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

FORM 10-Q

(Mark one)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended December 27, 2019

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number 1-7463

JACOBS ENGINEERING GROUP INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**95-4081636** **(I.R.S. Employer Identification Number)**

1999 Bryan Street **(Address of principal executive offices)**	**Suite 1200**	**Dallas**	**Texas**	**75201** **(Zip Code)**

(214) 583 – 8500
(Registrant's telephone number, including area code)

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

Title of Each Class		Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock	$1 par value	J	New York Stock Exchange

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

Indicate by check-mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check-mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Number of shares of common stock outstanding at January 27, 2020: 133,050,144

JACOBS ENGINEERING GROUP INC.

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share information)
(Unaudited)

	December 27, 2019	September 27, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 619,212	$ 631,068
Receivables and contract assets	3,056,115	2,840,209
Prepaid expenses and other	699,237	639,539
Current assets held for sale	4,022	952
Total current assets	4,378,586	4,111,768
Property, Equipment and Improvements, net	308,672	308,143
Other Noncurrent Assets:		
Goodwill	5,437,422	5,432,544
Intangibles, net	645,468	665,076
Miscellaneous	1,403,881	918,202
Noncurrent assets held for sale	26,530	26,978
Total other noncurrent assets	7,513,301	7,042,800
	$ 12,200,559	$ 11,462,711
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	$ 199,936	$ 199,901
Accounts payable	1,032,820	1,072,645
Accrued liabilities	1,162,872	1,384,379
Contract liabilities	435,211	414,208
Current liabilities held for sale	797	2,573
Total current liabilities	2,831,636	3,073,706
Long-term Debt	1,414,903	1,201,245
Other Deferred Liabilities	1,891,797	1,419,005
Noncurrent Liabilities Held for Sale	52	97
Commitments and Contingencies		
Stockholders' Equity:		
Capital stock:		
Preferred stock, $1 par value, authorized - 1,000,000 shares; issued and outstanding - none	—	—
Common stock, $1 par value, authorized - 240,000,000 shares; issued and outstanding—133,001,493 shares and 132,879,395 shares as of December 27, 2019 and September 27, 2019 , respectively	133,001	132,879
Additional paid-in capital	2,605,765	2,559,450
Retained earnings	4,145,825	3,939,174
Accumulated other comprehensive loss	(880,166)	(916,812)
Total Jacobs stockholders' equity	6,004,425	5,714,691
Noncontrolling interests	57,746	53,967
Total Group stockholders' equity	6,062,171	5,768,658
	$ 12,200,559	$ 11,462,711

See the accompanying Notes to Consolidated Financial Statements – Unaudited.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
For the Three Months Ended December 27, 2019 and December 28, 2018
(In thousands, except per share information)
(Unaudited)

	For the Three Months Ended	
	December 27, 2019	**December 28, 2018**
Revenues	$ 3,360,049	$ 3,083,788
Direct cost of contracts	(2,715,478)	(2,515,268)
Gross profit	644,571	568,520
Selling, general and administrative expenses	(493,226)	(455,390)
Operating Profit	151,345	113,130
Other Income (Expense):		
Interest income	946	2,104
Interest expense	(14,817)	(25,325)
Miscellaneous income (expense), net	116,695	2,282
Total other income (expense), net	102,824	(20,939)
Earnings from Continuing Operations Before Taxes	254,169	92,191
Income Tax Expense for Continuing Operations	(68,489)	(22,758)
Net Earnings of the Group from Continuing Operations	185,680	69,433
Net Earnings of the Group from Discontinued Operations	77,587	60,158
Net Earnings of the Group	263,267	129,591
Net Earnings Attributable to Noncontrolling Interests from Continuing Operations	(6,257)	(4,539)
Net Earnings Attributable to Jacobs from Continuing Operations	179,423	64,894
Net (Earnings) Losses Attributable to Noncontrolling Interests from Discontinued Operations	—	(756)
Net Earnings Attributable to Jacobs from Discontinued Operations	77,587	59,402
Net Earnings Attributable to Jacobs	$ 257,010	$ 124,296
Net Earnings Per Share:		
Basic Net Earnings from Continuing Operations Per Share	$ 1.35	$ 0.45
Basic Net Earnings from Discontinued Operations Per Share	$ 0.58	$ 0.42
Basic Earnings Per Share	$ 1.93	$ 0.87
Diluted Net Earnings from Continuing Operations Per Share	$ 1.33	$ 0.45
Diluted Net Earnings from Discontinued Operations Per Share	$ 0.58	$ 0.41
Diluted Earnings Per Share	$ 1.91	$ 0.86

