expense increased \$3.9 million, or 124.1%, from \$3.1 million in fiscal 1999 to \$7.0 million in fiscal 2000. This increase was primarily attributable to increased borrowings on our credit facility in order to fund working capital and investing needs of acquisitions as well as an increase in interest rates. In fiscal 2000, borrowings on our credit facility averaged \$95.4 million compared to \$44.6 million in fiscal 1999.

Income Tax Expense – Income tax expense increased \$3.6 million, or 15.5%, to \$26.8 million in fiscal 2000 from \$23.2 million in fiscal 1999. This increase was due to higher income before income taxes and a change in our effective tax rate. During fiscal 2000, we performed an extensive review of our current tax position and certain tax strategies which could potentially reduce our effective tax rate. As a result of this review, we have determined that we are entitled to certain tax credits for fiscal 2000 as well as certain prior years. These credits are primarily responsible for the reduction in our effective tax rate to 39.8% in fiscal 2000 from 44.3% in fiscal 1999. We expect our future effective tax rate to be approximately 42.0%.

Fiscal 1999 Compared to Fiscal 1998

Net Revenue – Net revenue increased \$134.5 million, or 45.2%, to \$432.1 million in fiscal 1999 from \$297.6 million in fiscal 1998. All four client sectors continued to show net revenue increases in actual dollars. These increases were primarily attributable to the expansion of our infrastructure services throughout the United States, the continued expansion of new lines of service in our communications business and companies acquired in fiscal 1999. As a percentage of net revenue, increases were realized in the state and local sector, the private sector and the international sector. Net revenue from the companies acquired in fiscal 1999 totaled \$61.5 million. Excluding the net revenue from these companies, we realized 24.5% growth in our net revenue. Acquisitive net revenue for fiscal 1999 totaled \$117.3 million. Excluding this net revenue, we realized organic growth in our net revenue of 5.8%.

Gross revenue increased \$183.6 million, or 47.9%, to \$566.5 million in fiscal 1999 from \$382.9 million in fiscal 1998. In fiscal 1999, subcontractor costs comprised 23.7% of gross revenue compared to 22.3% for fiscal 1998.

Cost of Net Revenue – Cost of net revenue increased \$103.5 million, or 46.2%, to \$327.3 million in fiscal 1999 from \$223.9 million in fiscal 1998. As a percentage of net revenue, cost of net revenue increased from 75.2% in fiscal 1998 to 75.8% in fiscal 1999. This increase was primarily attributable to higher costs incurred from the acquired companies. Professional compensation, the largest component of our cost of net revenue, rose as the number of our employees increased by 1,781, or 48.6%, to 5,443 in fiscal 1999 from 3,662 in fiscal 1998. Excluding the employees provided from acquired companies, our number of employees increased by 74, or 2.0%. Gross profit increased \$31.0 million, or 42.1%, to

\$104.7 million in fiscal 1999 from \$73.7 million in fiscal 1998. Included in our fiscal 1999 net revenue and gross profit was \$1.75 million relating to the reversal of previously established allowances for disallowed costs. (See Note 3 of *Notes to Consolidated Financial Statements*) However, as a percentage of net revenue, gross profit decreased from 24.8% in fiscal 1998 to 24.2% in fiscal 1999, primarily due to lower margins of acquired companies.

Selling, General and Administrative Expenses – SG&A expenses increased \$15.4 million, or 45.4%, to \$49.3 million in fiscal 1999 from \$33.9 million in fiscal 1998. This increase was primarily attributable to additional headquarters' costs associated with centralizing corporate functions, other corporate initiatives, costs associated with year 2000 compliance, as well as additional amortization expense relating to acquired companies. As a percentage of net revenue, SG&A expenses remained at 11.4%. The amortization expense related to acquisitions increased \$1.8 million, or 63.1%, to \$4.8 million in fiscal 1999 from \$3.0 million in fiscal 1998.

Net Interest Expense – Net interest expense increased \$1.2 million, or 64.1%, from \$1.9 million to \$3.1 million from fiscal 1998 to fiscal 1999. This increase was primarily attributable to the financing and working capital needs of certain acquisitions.

Income Tax Expense – Income tax expense increased \$7.3 million, or 45.6%, to \$23.2 million in fiscal 1999 from \$15.9 million in fiscal 1998. This increase was due to higher income before income taxes and an increase in our effective tax rate from 43.6% in fiscal 1998 to 44.3% in fiscal 1999. This increase was primarily attributable to increased amounts of non-deductible goodwill resulting from our business acquisitions.

Unaudited Quarterly Operating Results

The following tables set forth certain unaudited quarterly operating results for each of our last three fiscal years ended October 1, 2000, October 3, 1999 and October 4, 1998. This data is also expressed as a percentage of net revenue for the respective quarters. The information has been derived from unaudited consolidated financial statements that, in our opinion, reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such quarterly information. The operating results for any quarter are not necessarily indicative of the results to be expected for any future period.

Management's Discussion and Analysis of Financial Condition and Results of Operations >

(in thousands)	Fiscal 2000 Quarter Ended				Fiscal 1999 Quarter Ended				Fiscal 1998 Quarter Ended			
	Jan. 2, 2000	Apr. 2, 2000	Jul. 2, 2000	Oct. 1, 2000	Jan. 3, 1999	Apr. 4, 1999	Jul. 4, 1999	Oct. 3, 1999	Dec. 28, 1997	Mar. 29, 1998	Jun. 28, 1998	Oct. 4, 1998
Net revenue	\$129,171	\$138,846	\$156,468	\$173,636	\$89,245	\$96,955	\$120,739	\$125,141	\$53,664	\$71,806	\$75,149	\$96,978
Cost of net revenue	100,417	109,562	116,266	126,627	70,187	74,402	88,189	94,558	40,339	54,786	54,405	74,341
Gross profit	28,754	29,284	40,202	47,009	19,058	22,553	32,550	30,583	13,325	17,020	20,744	22,637
Selling, general and administrative expenses	14,021	13,304	20,529	23,150	8,871	10,684	16,951	12,814	6,146	8,148	9,333	10,286
Income from operations	14,733	15,980	19,673	23,859	10,187	11,869	15,599	17,769	7,179	8,872	11,411	12,351
Net interest expense	1,228	1,473	1,958	2,367	699	532	550	1,354	73	596	510	731
Income before minority interest and income tax expense	13,505	14,507	17,715	21,492	9,488	11,337	15,049	16,415	7,106	8,276	10,901	11,620
Minority interest	-	-	-	-	-	-	-	-	-	203	1,194	-
Income before income tax expense	13,505	14,507	17,715	21,492	9,488	11,337	15,049	16,415	7,106	8,073	9,707	11,620
Income tax expense	5,942	6,383	7,795	6,657	4,061	4,875	6,546	7,692	3,055	3,552	4,214	5,099
Net income	\$ 7,563	\$ 8,124	\$ 9,920	\$ 14,835	\$ 5,427	\$ 6,462	\$ 8,503	\$ 8,723	\$ 4,051	\$ 4,521	\$ 5,493	\$ 6,521

	Fiscal 2000 Quarter Ended				Fiscal 1999 Quarter Ended				Fiscal 1998 Quarter Ended			
	Jan. 2, 2000	Apr. 2, 2000	Jul. 2, 2000	Oct. 1, 2000	Jan. 3, 1999	Apr. 4, 1999	Jul. 4, 1999	Oct. 3, 1999	Dec. 28, 1997	Mar. 29, 1998	Jun. 28, 1998	Oct. 4, 1998
Net revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of net revenue	77.7	78.9	74.3	72.9	78.6	76.7	73.0	75.6	75.2	76.3	72.4	76.7
Gross profit	22.3	21.1	25.7	27.1	21.4	23.3	27.0	24.4	24.8	23.7	27.6	23.3
Selling, general and administrative expenses	10.9	9.6	13.1	13.4	10.0	11.1	14.1	10.2	11.5	11.3	12.4	10.6
Income from operations	11.4	11.5	12.6	13.7	11.4	12.2	12.9	14.2	13.3	12.4	15.2	12.7
Net interest expense	0.9	1.1	1.3	1.3	0.8	0.5	0.4	1.1	0.1	0.9	0.7	0.7
Income before minority interest and income tax expense	10.5	10.4	11.3	12.4	10.6	11.7	12.5	13.1	13.2	11.5	14.5	12.0
Minority interest	-	-	-	-	-	-	-	-	-	0.3	1.6	-
Income before income tax expense	10.5	10.4	11.3	12.4	10.6	11.7	12.5	13.1	13.2	11.2	12.9	12.0
Income tax expense	4.6	4.5	5.0	3.9	4.5	5.0	5.5	6.1	5.7	4.9	5.6	5.3
Net income	5.9%	5.9%	6.3%	8.5%	6.1%	6.7%	7.0%	7.0%	7.5%	6.3%	7.3%	6.7%

Liquidity and Capital Resources

As of October 1, 2000, our working capital was \$154.3 million, an increase of \$68.0 million from \$86.3 million on October 3, 1999, of which cash and cash equivalents totaled \$7.6 million at October 1, 2000. In fiscal 2000, \$12.2 million was used in operating activities and \$42.3 million was used in investing activities, of which \$27.5 million was related to business acquisitions. In fiscal 1999, \$30.3 million was provided by operating activities and \$57.7 million was used in investing activities, of which \$50.7 million was related to business acquisitions. In both fiscal years 2000 and 1999, cash provided by/used in operating activities was affected by the structure of certain transactions. One of our acquisition structures is to assign accounts receivable to the former owners at the time of the transaction in lieu of cash consideration. This structure allows us to reduce our cash used in investing activities. However, cash must be invested in future periods to finance the working capital needs of the acquired company. In fiscal 2000, in the EWS and DCI acquisitions, accounts receivable in the aggregate amount of \$3.9 million were assigned to the former owners. Collections on assigned receivables totaled \$10.7 million. If we had not assigned these receivables at the time of acquisition, cash used in operating activities could have been \$1.5 million. In fiscal 1999, in the BAHA Communications, Inc. and Cosentini Associates, Inc. acquisitions, accounts receivable in the aggregate amount of \$19.4 million were assigned to the former owners. Collections on these receivables during fiscal 1999 totaled \$9.3 million. If we had not assigned these receivables at the time of acquisition, cash provided by operating activities in fiscal 1999 could have been \$39.6 million. Our capital expenditures during fiscal years 2000 and 1999 were approximately \$14.7 million and \$7.0 million, respectively. Capital expenditures were primarily for the replacement of field equipment, the enhancement of computer equipment and office expansion.

We have a credit agreement with a bank (the "Credit Agreement") which provides us with a revolving credit facility (the "Facility") of \$150.0 million. The Facility matures on March 17, 2005 or earlier at our discretion upon payment in full of loans and other obligations. Throughout fiscal 2000, maximum borrowings under the Facility were \$128.5 million. At October 1, 2000, borrowings and standby letters of credit totaled \$110.0 million and \$1.7 million, respectively.

In conjunction with our investment strategy, we continuously evaluate the marketplace for strategic acquisition opportunities. Once an opportunity is identified, we examine the effect an acquisition may have on the business environment, as well as on our results of operations. We proceed with an acquisition if we determine that the acquisition is anticipated to have an accretive effect on future operations or could expand our service offerings. As successful integration and implementation are essential to achieve favorable results, no assurances can be given that all acquisitions will provide accretive results. Our strategy is to position ourselves to address existing and emerging markets. We view acquisitions as a key component of our growth strategy, and we intend to use both cash and our securities, as we deem appropriate, to fund such acquisitions.

We believe our operations have not been and, in the foreseeable future, are not expected to be materially adversely affected by inflation or changing prices.

Management's Discussion and Analysis of Financial Condition and Results of Operations >

Recently Issued Financial Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which was amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. These Statements required derivatives to be measured at fair value and to be recorded as assets or liabilities on the balance sheet. The accounting for gains or losses resulting from changes in the fair values of those derivatives would be dependent upon the use of the derivative and whether it qualifies for hedge accounting. These Statements are effective for all fiscal quarters of fiscal years beginning after June 15, 2000. We will adopt these Statements in fiscal year 2001 and believe that the adoption of SFAS No. 133 and SFAS No. 138 will have no material impact on our results of operations or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, *Revenue Recognition*, which outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. SAB No. 101 requires companies to report any changes in revenue recognition as a cumulative change in accounting principle at the time of implementation in accordance with Accounting Principles Board Opinion No. 20, *Accounting Changes*. SAB No. 101, as amended, is effective no later than the fourth quarter of fiscal years beginning after December 15, 1999. We will adopt SAB No. 101 in fiscal year 2001. We believe our existing revenue recognition policies and procedures are in compliance with SAB No. 101, and that the adoption of SAB No. 101 will have no material impact on our results of operations or financial position.

Market Risks

We do not currently utilize any material derivative financial instruments which expose us to significant market risk. We are exposed to cash flow risk due to interest rate fluctuations with respect to our long-term obligations. At our option, we borrow on our Facility (a) at a base rate (the greater of the federal funds rate plus 0.50% or the bank's reference rate) or (b) at a eurodollar rate plus a margin which ranges from 0.75% to 1.25%. Borrowings at the base rate have no designated term and may be repaid without penalty any time prior to the Facility's maturity date. Borrowings at a eurodollar rate have a term no less than 30 days and no greater than 90 days. Typically, at the end of such term, such borrowings may be rolled over at our discretion into either a borrowing at the base rate or a borrowing at a eurodollar rate with similar terms, not to exceed the maturity date of the Facility. The Facility matures on March 17, 2005 or earlier at our discretion upon payment in full of loans and other obligations. Accordingly, we classify total outstanding debt between current liabilities and long-term obligations based on anticipated payments within and beyond one year's period of time. We presently anticipate repaying \$26.0 million of our long-term obligations in fiscal 2001. Assuming we pay our long-term obligations in the amounts of \$26.0 million, \$31.0 million, \$37.0 million and \$17.5 million for the next four years ratably throughout each year, and our average interest rate on our long-term obligations increases or decreases by one percentage point, our interest expense could increase or decrease by \$0.9 million, \$0.6 million, \$0.3 million and \$0.1 million in fiscal 2001, 2002, 2003 and 2004, respectively. However there can be no assurance that we will, or will be able to, repay our debt in the prescribed manner or obtain alternate financing. We could incur additional debt under this credit facility or our operating results could be worse than we expect.

Consolidated Balance Sheets >

TETRA TECH, INC.

	Oct. 1, 2000	Oct. 3, 1999
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 7,557,000	\$ 8,189,000
Accounts receivable – net	153,527,000	91,376,000
Unbilled receivables – net	122,102,000	85,072,000
Prepaid expenses and other current assets	11,203,000	7,174,000
Deferred income taxes	2,551,000	3,259,000
Total Current Assets	296,940,000	195,070,000
Property and Equipment:		
Equipment, furniture and fixtures	59,361,000	39,488,000
Leasehold improvements	4,182,000	3,343,000
Total	63,543,000	42,831,000
Accumulated depreciation and amortization	(28,331,000)	(21,085,000)
Property and Equipment – Net	35,212,000	21,746,000
Intangible Assets – Net	190,452,000	160,686,000
Other Assets	3,434,000	2,976,000
Total Assets	\$526,038,000	\$380,478,000
Liabilities and Stockholders' Equity		
<i>Current Liabilities:</i>		
Accounts payable	\$ 50,304,000	\$ 32,570,000
Accrued compensation	25,705,000	21,900,000
Billings in excess of costs on uncompleted contracts	15,947,000	5,872,000
Other current liabilities	17,523,000	14,606,000
Income taxes payable	7,120,000	9,809,000
Current portion of long-term obligations	26,000,000	24,000,000
Total Current Liabilities	142,599,000	108,757,000
Long-term Obligations	85,532,000	37,289,000
Commitments and Contingencies (Notes 8 and 10)		
<i>Stockholders' Equity:</i>		
Preferred stock – authorized, 2,000,000 shares of \$.01 par value; issued and outstanding 0 shares at October 1, 2000 and October 3, 1999	–	–
Exchangeable stock of a subsidiary	13,887,000	13,239,000
Common stock – authorized, 50,000,000 shares of \$.01 par value; issued and outstanding 39,830,633 shares at October 1, 2000 and 38,433,621 shares at October 3, 1999	398,000	384,000
Additional paid-in capital	150,391,000	127,978,000
Accumulated other comprehensive income (loss)	(844,000)	(802,000)
Retained earnings	134,075,000	93,633,000
Total Stockholders' Equity	297,907,000	234,432,000
Total Liabilities and Stockholders' Equity	\$526,038,000	\$380,478,000

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income >

TETRA TECH, INC.