See the accompanying Notes to Consolidated Financial Statements - Unaudited.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended December 27, 2019 and December 28, 2018
(In thousands)
(Unaudited)

	For the Three Months Ended	
	December 27, 2019	**December 28, 2018**
Net Earnings of the Group	$ 263,267	$ 129,591
Other Comprehensive Income (Loss):		
Foreign currency translation adjustment	52,297	(52,400)
Gain (loss) on cash flow hedges	18	1,790
Change in pension and retiree medical plan liabilities	(16,251)	1,825
Other comprehensive income (loss) before taxes	36,064	(48,785)
Income Tax (Expense) Benefit:		
Cash flow hedges	—	(543)
Change in pension and retiree medical plan liabilities	582	(521)
Income Tax (Expense) Benefit:	582	(1,064)
Net other comprehensive income (loss)	36,646	(49,849)
Net Comprehensive Income (Loss) of the Group	299,913	79,742
Net (Earnings) Loss Attributable to Noncontrolling Interests	(6,257)	(5,295)
Net Comprehensive Income (Loss) Attributable to Jacobs	$ 293,656	$ 74,447

See the accompanying Notes to Consolidated Financial Statements - Unaudited.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Three Months Ended December 27, 2019 and December 28, 2018
(In thousands)
(Unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Jacobs Stockholders' Equity	Noncontrolling Interests	Total Group Stockholders' Equity
Balances at September 28, 2018	**$ 142,218**	**$ 2,708,839**	**$ 3,809,991**	**$ (806,703)**	**$ 5,854,345**	**$ 90,009**	**$ 5,944,354**
Net earnings	—	—	124,296	—	124,296	5,295	129,591
Adoption of ASC 606, net of deferred taxes of $(10,285)	—	—	(37,209)	—	(37,209)	—	(37,209)
Foreign currency translation adjustments	—	—	—	(52,400)	(52,400)	—	(52,400)
Pension and retiree medical plan liability, net of deferred taxes of $521	—	—	—	1,304	1,304	—	1,304
Gain on derivatives, net of deferred taxes of $543	—	—	—	1,247	1,247	—	1,247
Noncontrolling interest acquired / consolidated	—	(1,113)	—	—	(1,113)	—	(1,113)
Dividends	—	—	(233)	—	(233)	—	(233)
Distributions to noncontrolling interests	—	—	—	—	—	(7,372)	(7,372)
Stock based compensation	—	15,588	6	—	15,594	—	15,594
Issuances of equity securities including shares withheld for taxes	506	(6,507)	(4,929)	—	(10,930)	—	(10,930)
Repurchases of equity securities	(2,324)	(44,417)	(95,058)	—	(141,799)	—	(141,799)
Balances at December 28, 2018	**$ 140,400**	**$ 2,672,390**	**$ 3,796,864**	**$ (856,552)**	**$ 5,753,102**	**$ 87,932**	**$ 5,841,034**
Balances at September 27, 2019	**$ 132,879**	**$ 2,559,450**	**$ 3,939,174**	**$ (916,812)**	**$ 5,714,691**	**$ 53,967**	**$ 5,768,658**
Net earnings	—	—	257,010	—	257,010	6,257	263,267
Foreign currency translation adjustments	—	—		52,297	52,297	—	52,297
Pension liability, net of deferred taxes of $582	—	—		(15,669)	(15,669)	—	(15,669)
Gain on derivatives, net of deferred taxes of $—	—	—		18	18	—	18
Dividends	—	—	(68)	—	(68)		(68)
Distributions to noncontrolling interests	—	—		—	—	(2,478)	(2,478)
Stock based compensation	—	13,200	1,079	—	14,279	—	14,279
Issuances of equity securities including shares withheld for taxes	474	(10,115)	(8,492)	—	(18,133)	—	(18,133)
Repurchases of equity securities	(352)	43,230	(42,878)	—	—	—	—
Balances at December 27, 2019	**$ 133,001**	**$ 2,605,765**	**$ 4,145,825**	**$ (880,166)**	**$ 6,004,425**	**$ 57,746**	**$ 6,062,171**