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
<i>Revenue:</i>			
Gross revenue	\$794,578,000	\$566,490,000	\$382,934,000
Subcontractor costs	196,457,000	134,410,000	85,337,000
Net Revenue	598,121,000	432,080,000	297,597,000
Cost of Net Revenue	452,872,000	327,336,000	223,871,000
Gross Profit	145,249,000	104,744,000	73,726,000
Selling, General and Administrative Expenses	71,004,000	49,320,000	33,913,000
Income From Operations	74,245,000	55,424,000	39,813,000
Interest Expense	7,355,000	3,561,000	2,329,000
Interest Income	329,000	426,000	419,000
Income Before Minority Interest and Income Tax Expense	67,219,000	52,289,000	37,903,000
Minority Interest	–	–	1,397,000
Income Before Income Tax Expense	67,219,000	52,289,000	36,506,000
Income Tax Expense	26,777,000	23,174,000	15,920,000
Net Income	\$ 40,442,000	\$ 29,115,000	\$ 20,586,000
Basic Earnings Per Share	\$ 1.04	\$ 0.78	\$ 0.59
Diluted Earnings Per Share	\$ 0.97	\$ 0.74	\$ 0.56
Weighted Average Common Shares Outstanding:			
Basic	39,003,000	37,159,000	34,962,000
Diluted	41,602,000	39,550,000	36,488,000

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity >

TETRA TECH, INC.

Fiscal Years Ended (Oct. 1, 2000, Oct. 3, 1999 and Oct. 4, 1998)	Exchangeable Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Com- prehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount				
Balance, Sept. 28, 1997	-	\$ -	32,366,023	\$324,000	\$ 63,385,000	\$ 43,932,000	\$ -	\$107,641,000
Net income and comprehensive income						20,586,000		20,586,000
Shares issued in acquisitions	920,354	15,411,000	432,435	4,000	5,520,000			20,935,000
Stock options exercised			440,331	4,000	2,613,000			2,617,000
Shares issued in Employee Stock Purchase Plan			144,431	1,000	1,505,000			1,506,000
Preferred shares converted to common			2,405,938	24,000	13,502,000			13,526,000
Tax benefit for disqualifying dispositions of stock options					977,000			977,000
Payment for fractional shares			(908)		(7,000)			(7,000)
Balance, Oct. 4, 1998	920,354	15,411,000	35,788,250	357,000	87,495,000	64,518,000	-	167,781,000
Comprehensive income:								
Net income						29,115,000		29,115,000
Foreign currency translation adjustment							(802,000)	(802,000)
Comprehensive income								28,313,000
Shares issued in secondary offering			1,250,000	12,000	22,159,000			22,171,000
Shares issued in acquisitions			787,051	8,000	11,563,000			11,571,000
Stock options exercised			289,972	3,000	1,920,000			1,923,000
Shares issued in Employee Stock Purchase Plan			156,361	2,000	2,220,000			2,222,000
Exchangeable shares of a subsidiary exchanged for common shares	(129,712)	(2,172,000)	162,140	2,000	2,170,000			-
Tax benefit for disqualifying dispositions of stock options					473,000			473,000
Payment for fractional shares			(153)		(22,000)			(22,000)
Balance, Oct. 3, 1999	790,642	13,239,000	38,433,621	384,000	127,978,000	93,633,000	(802,000)	234,432,000
Comprehensive income:								
Net income						40,442,000		40,442,000
Foreign currency translation adjustment							(42,000)	(42,000)
Comprehensive income								40,400,000
Shares issued in acquisitions	33,606	648,000	585,795	6,000	11,380,000			12,034,000
Stock options exercised			645,106	6,000	5,694,000			5,700,000
Shares issued in Employee Stock Purchase Plan			166,111	2,000	2,843,000			2,845,000
Tax benefit for disqualifying dispositions of stock options					2,496,000			2,496,000
Balance, Oct. 1, 2000	824,248	\$13,887,000	39,830,633	\$398,000	\$150,391,000	\$134,075,000	\$(844,000)	\$297,907,000

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows >

TETRA TECH, INC.

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
<i>Cash Flows From Operating Activities:</i>			
Net income	\$ 40,442,000	\$ 29,115,000	\$ 20,586,000
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	13,709,000	12,708,000	6,595,000
Deferred income taxes	723,000	(211,000)	(2,899,000)
Provision for losses on receivables	3,056,000	(667,000)	(334,000)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(47,102,000)	4,713,000	(23,262,000)
Unbilled receivables	(31,439,000)	(13,727,000)	(11,502,000)
Prepaid expenses and other current assets	(4,337,000)	998,000	(1,375,000)
Accounts payable	12,746,000	(8,306,000)	10,203,000
Accrued compensation	3,053,000	(935,000)	(32,000)
Other current liabilities	(2,185,000)	3,973,000	(6,548,000)
Income taxes payable	(854,000)	2,597,000	1,948,000
Net Cash (Used In) Provided By Operating Activities	(12,188,000)	30,258,000	(6,620,000)
<i>Cash Flows From Investing Activities:</i>			
Capital expenditures	(14,745,000)	(7,040,000)	(3,511,000)
Payments for business acquisitions, net of cash acquired	(27,515,000)	(50,655,000)	(37,778,000)
Net Cash Used In Investing Activities	(42,260,000)	(57,695,000)	(41,289,000)
<i>Cash Flows From Financing Activities:</i>			
Payments on long-term obligations	(67,763,000)	(67,605,000)	(39,580,000)
Proceeds from issuance of long-term obligations	112,000,000	72,841,000	76,000,000
Proceeds from issuance of common stock	8,545,000	26,576,000	4,116,000
Net Cash Provided By Financing Activities	52,782,000	31,812,000	40,536,000
Effect of Rate Changes on Cash	1,034,000	(1,075,000)	–
Net (Decrease) Increase in Cash and Cash Equivalents	(632,000)	3,300,000	(7,373,000)
Cash and Cash Equivalents at Beginning of Year	8,189,000	4,889,000	12,262,000
Cash and Cash Equivalents at End of Year	\$ 7,557,000	\$ 8,189,000	\$ 4,889,000
<i>Supplemental Cash Flow Information:</i>			
Cash paid during the year for:			
Interest	\$ 6,734,000	\$ 3,524,000	\$ 2,129,000
Income taxes	\$ 27,844,000	\$ 20,067,000	\$ 17,195,000

(Continued)

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
<i>Supplemental Non-Cash Investing and Financing Activities:</i>			
<p>In fiscal 2000, the Company purchased all of the capital stock of LC of Illinois, Inc., HFC Technologies, Inc., eXpert Wireless Solutions, Inc., 1261248 Ontario, Inc., FHC, Inc., Rizzo Associates, Inc., Drake Contractors, Inc. and Wm. Bethlehem Trenching Ltd. The Company also purchased certain assets of Edward A. Sears Associates. In conjunction with these acquisitions, liabilities were assumed as follows:</p>			
Fair value of assets acquired	\$ 59,653,000		
Cash paid	(29,466,000)		
Issuance of common stock and exchangeable stock	(11,903,000)		
Purchase price payable	(1,500,000)		
Other acquisition costs	(730,000)		
Liabilities assumed	\$ 16,054,000		
<p>In fiscal 1999, the Company purchased all of the capital stock of McCulley, Frick & Gilman, Inc., Collins/Piña Consulting Engineers, Inc., D.E.A. Construction Company, BAHA Communications, Inc., Utilities & C.C., Inc., ASL Consultants, Inc., Cosentini Associates, Evergreen Utility Contractors, Inc., Continental Utility Contractors, Inc., Gig Harbor Construction, Inc. and PDR Engineers, Inc. In conjunction with these acquisitions, liabilities were assumed as follows:</p>			
Fair value of assets acquired		\$110,616,000	
Cash paid		(52,275,000)	
Issuance of common stock		(11,571,000)	
Purchase price payable		(282,000)	
Other acquisition costs		(965,000)	
Liabilities assumed		\$ 45,523,000	
<p>In fiscal 1998, the Company purchased all of the capital stock of C.D.C. Engineering, Inc., McNamee, Porter & Seeley, Inc. and the Sentrex Group of Companies. The Company also purchased certain assets of Brown & Root, Inc. and Halliburton Corporation. In conjunction with these acquisitions, liabilities were assumed as follows:</p>			
Fair value of assets acquired			\$ 80,209,000
Cash paid			(38,348,000)
Issuance of common and exchangeable stock			(20,935,000)
Other acquisition costs			(985,000)
Liabilities assumed			\$ 19,941,000

See accompanying Notes to Consolidated Financial Statements.