See the accompanying Notes to Consolidated Financial Statements – Unaudited.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended December 27, 2019 and December 28, 2018
(In thousands)
(Unaudited)

	For the Three Months Ended	
	December 27, 2019	**December 28, 2018**
Cash Flows from Operating Activities:		
Net earnings attributable to the Group	$ 263,267	$ 129,591
Adjustments to reconcile net earnings to net cash flows (used for) provided by operations:		
Depreciation and amortization:		
Property, equipment and improvements	22,152	20,321
Intangible assets	21,845	19,285
Gain on sale of ECR business	(61,943)	—
(Gain) Loss on investment in equity securities	(105,319)	—
Stock based compensation	14,279	15,594
Equity in earnings of operating ventures, net	(715)	(3,141)
(Gain) Loss on disposals of assets, net	36	511
Loss (Gain) on pension and retiree medical plan changes	2,651	(2,172)
Deferred income taxes	102,487	(26,080)
Changes in assets and liabilities, excluding the effects of businesses acquired:		
Receivables and contract assets	(121,532)	(299,061)
Prepaid expenses and other current assets	(4,152)	39,198
Accounts payable	(35,380)	18,891
Accrued liabilities	(236,090)	(169,948)
Contract liabilities	25,457	119,641
Other deferred liabilities	(60,562)	(80,439)
Other, net	36,333	(6,892)
Net cash (used for) provided by operating activities	(137,186)	(224,701)
Cash Flows from Investing Activities:		
Additions to property and equipment	(22,260)	(20,721)
Disposals of property and equipment and other assets	—	205
Distributions of capital from (contributions to) equity investees	(12,000)	(966)
Purchases of noncontrolling interests	—	(1,113)
Net cash provided by (used for) investing activities	(34,260)	(22,595)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	841,544	851,156
Repayments of long-term borrowings	(631,000)	(323,842)
Proceeds from short-term borrowings	78	—
Repayments of short-term borrowings	(6)	(257)
Proceeds from issuances of common stock	6,201	7,582
Common stock repurchases	—	(141,799)
Taxes paid on vested restricted stock	(24,334)	(18,512)
Cash dividends, including to noncontrolling interests	(25,618)	(28,603)
Net cash provided by (used for) financing activities	166,865	345,725
Effect of Exchange Rate Changes	(7,275)	22,115
Net (Decrease) Increase in Cash and Cash Equivalents	(11,856)	120,544
Cash and Cash Equivalents at the Beginning of the Period	631,068	793,358
Cash and Cash Equivalents at the End of the Period	619,212	913,902
Less Cash and Cash Equivalents included in Assets held for Sale	—	(27,195)
Cash and Cash Equivalents of Continuing Operations at the End of the Period	$ 619,212	$ 886,707

See the accompanying Notes to Consolidated Financial Statements – Unaudited.

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

1. Basis of Presentation

Unless the context otherwise requires:

- References herein to “Jacobs” are to Jacobs Engineering Group Inc. and its predecessors;
- References herein to the “Company”, “we”, “us” or “our” are to Jacobs Engineering Group Inc. and its consolidated subsidiaries; and
- References herein to the “Group” are to the combined economic interests and activities of the Company and the persons and entities holding noncontrolling interests in our consolidated subsidiaries.

The accompanying consolidated financial statements and financial information included herein have been prepared pursuant to the interim period reporting requirements of Form 10-Q. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted. Readers of this Quarterly Report on Form 10-Q should also read our consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended September 27, 2019 (“2019 Form 10-K”).

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of our consolidated financial statements at December 27, 2019, and for the three months ended December 27, 2019.

Our interim results of operations are not necessarily indicative of the results to be expected for the full fiscal year.

Effective the beginning of fiscal first quarter 2020, the Company adopted ASU 2016-02, *Leases ("*ASC 842"), including the subsequent ASU's that amended and clarified the related guidance. The Company adopted ASC 842 using a modified retrospective approach, and accordingly the new guidance was applied to leases that existed or were entered into after the first day of adoption without adjusting the comparative periods presented. Please refer to Note-14 *Leases* for a discussion of our updated policies and disclosures related to leases.