(Concluded)

Notes to Consolidated Financial Statements >

Fiscal Years Ended October 1, 2000,
October 3, 1999 and October 4, 1998

1. Significant Accounting Policies

Business – Tetra Tech, Inc. (the “Company”) provides specialized management consulting and technical services in three principal business areas: resource management, infrastructure and communications. The Company’s management consulting services are complemented by its technical services. These technical services, which implement solutions, include research and development, applied science, engineering and architectural design, construction management, and operations and maintenance.

Principles of Consolidation – The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its majority-owned subsidiary Tetra Tech Canada Ltd. All significant intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year – The Company reports results of operations based on 52- or 53-week periods ending near September 30. Fiscal years 2000 and 1999 contained 52 weeks. Fiscal year 1998 contained 53 weeks.

Contract Revenue and Costs – In the course of providing its services, the Company routinely subcontracts for services. These costs are passed through to clients and, in accordance with industry practice, are included in the Company’s gross revenue. Because subcontractor services can change significantly from project to project, changes in gross revenue may not be indicative of business trends. Accordingly, the Company also reports net revenue, which is gross revenue less the cost of subcontractor services. Contract revenue and contract costs on both cost-type and fixed-price-type contracts are recorded using the percentage-of-completion (cost-to-cost) method. Under this method, contract revenue on long-term contracts is recognized in the ratio that contract costs incurred bear to total estimated costs. Costs and income on long-term contracts are subject to revision throughout the lives of the contracts and any required adjustments are made in the period in which the revisions become known. Losses on contracts are recorded in full as they are identified.

Selling, general and administrative costs are expensed in the period incurred.

Net revenue under Federal government contracts and subcontracts accounted for approximately 29.1%, 39.1% and 48.7% of net revenue for the fiscal years ended October 1, 2000, October 3, 1999 and October 4, 1998, respectively.

Cash and Cash Equivalents – Cash equivalents include all investments with initial maturities of 90 days or less.

Property and Equipment – Property and equipment are recorded at cost and are depreciated over their estimated useful lives using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred.

Generally, estimated useful lives range from three to ten years for equipment, furniture and fixtures. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the remaining terms of the leases.

Long-Lived Assets – Management’s policy regarding long-lived assets is to evaluate the recoverability of its assets when the facts and circumstances suggest that the assets may be impaired. This assessment is performed based on the estimated undiscounted cash flows compared with the carrying value of the assets. If the future cash flows (undiscounted and without interest charges) are less than the carrying value, a writedown would be recorded to reduce the related asset to its estimated fair value.

Intangible assets as of October 1, 2000 and October 3, 1999 consist principally of goodwill resulting from business acquisitions which is being amortized over periods ranging from 15 to 30 years. The accumulated amortization of intangible assets as of October 1, 2000 and October 3, 1999 was \$17.8 million and \$11.3 million, respectively.

Income Taxes – The Company files a consolidated federal income tax return and combined California franchise tax reports, as well as other returns which are required in the states in which the Company does business, which include the Company and its subsidiaries. Income taxes are recognized for (a) the amount of taxes payable or refundable for the current period, and (b) deferred income tax assets and liabilities for the future tax consequences of events that have been recognized in the Company’s financial statements or income tax returns. The effects of income taxes are measured based on enacted tax laws and rates.

Earnings Per Share – Basic Earnings Per Share (EPS) excludes dilution and is computed by dividing the income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding and dilutive potential common shares. The Company includes as potential common shares the weighted average number of shares of exchangeable stock of a subsidiary, the weighted average number of shares of redeemable preferred stock and the weighted average dilutive effects of outstanding stock options. The exchangeable stock of

a subsidiary is non-voting and is exchangeable on a one to one basis, as adjusted for stock splits and stock dividends subsequent to the original issuance, for the Company's common stock. The redeemable preferred stock had voting and dividend rights substantially similar to those of common. The redeemable preferred stock outstanding at September 28, 1997 was converted to common stock during the fiscal year ended October 4, 1998.

Fair Value of Financial Instruments – The carrying amounts of cash and cash equivalents, accounts receivable, unbilled receivables and accounts payable approximate fair value because of the short maturities of these instruments. The carrying amount of the revolving credit facility and other long-term obligations approximates fair value because the interest rates are based upon variable reference rates.

Concentration of Credit Risk – Financial instruments which subject the Company to credit risk consist primarily of cash and cash equivalents, accounts receivable and unbilled receivables. The Company places its temporary cash investments with high credit quality financial institutions and, by policy, limits the amount of investment exposure to any one financial institution. As of October 1, 2000, approximately 10.2% of accounts receivable was due from various agencies of the Federal government. The remaining accounts receivable are generally diversified due to the large number of organizations comprising the Company's client base and their geographic dispersion. The Company performs ongoing credit evaluations of its clients and maintains an allowance for potential credit losses.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements – In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which was amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. These Statements required derivatives to be measured at fair value and to be recorded as assets or liabilities on the balance sheet. The accounting for gains or losses resulting from changes in the fair values of those derivatives would be dependent upon the use of the derivative and whether it qualifies for hedge accounting. These Statements are effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company will adopt these Statements in fiscal year 2001 and believe that the adoption of SFAS No. 133 and SFAS No. 138 will have no material impact on its results of operations or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, *Revenue Recognition*, which outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. SAB No. 101 requires companies to report any changes in revenue recognition as a cumulative change in accounting principle at the time of implementation in accordance with Accounting Principles Board (APB) Opinion No. 20, *Accounting Changes*. SAB No. 101, as amended, is effective no later than the fourth quarter of fiscal years beginning after December 15, 1999. The Company will adopt SAB No. 101 in fiscal year 2001. The Company believes its existing revenue recognition policies and procedures are in compliance with SAB No. 101, and that the adoption of SAB No. 101 will have no material impact on its results of operations or financial position.

2. Mergers and Acquisitions

On December 31, 1997, the Company acquired, through its wholly-owned subsidiary Tetra Tech NUS, Inc., the assets of certain environmental services businesses of Brown & Root, Inc. and Halliburton Corporation, both of which are subsidiaries of Halliburton Company (collectively, NUS). NUS provides consulting, engineering and design services for the environmental remediation of contaminated air, water and soil conditions. The purchase price was valued at approximately \$25.2 million, as adjusted, and consisted of cash.

On March 2, 1998, Whalen Service Corps Inc. (WSC) agreed to participate in a partnership with Sentrex Cen-Comm and ANTEC Corporation to provide design, engineering, information management and construction services to support advanced communication system upgrades to the broadband information transport industries. The agreement required the purchase of certain assets of TANCO LLC from ANTEC Corporation for a price in cash of approximately \$0.3 million. WSC initially held a 51% majority interest in Whalen/Sentrex LLC, a California limited liability company, while LAL Corp. held the remaining 49% minority interest.

On March 26, 1998, the Company acquired 100% of the capital stock of C.D.C. Engineering, Inc. (CDE), a consulting and engineering firm specializing in civil engineering, transportation engineering, structural engineering and land surveying. The purchase was valued at approximately \$1.5 million, consisting of cash and 88,825 shares of Company common stock.