Effective the beginning of fiscal first quarter 2019, the Company adopted ASC 606, *Revenue from Contracts with Customers*, including the subsequent ASUs that amended and clarified the related guidance. The Company adopted ASC Topic 606 using the modified retrospective method, and accordingly the new guidance was applied retrospectively to contracts that were not completed or substantially completed as of September 29, 2018 (the date of initial application). Please refer to Note 13- *Revenue Accounting for Contracts and Adoption of ASC Topic 606* for a discussion of our updated policies related to revenue recognition.

On June 12, 2019, Jacobs completed the acquisition of The KeyW Holding Corporation (“KeyW”), a U.S.-based national security solutions provider to the intelligence, cyber, and counterterrorism communities by acquiring 100% of the outstanding shares of KeyW common stock. The Company paid total consideration of $902.6 million which was comprised of approximately $604.2 million in cash to the former stockholders and certain equity award holders of KeyW and the assumption of KeyW’s debt of approximately $298.4 million. The Company repaid all of the assumed KeyW debt by the end of Q4 fiscal 2019. The Company has recorded its preliminary purchase price allocation associated with the acquisition, which is summarized in Note 5- *Business Combinations*.

On April 26, 2019, Jacobs completed the sale of its Energy, Chemicals and Resources ("ECR") business to Worley Limited, a company incorporated in Australia ("Worley"), for a purchase price of $3.4 billion consisting of (i) $2.8 billion in cash plus (ii) 58.2 million ordinary shares of Worley, subject to adjustments for changes in working capital and certain other items (the “ECR sale”). As a result of the ECR sale, substantially all ECR-related assets and liabilities have been sold (the "Disposal Group"). We determined that the Disposal Group should be reported as discontinued operations in accordance with ASC 210-05, *Discontinued Operations* because their disposal represents a strategic shift that had a major effect on our operations and financial results. As such, the financial results of the ECR business are reflected in our unaudited Consolidated Statements of Earnings as discontinued operations for all periods presented. Additionally, current and non-current assets and liabilities of the Disposal Group are reflected as held-for-sale in the unaudited Consolidated Balance Sheet as of September 27, 2019. Further, as of the quarter ended December 27, 2019, a portion of the ECR business remains held by Jacobs and continues to be classified as held for sale during the first quarter of fiscal 2020 in accordance with U.S. GAAP. For further discussion see Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business* to the consolidated financial statements.

2. Use of Estimates and Assumptions

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

Please refer to Note 2- *Significant Accounting Policies* of Notes to Consolidated Financial Statements included in our 2019 Form 10-K for a discussion of other significant estimates and assumptions affecting our consolidated financial statements.

3. Fair Value and Fair Value Measurements

Certain amounts included in the accompanying consolidated financial statements are presented at “fair value.” Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants as of the date fair value is determined (the “measurement date”). When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider only those assumptions we believe a typical market participant would consider when pricing an asset or liability. In measuring fair value, we use the following inputs in the order of priority indicated:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

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

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

Please refer to Note 2- *Significant Accounting Policies* of Notes to Consolidated Financial Statements included in our 2019 Form 10-K for a more complete discussion of the various items within the consolidated financial statements measured at fair value and the methods used to determine fair value. Please also refer to Note 7- *Sale of Energy, Chemicals and Resources* for discussion regarding the Company's investment in Worley ordinary shares.

The net carrying amounts of cash and cash equivalents, trade receivables and payables and short-term debt approximate fair value due to the short-term nature of these instruments. See Note 12- *Borrowings* for a discussion of the fair value of long-term debt.

4. New Accounting Pronouncements

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging ("ASC 815"): Targeted Improvements to Accounting for Hedging Activities.* ASU 2017-12 provides financial reporting improvements related to hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. Additionally, ASU No. 2017-12 makes certain targeted improvements to simplify the application of the hedge accounting guidance. The revised guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The updated guidance did not have a significant impact on the Company's consolidated financial statements.

ASU 2017-04, *Simplifying the Test for Goodwill Impairment,* is effective for fiscal years beginning after December 15, 2019 with early adoption permitted. ASU 2017-04 removes the second step of the goodwill impairment test, which requires a hypothetical purchase price allocation. An entity will now recognize a goodwill impairment charge for the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the amount of goodwill allocated to the reporting unit. Management does not expect the adoption of ASU 2017-04 to have any impact on the Company's financial position, results of operations or cash flows.

ASU No. 2016-13, *Financial Instruments - Credit Losses ("ASC 326"): Measurement of Credit Losses on Financial Instruments* requires entities to use a current lifetime expected credit loss methodology to measure impairments of certain financial assets. Using this methodology will result in earlier recognition of losses than under the current incurred loss approach, which requires waiting to recognize a loss until it is probable of having been incurred. There are other provisions within the standard that affect how impairments of other financial assets may be recorded and presented, and that expand disclosures. This standard will be effective for our interim and annual periods beginning with the first quarter of fiscal 2021, and must be applied on a modified retrospective basis. We are currently evaluating the potential impact of this standard.

5. Business Combinations

KeyW

On June 12, 2019, Jacobs completed the acquisition of The KeyW Holding Corporation ("KeyW"), a U.S. based national security solutions provider to the intelligence, cyber, and counterterrorism communities, by acquiring 100% of the outstanding shares of KeyW common stock. The acquisition allows Jacobs to further expand its government services business. The Company paid total consideration of $902.6 million which was comprised of approximately $604.2 million in cash to the former stockholders and certain equity award holders of KeyW and the assumption of KeyW's debt of approximately $298.4 million. The Company has repaid all of the assumed KeyW debt by the end of Q4 fiscal 2019.

The following summarizes the fair values of KeyW assets and acquired liabilities assumed as of the acquisition date (in millions):

Assets		
Cash and cash equivalents	$	29.1
Receivables		80.1
Inventories, net		21.3
Prepaid expenses and other		2.5
Property, equipment and improvements, net		25.9
Deferred tax asset and other		35.4
Goodwill		613.1
Identifiable intangible assets		179.0
Total Assets	$	986.4
Liabilities		
Accounts payable	$	8.3
Accrued expenses		68.7
Short term debt		298.4
Other current liabilities		3.9
Other non-current liabilities		2.9
Total Liabilities		382.2
Net assets acquired	$	604.2

The purchase price allocation is based upon preliminary information and is subject to change when additional information is obtained. Goodwill recognized results from a substantial assembled workforce, which does not qualify for separate recognition, as well as expected future synergies from combining operations. Goodwill recognized of $136.0 million is expected to be deductible for tax purposes. The Company has not completed its final assessment of the fair values of purchased receivables, tax balances or contingent liabilities. The final purchase price allocation could result in adjustments to certain assets and liabilities, including the residual amount allocated to goodwill.

Identified intangibles include customer relationships, contracts and backlog and developed technology. The customer relationships, contracts and backlog intangible represents the fair value of existing contracts, underlying customer relationships and backlog. The customer relationships, contract and backlog intangible, and the developed technology intangible have lives of 10 and 12 years, respectively. Other intangible liabilities consist of the fair value of office leases and have a weighted average life of approximately 9 years.

Fair value measurements relating to the KeyW acquisition are made primarily using Level 3 inputs including discounted cash flow techniques. Fair value is estimated using inputs primarily for the income approach, which include the use of both the multiple period excess earnings method and the relief from royalties method. The significant assumptions used in estimating fair value include (i) the estimated life the asset will contribute to cash flows, such as attrition rate of customers or remaining contractual terms, (ii) profitability and (iii) the estimated discount rate that reflects the level of risk associated with receiving future cash flows. Other personal property assets such as furniture, fixtures and equipment are valued using the cost approach which is based on replacement or reproduction costs of the asset less depreciation.

The following presents summarized unaudited pro forma operating results of Jacobs assuming that the Company had acquired KeyW at October 1, 2017. These pro forma operating results are presented for illustrative purposes only and are not indicative of the operating results that would have been achieved had the related events occurred (in millions, except per share data):

	Three Months Ended December 28, 2018
Revenues	$ 3,210.1
Net earnings of the Group	$ 69.0
Net earnings (loss) attributable to Jacobs	$ 64.5
Net earnings (loss) attributable to Jacobs per share:	
Basic earnings (loss) per share	$ 0.45
Diluted earnings (loss) per share	$ 0.45

Included in the table above are the unaudited pro forma operating results of continuing operations. Also, income tax expense (benefit) for the three-month pro forma period ended December 28, 2018 was $23.3 million.

John Wood Group's Nuclear Business

On August 20, 2019, Jacobs announced the entry into an agreement to acquire John Wood Group's Nuclear consulting, remediation and program management business for an enterprise value of £250 million (approximately $300 million) on a debt-free, cash-free basis. The transaction is expected to close by the end of the second quarter of fiscal 2020.