On July 8, 1998, the Company acquired 100% of the capital stock of McNamee, Porter & Seeley, Inc. (MPS), a provider of engineering services with expertise in the areas of water, industrial wastewater and process controls. The purchase was valued at approximately \$14.9 million, consisting of cash and 343,610 shares of Company common stock. Simultaneously with the acquisition, MPS assigned to its former owners accounts receivable having a net value of \$8.0 million.

Notes to Consolidated Financial Statements >

On September 22, 1998, the Company acquired, through its majority-owned subsidiary Tetra Tech Canada Ltd. (TtC), 100% of the capital stock of 1056584 Ontario Limited, 1056585 Ontario Limited, Venture Cable Limited, Cen-Comm Communications, Inc., Sentrex Electronics, Inc. and LAL Corp. (collectively, the Sentrex Group of Companies (SGOC)), providers of engineering and technical services to the cable television, telephony and data networking industries. The purchase was valued at approximately \$19.2 million, consisting of cash and 920,354 shares of TtC exchangeable stock. The TtC exchangeable stock is exchangeable, share for share, subject to adjustment, for Company common stock as described in the related purchase agreement. Upon completion of the SGOC acquisition, the Company beneficially owns 100% of Whalen/Sentrex LLC.

On February 26, 1999, the Company acquired 100% of the capital stock of McCulley, Frick & Gilman, Inc. (MFG), a provider of professional environmental science and consulting services to private-sector clients. The purchase was valued at approximately \$8.1 million, as adjusted, consisting of cash and 237,413 shares of Company common stock, of which 5,923 shares were issued in October 1999 pursuant to the purchase price adjustment clause in the related purchase agreement.

On May 7, 1999, the Company acquired 100% of the capital stock of Collins/Piña Consulting Engineers, Inc. (CPC), a provider of consulting engineering and related services primarily in Arizona. The purchase was valued at approximately \$2.7 million, as adjusted, consisting of cash and 4,938 shares of Company common stock.

On May 19, 1999, the Company acquired 100% of the capital stock of D.E.A. Construction Company (DCC), a provider of engineering and network infrastructure services for cable television and fiber optic telephone networks including design and construction and maintenance capabilities of communications and information transport systems. The purchase was valued at approximately \$15.5 million, as adjusted, consisting of cash.

On May 21, 1999, the Company acquired 100% of the capital stock of BAHA Communications, Inc. (BCI), a supplier of infrastructure installation and maintenance services to the wireless personal communications industry. The purchase was valued at approximately \$2.6 million, consisting of 176,168 shares of Company common stock. Simultaneously with the acquisition, BCI assigned to its former owners accounts receivable having a net value of \$1.0 million.

On June 18, 1999, the Company acquired 100% of the capital stock of Utilities & C.C., Inc. (UCC), a supplier of infrastructure installation and maintenance services to the wireless personal communications industry. The purchase was valued at approximately \$2.2 million, as

adjusted, consisting of 144,482 shares of Company common stock, of which 6,552 shares were issued in October 1999 pursuant to the purchase price adjustment clause in the related purchase agreement.

On June 25, 1999, the Company acquired 100% of the capital stock of ASL Consultants, Inc. (ASL), a provider of water and wastewater treatment, transportation, and other engineering services. The purchase was valued at approximately \$10.1 million, consisting of cash.

On June 30, 1999, the Company acquired 100% of the capital stock of L.M.W. Associates, Inc., Cosentini Associates, Inc. and Cobin, Inc., and 100% of the limited liability partnership interests of Cosentini Associates IL LLP, Cosentini Associates MA LLP, Cosentini Associates DC LLP and Cosentini Associates FL LLP (collectively, CAA). The purchase was valued at approximately \$5.3 million, consisting of cash. Simultaneously with the acquisition, CAA assigned to its former owners accounts receivable having a gross value of \$18.4 million.

On September 3, 1999, the Company acquired 100% of the capital stock of PDR Engineers, Inc. (PDR), a provider of engineering consulting services to Federal, state and local government and private-sector clients. The purchase was valued at approximately \$6.6 million, consisting of cash and 236,525 shares of Company common stock.

On October 2, 1999, the Company acquired 100% of the capital stock of Evergreen Utility Contractors, Inc., Continental Utility Contractors, Inc. and Gig Harbor Construction, Inc. (collectively, EUC), a provider of engineering and network services for cable TV and fiber optic networks in the Pacific Northwest Region of the U.S. The purchase was valued at approximately \$11.8 million, consisting of cash.

On October 25, 1999, the Company acquired 100% of the capital stock of LC of Illinois, Inc. and HFC Technologies, Inc. (collectively, LCI), a provider of engineering and network infrastructure services for cable television and fiber optic telephone networks including design, construction and maintenance capabilities for communications and information transport systems. The purchase was valued at approximately \$1.6 million, consisting of cash.

On March 30, 2000, Tetra Tech Engineers, P.C. acquired certain assets of Edward A. Sears Associates (ESA), a provider of engineering services to hospitals in New York. Concurrent with this transaction, the Company's subsidiary, Cosentini Associates, Inc., acquired certain non-licensed assets of ESA from Tetra Tech Engineers, P.C. The purchase was valued at approximately \$0.4 million, consisting of cash.

On April 3, 2000, the Company acquired 100% of the capital stock of eXpert Wireless Solutions, Inc. (EWS), a provider of radio-frequency engineering and consulting services to the wireless communications industry. The purchase was valued at approximately \$18.8 million, consisting of cash (of which \$500,000 is dependent on operational performance) and 407,877 shares of Company common stock. Additionally, concurrently with the acquisition, EWS distributed to its former shareholders accounts receivable valued at approximately \$1.8 million.

On May 3, 2000, the Company, through its majority-owned subsidiary, Tetra Tech Canada Ltd., acquired 100% of the capital stock of 1261248 Ontario, Inc., which does business as Engineered Communications (ENG), a provider of engineering and network services for the wired communications industry in Ontario, Canada. The purchase was valued at approximately \$1.5 million, consisting of cash and 33,606 shares of exchangeable stock of the Company's majority-owned subsidiary.

On May 17, 2000, the Company acquired 100% of the capital stock of FHC, Inc. (FHC), a provider of engineering consulting services primarily to the state and local governments in Oklahoma. The purchase was valued at approximately \$5.2 million, consisting of cash and 56,334 shares of Company common stock.

On May 24, 2000, the Company acquired 100% of the capital stock of Rizzo Associates, Inc. (RAI), a provider of engineering consulting services to state and local governments and commercial clients in the upper Northeast region of the U.S. This purchase was valued at approximately \$10.3 million, consisting of cash and 112,436 shares of Company common stock.

On June 16, 2000, the Company acquired 100% of the capital stock of Drake Contractors, Inc. (DCI), a provider of infrastructure installation and maintenance services primarily in Colorado. The purchase was valued at approximately \$5.5 million, consisting of cash (of which \$1.0 million is contingent on operational performance). Additionally, concurrent with the acquisition, DCI distributed to its former shareholders accounts receivable valued at approximately \$2.1 million.

On July 5, 2000, the Company, through its majority-owned subsidiary, Tetra Tech Canada Ltd., acquired 100% of the capital stock of Wm. Bethlehem Trenching Ltd. (BTL), a provider of infrastructure installation and maintenance services primarily in Ontario, Canada. The purchase was valued at approximately \$0.3 million and consisted of cash.

All of the acquisitions above have been accounted for as purchases and accordingly, the purchase prices of the businesses acquired have been allocated to the assets and liabilities acquired based upon their fair values. The excess of the purchase cost of the acquisitions over the fair value of the net assets acquired was recorded as goodwill and is included in Intangible Assets – Net in the accompanying consolidated balance sheets. The Company historically valued stock exchanged in acquisitions based on extended restriction periods, high volatility in the trading price of the Company's common stock and other economic factors specific to the Company's circumstances. During the first three fiscal quarters of fiscal 2000, and all of fiscal 1999 and fiscal 1998, stock exchanged in acquisitions was discounted by 15%. The results of operations of each of the companies acquired have been included in the Company's financial statements from the effective acquisition dates.

The effect of unaudited pro forma operating results of the LCI, ENG, ESA, DCI and BTL acquisitions, had they been acquired on October 5, 1998, is not material.