6. Goodwill and Intangibles

The carrying value of goodwill associated with continuing operations and appearing in the accompanying Consolidated Balance Sheets at December 27, 2019 and September 27, 2019 was as follows (in millions):

	Critical Mission Solutions	People & Places Solutions	Total
Balance September 27, 2019	$ 2,202	$ 3,231	$ 5,433
Post-Acquisition Adjustments	1	—	1
Foreign Exchange Impact	1	2	3
Balance December 27, 2019	$ 2,204	$ 3,233	$ 5,437

The following table provides certain information related to the Company’s acquired intangibles in the accompanying Consolidated Balance Sheets at December 27, 2019 and September 27, 2019 (in thousands):

	Customer Relationships, Contracts and Backlog	Developed Technology	Trade Names	Lease Intangible Assets	Total
Balances September 27, 2019	$ 622,392	$ 40,833	$ 1,183	$ 668	$ 665,076
Amortization	(21,081)	(875)	(71)	182	(21,845)
Foreign currency translation	2,656	—	—	(419)	2,237
Balances December 27, 2019	$ 603,967	$ 39,958	$ 1,112	$ 431	$ 645,468

In addition, we acquired $4.7 million in lease intangible liabilities in connection with the acquisitions of CH2M HILL Companies, Ltd. in 2017 and of KeyW, of which $3.8 million remains unamortized at December 27, 2019.

The following table presents estimated amortization expense of intangible assets for the remainder of fiscal 2020 and for the succeeding years.

Fiscal Year	(in millions)
2020	$ 67.4
2021	82.5
2022	81.7
2023	81.4
2024	81.4
Thereafter	247.3
Total	$ 641.7

7. Sale of Energy, Chemicals and Resources ("ECR") Business

On April 26, 2019, Jacobs completed the sale of its ECR business to Worley for a purchase price of $3.4 billion consisting of (i) $2.8 billion in cash plus (ii) 58.2 million ordinary shares of Worley, subject to adjustments for changes in working capital and certain other items (the “ECR sale”). The stock purchase agreement for the ECR sale contained a lock-up on our ability to sell the Worley shares received in the transaction, which expired in the first quarter of fiscal 2020.

Gain on Sale and Deferred Gain

As a result of the sale of the ECR business, the Company recognized a pre-tax gain of $1.0 billion, $935.1 million of which was recognized in fiscal 2019 and $61.9 million which is included in Net Earnings of the Group from Discontinued Operations on the consolidated statement of earnings for the three months ended December 27, 2019, which is further discussed below.

Upon closing the ECR sale, the Company retained a noncontrolling interest (with significant influence) in People & Places Solutions ("P&PS")-related activities in one international legal entity that is now controlled and consolidated by Worley. The fair value of the Company’s retained interest in the net assets and liabilities of this entity was estimated at $33.0 million and recorded at closing. For another international legal entity, the closing and transfer of ECR-related assets to Worley will occur at a future date, currently estimated to be in the second quarter of fiscal 2020. Accordingly, the Company allocated proceeds received to this deferred closing on a relative fair value basis and recognized a deferred gain of $34.4 million, which will be recorded in income when the ECR-related assets are transferred. Subsequent to quarter end, the Company received the approval from the relevant regulatory body for this transfer.

In addition to consideration received for the sale of the business, the proceeds received included advanced consideration for the Company to deliver IT application and related hardware assets at a future date (ECR Business “IT Migration Date”) to Worley upon completion of the interim transition services, described further below. This deliverable of IT assets was considered to be a separate element of the ECR business sale transaction, and accordingly, we allocated a portion of the proceeds received of $95.3 million on a relative fair value basis to this separate deliverable and recognized deferred income. Upon completion and acceptance of this deliverable by Worley in December 2019, the deferred proceeds were recognized in income, along with expenses associated with any costs incurred and deferred by the Company for this deliverable.

Investment in Worley Stock

As discussed above, the Company received 58.2 million in ordinary shares of Worley. Pursuant to the purchase agreement for the ECR sale, 51.4 million of the shares were considered "restricted" during a lock-up period beginning April 26, 2019 and ending in December 2019. During the lock-up period Jacobs could not, without Worley's consent, directly or indirectly dispose of the "restricted" shares. The remaining 6.8 million shares not considered "restricted" were sold in the prior year, netting a loss of $4.9 million, which was recognized in miscellaneous income (expense), net. Dividend income and unrealized gains and losses on changes in fair value of Worley shares are recognized in miscellaneous income (expense), net in continuing operations.