The following table presents summarized unaudited pro forma operating results assuming that the Company had acquired MFG, CPC, DCC, BCI, UCC, ASL, CAA, PDR, EUC, EWS, FHC and RAI on October 5, 1998:

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999
Gross revenue	\$823,125,000	\$706,990,000
Income before income tax expense	67,457,000	57,179,000
Net income	40,580,000	32,020,000
Basic earnings per share	\$ 1.03	\$ 0.84
Diluted earnings per share	0.97	0.79
Weighted average common shares outstanding:		
Basic	39,305,000	38,135,000
Diluted	41,904,000	40,526,000

Notes to Consolidated Financial Statements >

3. Accounts Receivable

Accounts receivable consisted of the following at October 1, 2000 and October 3, 1999:

	Oct. 1, 2000	Oct. 3, 1999
Billed accounts receivable	\$158,992,000	\$ 95,465,000
Unbilled accounts receivable:		
Billable amounts not invoiced, amounts billable at stipulated stages of completion of contract work, and unbilled amounts pending negotiation or receipt of contract modifications	119,478,000	84,230,000
Costs and fee retention billable upon audit of total contract costs total contract costs	4,232,000	5,282,000
Total unbilled accounts receivable	123,710,000	89,512,000
Billings in excess of costs on uncompleted contracts	(15,947,000)	(5,872,000)
Allowance for uncollectible accounts:		
Allowance for doubtful accounts	(5,465,000)	(4,089,000)
Allowance for disallowed costs	(1,608,000)	(4,440,000)
Total allowance for uncollectible accounts	(7,073,000)	(8,529,000)
Total	\$259,682,000	\$170,576,000

The accounts receivable valuation allowance includes amounts to provide for doubtful accounts and for the potential disallowance of billed and unbilled costs. The Company's contracts with the Federal government are subject to audit by the government, primarily the Defense Contract Audit Agency (DCAA), which reviews the Company's overhead rates, operating systems and cost proposals. During the course of its audit, the DCAA may disallow costs if it determines that the Company improperly accounted for such costs in a manner inconsistent with Cost Accounting Standards. Historically, the Company has not had any material cost disallowances by the DCAA as a result of audit, except for disallowances of acquired receivables as further described. There can be no assurance that DCAA audits will not result in material cost disallowances in the future.

On September 15, 1995, the Company acquired Tetra Tech EM Inc. (EMI) which contracts with the Federal government. At the time of acquisition, audits had not been performed for years beyond 1986 and reserves for disallowances relating to those unaudited years were adjusted to reflect the estimated ultimate disallowances relating to those receivables. As of October 3, 1999, audits and negotiations relating to the EMI contracts for years 1987 through 1995 were complete, and cost disallowances as a result of these audits totaled approximately \$4.4 million. Beyond the \$4.4 million in cost disallowances, there remained

uncollected receivables of \$2.1 million. Although it was determined that the Company was entitled to payments, collectibility of such amounts was not assured as each Federal agency must obtain separate funding approval. The reserves established for these receivables exceeded the disallowances and the uncollected amounts by \$1.75 million. Accordingly, this amount was taken into income in fiscal 1999. During fiscal 2000, the Company collected \$2.0 million and reversed previously established reserves related to these receivables. As of October 1, 2000, substantially all of these outstanding receivables have been collected and all reserves relating to these receivables have been reversed.

Allowances to provide for doubtful accounts have been determined through reviews of specific amounts determined to be uncollectible, plus a general allowance for other amounts for which some potential loss is determined to be probable based on current events and circumstances. Given the above, management believes that the resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

As of October 1, 2000, the Company had approximately \$4.2 million under retainage provisions of contracts.

4. Income Taxes

Income tax expense for the fiscal years ended October 1, 2000, October 3, 1999 and October 4, 1998 consisted of the following:

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
Current:			
Federal	\$20,845,000	\$18,763,000	\$15,284,000
State	5,224,000	4,661,000	3,535,000
Deferred	708,000	(250,000)	(2,899,000)
Total income tax expense	\$26,777,000	\$23,174,000	\$15,920,000

Temporary differences comprising the net deferred income tax asset shown on the consolidated balance sheets were as follows:

	Oct. 1, 2000	Oct. 3, 1999
Allowance for doubtful accounts	\$3,041,000	\$1,787,000
Cash to accrual	(994,000)	(1,119,000)
Accrued vacation	1,871,000	2,189,000
State taxes	1,337,000	1,477,000
Prepaid expense	(514,000)	(307,000)
Depreciation	(2,317,000)	(1,047,000)
Other	127,000	279,000
Net deferred income tax asset	\$2,551,000	\$3,259,000

Total income tax expense was different than the amount computed by applying the federal statutory rate as follows:

Fiscal Year Ended	Oct. 1, 2000		Oct. 3, 1999		Oct. 4, 1998	
	Amount	%	Amount	%	Amount	%
Tax at federal statutory rate	\$23,527,000	35.0%	\$18,301,000	35.0%	\$12,777,000	35.0%
State taxes, net of federal benefit	3,495,000	5.2	2,719,000	5.2	1,898,000	5.2
Tax credit	(2,800,000)	(4.2)	-	-	-	-
Goodwill	2,053,000	3.1	1,434,000	2.7	990,000	2.7
Other	502,000	0.7	720,000	1.4	255,000	0.7
Total income tax expense	\$26,777,000	39.8%	\$23,174,000	44.3%	\$15,920,000	43.6%

5. Long-Term Obligations

The Company has a credit agreement (as amended, the "Credit Agreement") with a bank to support its working capital and acquisition needs. The Credit Agreement provides a revolving credit facility of \$150.0 million and matures on March 17, 2005 or earlier at the discretion of the Company upon payment in full of loans and other obligations.

Interest on borrowings under the Credit Agreement is payable at the Company's option (a) at a base rate (the greater of the federal funds rate plus 0.50% or the bank's reference rate) as defined in the Credit Agreement or (b) at a eurodollar rate plus a margin which ranges from 0.75% to 1.25%. The weighted average interest rate on outstanding borrowings under the Credit Agreement at October 1, 2000 was 7.71%.

Borrowings under the Credit Agreement are secured by the Company's accounts receivable and the stock of the Company's subsidiaries.

The Credit Agreement contains various covenants including, but not limited to, restrictions related to tangible net worth, net income, additional indebtedness, asset sales, mergers and acquisitions, creation of liens, and dividends on capital stock (other than stock dividends).

As of October 1, 2000, outstanding borrowings totaled \$110.0 million and standby letters of credit totaled \$1.7 million.

At October 1, 2000, approximately \$1.5 million of additional debt existed from acquired companies. The weighted average interest rate on these outstanding borrowings at October 1, 2000 was 7.99%. This debt is primarily related to pre-acquisition borrowings to facilitate equipment purchases. The Company intends to repay these amounts prior to the end of their term and terminate all such agreements.

6. Stockholders' Equity

In February 1999, the Company, along with certain selling stockholders, offered a total of 3,968,750 shares of its common stock through a public offering. The Company offered 1,250,000 shares and received approximately \$22.2 million in net proceeds which were used for the partial repayment of outstanding indebtedness under the Company's revolving credit facility.

In connection with the ENG and SGOE acquisitions, the Company issued an aggregate of 953,960 shares of exchangeable stock of its subsidiary, Tetra Tech Canada Ltd. (the "Exchangeable Shares"), a corporation existing under the laws of the Province of Ontario, Canada. The Exchangeable Shares are non-voting but carry exchange rights under which a holder of Exchangeable Shares is entitled, at any time after five months from the date of issue of the Exchangeable Shares, to require the Company to redeem all or any part of the Exchangeable Shares for an amount per share equal to (a) the current market price of a share of the Company's common stock, which shall be satisfied in full by the Company's delivery to such holder of one share of its common stock for each Exchangeable Share presented and surrendered, plus (b) a dividend amount or dividend shares, if any. The Exchangeable Shares cannot be put back to the Company for cash.

Pursuant to the Company's 1989 Stock Option Plan, key employees may be granted options to purchase an aggregate of 1,192,090 shares of the Company's common stock at prices ranging from 85% to 100% of the market value on the date of grant. All options granted to date by the Company have been at 100% of the market value as determined by the Board of Directors at the date of grant. These options become exercisable beginning one year from date of grant, become fully vested in four years and terminate ten years from the date of grant.

Notes to Consolidated Financial Statements >

The Company also has a 1992 Incentive Stock Plan under which key employees may be granted options to purchase an aggregate of 5,761,718 shares of the Company's common stock at prices not less than the market value on the date of grant. From such date of grant, these options become exercisable after one year, are fully vested no later than five years after grant and terminate no later than ten years after grant.

Pursuant to the Company's 1992 Stock Option Plan for Nonemployee Directors, non-employee directors may be granted options to purchase an aggregate of 143,047 shares of the Company's common stock at prices not less than the market value on the date of grant. These options vest and become exercisable when, and only if, the optionee continues to serve as a director until the Annual Meeting following the year in which the options were granted.

The Company also has an Employee Stock Purchase Plan (the "Purchase Plan") which provides for the granting of Purchase Rights to purchase common stock to regular full and part-time employees or officers of the Company and its subsidiaries. Under the Purchase Plan, shares of common stock will be issued upon exercise of the Purchase Rights. Under the Purchase Plan, an aggregate of 1,098,632 shares may be issued pursuant to the exercise of Purchase Rights. The maximum amount that an employee can contribute during a Purchase Right Period is \$4,000, and the minimum contribution per payroll period is \$25.

Under the Purchase Plan, the exercise price of a Purchase Right will be the lesser of 100% of the fair market value of such shares on the first day of the Purchase Right Period or 85% of the fair market value on the last

day of the Purchase Right Period. For this purpose, the fair market value of the stock is its closing price as reported on the Nasdaq Stock Market on the day in question.

During the three years in the period ended October 1, 2000, option activity was as follows:

	Number of Options	Weighted Average Exercise Price
Balance, Sept. 28, 1997	2,922,968	\$ 7.46
Granted	711,957	13.51
Exercised	(440,331)	5.94
Cancelled	(234,007)	10.09
Balance, Oct. 4, 1998	2,960,587	8.94
Granted	899,284	16.51
Exercised	(289,972)	6.63
Cancelled	(189,386)	11.02
Balance, Oct. 3, 1999	3,380,513	11.27
Granted	709,722	12.88
Exercised	(645,106)	8.84
Cancelled	(106,824)	15.03
Outstanding at Oct. 1, 2000	3,338,305	\$11.96
Exercisable at Oct. 1, 2000	1,660,664	\$ 9.45

The following table summarizes information concerning currently outstanding and exercisable options:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (Yrs.)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.75 – \$ 0.94	24,152	0.73	\$ 0.93	24,152	\$ 0.93
\$ 2.56 – \$ 3.82	84,413	2.09	3.44	84,413	3.44
\$ 4.27 – \$ 6.31	444,596	3.75	5.23	444,596	5.23
\$ 7.10 – \$10.43	797,508	6.03	9.43	636,560	9.34
\$10.91 – \$15.84	1,216,299	8.20	12.37	310,162	13.34
\$16.50 – \$24.50	770,437	8.64	19.07	160,761	18.49
\$25.56 – \$26.88	900	9.86	26.29	–	–
\$ 0.75 – \$26.88	3,338,305	6.98	\$11.96	1,660,644	\$ 9.45

The Company applies APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations in accounting for its employee stock option plans. Accordingly, no compensation expense has been recognized for its stock-based compensation plans. Pro forma net income and earnings per share had the Company accounted for stock options issued to employees in accordance with SFAS No. 123, *Accounting for Stock-Based Compensation*, are as follows:

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
Net income – as reported	\$40,442,000	\$29,115,000	\$20,586,000
Net income – pro forma	36,324,000	27,004,000	18,945,000
Basic earnings per share – as reported	\$ 1.04	\$ 0.78	\$ 0.59
Diluted earnings per share – as reported	0.97	0.74	0.56
Basic earnings per share – pro forma	0.93	0.73	0.54
Diluted earnings per share – pro forma	0.87	0.68	0.52

The fair value of the Company's stock options used to compute pro forma net income and pro forma earnings per share disclosures is the estimated value using the Black-Scholes option-pricing model. The weighted average fair values per share of options granted in fiscal 2000, 1999 and 1998 are \$5.48, \$6.59 and \$4.90, respectively. The following assumptions were used in completing the model:

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	46.5%	42.2%	42.5%
Risk-free rate of return, annual	7.7%	6.4%	6.4%
Expected life	3.51 yrs.	3.26 yrs.	3.11 yrs.

7. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
Numerator –			
Net income	\$40,442,000	\$29,115,000	\$20,586,000
Denominator –			
Denominator for basic earnings per share – weighted average shares	39,003,000	37,159,000	34,962,000
Effect of dilutive securities:			
Stock options	1,601,000	1,320,000	1,300,000
Redeemable preferred stock	–	–	189,000
Exchangeable stock of a subsidiary	998,000	1,071,000	37,000
Dilutive potential common shares	2,599,000	2,391,000	1,526,000
Denominator for diluted earnings per share – adjusted weighted average shares and assumed conversions	41,602,000	39,550,000	36,488,000
Basic earnings per share	\$ 1.04	\$ 0.78	\$ 0.59
Diluted earnings per share	\$ 0.97	\$ 0.74	\$ 0.56

8. Leases

The Company leases land, buildings and equipment under various operating leases. Rent expense under all operating leases was approximately \$28.3 million, \$20.6 million and \$13.4 million for the fiscal years ended October 1, 2000, October 3, 1999 and October 4, 1998, respectively. Amounts payable under noncancelable operating lease commitments are as follows during the fiscal years ending in:

2001	\$22,087,000
2002	18,328,000
2003	14,215,000
2004	11,391,000
2005	8,942,000
Thereafter	18,329,000
Total	\$93,292,000

Notes to Consolidated Financial Statements >

9. Retirement Plans

The Company and its subsidiaries have established defined contribution plans and 401(k) plans. Generally, employees are eligible to participate in the defined contribution plans upon completion of one year of service and in the 401(k) plans upon commencement of employment. For the fiscal years ended October 1, 2000, October 3, 1999 and October 4, 1998, employer contributions relating to the plans were approximately \$7.2 million, \$6.4 million and \$4.0 million, respectively.

10. Contingencies

The Company is subject to certain claims and lawsuits typically filed against the engineering and consulting professions, primarily alleging professional errors or omissions. The Company carries professional liability insurance, subject to certain deductibles and policy limits against such claims. Management is of the opinion that the resolution of these claims will not have a material adverse effect on the Company's financial position and results of operations.

11. Operating Segments

The Company's management has organized its operations into three operating segments: Resource Management, Infrastructure, and Communications. The Resource Management operating segment provides specialized environmental engineering and consulting services primarily relating to water quality and water availability to both public and private organizations. The Infrastructure operating segment provides engineering services to provide additional development, as well as upgrading and replacement of existing infrastructure to both public and private organizations. The Communications operating segment provides a comprehensive set of services including network planning, engineering, site acquisition, construction and construction management, and operations and maintenance services to telecommunications companies, wireless service providers and cable operators. Management has established these operating segments based upon the services provided, the different marketing strategies, and the specialized needs of the clients. The Company accounts for inter-segment sales and transfers as if the sales and transfers were to third parties, that is, by applying a negotiated fee onto the cost of the services performed. Management evaluates the performance of these operating segments based upon their respective income from operations before the effect of any acquisition-related amortization and any fee from inter-segment sales and transfers.