The Company's investment in Worley is measured at fair value through net income as it is an equity investment with a readily determinable fair value based on quoted market prices. The 51.4 million ordinary shares that are no longer considered "restricted" are recorded within prepaid expenses and other in the Company's consolidated balance sheets at their estimated fair value, which is $556.5 million as of December 27, 2019. Quoted market prices are available for these securities in an active market and therefore categorized as a Level 1 input.

Transition Service Agreement

Upon closing of the ECR sale, the Company entered into a Transition Services Agreement ("TSA") with Worley pursuant to which the Company, on an interim basis, provides various services to Worley including executive consultation, corporate, information technology, and project services. The term of the TSA agreement began immediately following closing of the ECR sale on April 26, 2019 and will continue for up to one year, with an option to extend the period if mutually agreed upon. Pursuant to the terms of the TSA, the Company will receive payments for the interim services which approximate costs incurred to perform the services. The Company has recognized costs recorded in SG&A expense incurred to perform the TSA, offset by $12.0 million in TSA related income for such services that is reported in miscellaneous income (expense) for the three months ended December 27, 2019 before inclusion of certain incremental outside service support costs agreed to be shared equally by the parties.

Discontinued Operations

As a result of the ECR sale, substantially all ECR-related assets and liabilities have been sold (the "Disposal Group"). We determined that the Disposal Group should be reported as discontinued operations in accordance with ASC 210-05, *Discontinued Operations* because their disposal represents a strategic shift that had a major effect on our operations and financial results. As such, the financial results of the ECR business are reflected in our unaudited Consolidated Statements of Earnings as discontinued operations for all periods presented. Additionally, current and non-current assets and liabilities of the Disposal Group are reflected as held-for-sale in the unaudited Consolidated Balance Sheets. As of the quarter ended December 27, 2019, a portion of the ECR business remains held by Jacobs as described above and continues to be classified as held for sale during the first fiscal quarter of 2020 in accordance with U.S. GAAP.

Summarized Financial Information of Discontinued Operations

The following table represents earnings (loss) from discontinued operations, net of tax (in thousands):

	Three Months Ended	
	December 27, 2019	December 28, 2018
Revenues	$ 7,099	$ 1,164,707
Direct cost of contracts	(4,692)	(995,606)
Gross profit	2,407	169,101
Selling, general and administrative expenses	47,159	(91,010)
Operating Profit (Loss)	49,566	78,091
Gain on sale of ECR business	61,943	—
Other (expense) income, net	1	2,120
Earnings Before Taxes from Discontinued Operations	111,510	80,211
Income Tax Expense	(33,923)	(20,053)
Net Earnings of the Group from Discontinued Operations	$ 77,587	$ 60,158

Selling, general and administrative expenses includes an offsetting insurance recovery of $50.0 million for the three months ended December 27, 2019 recorded in connection with the Nui Phao ("NPMC") legal matter described in Note 19- *Commitments and Contingencies*. The gain on sale of the ECR business of $61.9 million for the three months ended December 27, 2019 primarily includes additional income for the release of a deferred gain upon achievement of the IT Migration Date described above in connection with the delivery to Worley of certain IT application and hardware assets related to the ECR business, as well as adjustments to the purchase price for working capital and certain other items in connection with the ECR sale.

The following tables represent the assets and liabilities held for sale (in thousands):

	December 27, 2019	September 27, 2019
Receivables and contract assets	$ 3,976	$ 871
Prepaid expenses and other	46	81
Current assets held for sale	$ 4,022	$ 952
Property, Equipment and Improvements, net	$ 1,200	$ 1,643
Goodwill	24,896	24,896
Miscellaneous	434	439
Noncurrent assets held for sale	$ 26,530	$ 26,978
Accounts payable and accrued liabilities	$ 778	$ 2,495
Contract liabilities	19	78
Current liabilities held for sale	$ 797	$ 2,573
Other Deferred Liabilities	$ 52	$ 97
Noncurrent liabilities held for sale	$ 52	$ 97

The significant components included in our Consolidated Statements of Cash Flows for the discontinued operations are as follows (in thousands):

	For the Three Months Ended	
	December 27, 2019	December 28, 2018
Depreciation and amortization:		
Property, equipment and improvements	$ —	$ 2,110
Intangible assets	$ —	$ 614
Additions to property and equipment	$ —	$ (1,254)
Stock based compensation	$ —	$ 3,615