The following tables set forth (in thousands) summarized financial information on the Company's reportable segments:

Reportable Segments:

Fiscal Year Ended Oct. 1, 2000	Resource Management	Infrastructure	Communications	Total
Gross Revenue	\$374,875	\$236,922	\$207,936	\$819,733
Net Revenue	246,851	190,269	153,360	590,480
Income from Operations	32,901	20,866	28,020	81,787
Depreciation Expense	1,670	2,514	2,806	6,990
Segment Assets	175,571	75,043	86,702	337,316
Fiscal Year Ended Oct. 3, 1999	Resource Management	Infrastructure	Communications	Total
Gross Revenue	\$340,955	\$135,589	\$102,378	\$578,922
Net Revenue	231,518	111,776	88,765	432,059
Income from Operations	30,147	15,703	14,905	60,755
Depreciation Expense	1,446	4,430	1,565	7,441
Segment Assets	154,375	48,633	44,444	247,452
Fiscal Year Ended Oct. 4, 1998	Resource Management	Infrastructure	Communications	Total
Gross Revenue	\$279,582	\$ 56,464	\$ 54,739	\$390,785
Net Revenue	198,701	47,174	51,084	296,959
Income from Operations	24,572	8,337	9,967	42,876
Depreciation Expense	1,851	1,101	530	3,482
Segment Assets	124,951	20,329	24,931	170,211

Reconciliations:

Fiscal Year Ended	Oct. 1, 2000	Oct. 3, 1999	Oct. 4, 1998
<i>Gross Revenue</i>			
Gross revenue from reportable segments	\$819,733	\$578,922	\$390,785
Elimination of inter-segment revenue	(32,796)	(15,850)	(11,237)
Other revenue	7,641	3,418	3,386
Total consolidated gross revenue	\$794,578	\$566,490	\$382,934
<i>Net Revenue</i>			
Net revenue from reportable segments	\$590,480	\$432,059	\$296,959
Other revenue	7,641	21	638
Total consolidated net revenue	\$598,121	\$432,080	\$297,597
<i>Income from Operations</i>			
Income from operations of reportable segments	\$ 81,787	\$ 60,755	\$ 42,876
Elimination of inter-segment income	(2,069)	(730)	(1,286)
Other income	990	240	1,191
Amortization of intangibles	(6,463)	(4,841)	(2,968)
Total consolidated income from operations	\$ 74,245	\$ 55,424	\$ 39,813
<i>Total Assets</i>			
Total assets from reportable segments	\$337,316	\$247,452	\$170,211
Goodwill not allocated to segments	190,452	160,686	108,638
Elimination of inter-segment assets	(1,730)	(27,660)	(12,239)
Total consolidated total assets	\$526,038	\$380,478	\$266,610

Geographic Information:

Fiscal Year Ended	Oct. 1, 2000		Oct. 3, 1999		Oct. 4, 1998	
	Net Revenue ^(a)	Long-Lived Assets ^(b)	Net Revenue ^(a)	Long-Lived Assets ^(b)	Net Revenue ^(a)	Long-Lived Assets ^(b)
United States	\$579,593	\$229,098	\$417,983	\$185,408	\$288,020	\$124,278
Foreign countries	18,528	–	14,097	–	9,577	–

(a) Net revenue is attributed to countries based on the location of work performed.

(b) Long-lived assets include non-current assets of the Company.

Major Clients

The Company's net revenue attributable to the U.S. Federal government was approximately \$174.2 million, \$169.3 million and \$144.4 million for fiscal years ended October 1, 2000, October 3, 1999 and October 4, 1998, respectively. Both the Resource Management and Infrastructure operating segments report revenue from the U.S. government.

Notes to Consolidated Financial Statements >

12. Quarterly Financial Information - Unaudited

In the opinion of management, the following unaudited quarterly data for the fiscal years ended October 1, 2000 and October 3, 1999 reflect all adjustments necessary for a fair statement of the results of operations. All such adjustments are of a normal recurring nature.

Fiscal Year 2000 <i>(in thousands, except per share data)</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Gross revenue	\$170,241	\$177,581	\$203,795	\$242,961
Net revenue	129,171	138,846	156,468	173,636
Gross profit	28,754	29,284	40,202	47,009
Income from operations	14,733	15,980	19,673	23,859
Net income	7,563	8,124	9,920	14,835 ^(a)
Basic earnings per share	\$ 0.20	\$ 0.21	\$ 0.25	\$ 0.37
Diluted earnings per share	0.19	0.20	0.24	0.35
Weighted average common shares outstanding:				
Basic	38,453	38,550	39,287	39,721
Diluted	40,418	41,140	42,104	42,590

Fiscal Year 1999 <i>(in thousands, except per share data)</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Gross revenue	\$113,973	\$128,083	\$157,091	\$167,343
Net revenue	89,245	96,955	120,739	125,141
Gross profit	19,058	22,553	32,550	30,583
Income from operations	10,187	11,869	15,599	17,769
Net income	5,427	6,462	8,503	8,723
Basic earnings per share	\$ 0.15	\$ 0.18	\$ 0.22	\$ 0.23
Diluted earnings per share	0.14	0.16	0.21	0.22
Weighted average common shares outstanding:				
Basic	35,820	36,793	37,801	38,223
Diluted	38,387	39,263	40,145	40,404

(a) Includes a tax credit of \$2.8 million.

Independent Auditors' Report >

Tetra Tech, Inc.:

We have audited the accompanying consolidated balance sheets of Tetra Tech, Inc. and its subsidiaries as of October 1, 2000 and October 3, 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended October 1, 2000. 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 auditing standards generally accepted in the United States of America. 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, such consolidated financial statements present fairly, in all material respects, the financial position of Tetra Tech, Inc. and its subsidiaries as of October 1, 2000 and October 3, 1999, and the results of their operations and their cash flows for each of the three years in the period ended October 1, 2000 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Los Angeles, California
November 15, 2000

Securities Information >

Tetra Tech's common stock is traded on the Nasdaq Stock Market under the symbol TTEK (formerly, WATR). There were 1,911 stockholders of record as of December 15, 2000. Tetra Tech has not paid any cash dividends since its inception and does not intend to pay any cash dividends on its common stock in the foreseeable future. The high and low sales prices for the common stock for the last two fiscal years, as reported by the National Association of Securities Dealers, Inc., are set forth in the following tables.

Fiscal Year 2000	High	Low
First Quarter	\$17.63	\$10.50
Second Quarter	28.25	13.38
Third Quarter	26.50	15.94
Fourth Quarter	31.44	21.13

Fiscal Year 1999	High	Low
First Quarter	\$22.40	\$12.50
Second Quarter	21.50	13.70
Third Quarter	20.70	15.20
Fourth Quarter	20.00	13.50

Corporate Information >

Directors

Li-San Hwang
*Chairman, President,
Chief Executive Officer
Tetra Tech, Inc.*

J. Christopher Lewis
*General Partner
Riordan, Lewis & Haden*

Patrick C. Haden
*General Partner
Riordan, Lewis & Haden*

James J. Shelton
*Retired Officer and Director
Baker Hughes Incorporated*

Daniel A. Whalen
*Advisor to the President
Tetra Tech, Inc.*

Corporate Officers

Li-San Hwang
*Chairman, President,
Chief Executive Officer*

James M. Jaska
*Executive Vice President,
Chief Financial Officer, Treasurer*

Richard A. Lemmon
*Executive Vice President,
Secretary*

William R. Brownlie
Senior Vice President

Steven A. Gherini
Vice President

Charles R. Faust
Vice President

Arkan Say
Vice President

Executive Board Members

Li-San Hwang
William R. Brownlie
Glenn S. Burkhardt
Michael C. Bush
Craig L. Christensen
Kyle J. Deaton
Craig E. Eisen
Charles R. Faust
Steven A. Gherini
James M. Jaska
Richard A. Lemmon
Ruh-Ming Li
Paul B. Liao
Douglas C. Mass
Michael J. Nigro
Arkan Say
Donald Senovich
Stephen C. Wagner

Corporate Counsel

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Independent Auditors

Deloitte & Touche LLP
350 South Grand Avenue
Los Angeles, California 90071

Corporate Offices

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Telephone: (626) 351-4664
Fax: (626) 351-1188

Transfer Agent & Registrar

U.S. Stock Transfer Corporation
1745 Gardena Avenue
Second Floor
Glendale, California 91204

Stock Listing

The Company's common stock is traded on the Nasdaq Stock Market (Symbol: TTEK)

Shareholders Inquiries

Investor Relations
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Telephone: (626) 351-4664
Fax: (626) 351-1188
E-Mail: IR@tetrattech.com
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Form 10-K

The Company's Form 10-K may be obtained by writing to Investor Relations.



TETRA TECH, INC.

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