8. Segment Information

The Company's two operating segments and global lines of business ("LOBs") are as follows: Critical Mission Solutions ("CMS") and People & Places Solutions ("P&PS"); with the previous Energy, Chemicals and Resources ("ECR") LOB now reported as discontinued operations. For further information on ECR, refer to Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business.*

The Company's Chair and Chief Executive Officer is the Chief Operating Decision Maker ("CODM") and can evaluate the performance of each of these segments and make appropriate resource allocations among each of the segments. For purposes of the Company's goodwill impairment testing, it has been determined that the Company's operating segments are also its reporting units based on management's conclusion that the components comprising each of its operating segments share similar economic characteristics and meet the aggregation criteria for reporting units in accordance with ASC 350, *Intangibles-Goodwill and Other*.

Under this organization, the sales function is managed on an LOB basis, and accordingly, the associated cost is embedded in the segments and reported to the respective head of each LOB. In addition, a portion of the costs of other support functions (e.g., finance, legal, human resources, and information technology) is allocated to each LOB using methodologies which, we believe, effectively attribute the cost of these support functions to the revenue generating activities of the Company on a rational basis. The cost of the Company's cash incentive plan, the Management Incentive Plan ("MIP"), and the expense associated with the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan ("1999 SIP") have likewise been charged to the LOBs except for those amounts determined to relate to the business as a whole (which amounts remain in other corporate expenses).

Financial information for each LOB is reviewed by the CODM to assess performance and make decisions regarding the allocation of resources. The Company generally does not track assets by LOB, nor does it provide such information to the CODM.

The CODM evaluates the operating performance of our LOBs using segment operating profit, which is defined as margin less "corporate charges" (e.g., the allocated amounts described above). The Company incurs certain Selling, General and Administrative costs ("SG&A") that relate to its business as a whole which are not allocated to the LOBs.

The following tables present total revenues and segment operating profit from continuing operations for each reportable segment (in thousands) and includes a reconciliation of segment operating profit to total U.S. GAAP operating profit by including certain corporate-level expenses, Restructuring and other charges and transaction and integration costs (in thousands).

	For the Three Months Ended	
	December 27, 2019	**December 28, 2018**
Revenues from External Customers:		
Critical Mission Solutions	$ 1,182,457	$ 1,035,028
People & Places Solutions	2,177,592	2,048,760
Total	$ 3,360,049	$ 3,083,788

	For the Three Months Ended	
	December 27, 2019	**December 28, 2018**
Segment Operating Profit:		
Critical Mission Solutions	$ 90,422	$ 72,152
People & Places Solutions	178,328	159,459
Total Segment Operating Profit	268,750	231,611
Other Corporate Expenses (1)	(66,719)	(71,247)
Restructuring and Other Charges	(49,663)	(47,234)
Transaction Costs	(1,023)	—
Total U.S. GAAP Operating Profit	151,345	113,130
Total Other (Expense) Income, net (2)	102,824	(20,939)
Earnings from Continuing Operations Before Taxes	$ 254,169	$ 92,191

(1) Other corporate expenses include costs that were previously allocated to the ECR segment prior to discontinued operations presentation in connection with the ECR sale in the approximate amount of $6.4 million for the three-month period ended December 28, 2018. Other corporate expenses also include intangibles amortization of $21.8 million and $18.7 million for the three-month periods ended December 27, 2019 and December 28, 2018, respectively.

(2) Includes revenues under the Company's TSA with Worley of $12.0 million, $99.1 million of fair value adjustments (unrealized gains) related to our investment in Worley stock and certain foreign currency revaluations relating to the ECR sale and the amortization of deferred financing fees related to the CH2M acquisition of $0.6 million for the three months ended December 27, 2019. For the three months ended December 28, 2018, primarily includes interest expense of $25.3 million and the amortization of deferred financing fees related to the CH2M acquisition of $0.5 million. Also, includes items related to restructuring and other charges for the three months ended December 27, 2019 and December 28, 2018, which are the loss on settlement of the CH2M portion of the U.S.

pension plan of $2.4 million and the gain on the settlement of the CH2M retiree medical plans of $2.2 million, respectively. See Note 11 - *Restructuring and Other Charges*.

Included in "other corporate expenses" in the above table are costs and expenses which relate to general corporate activities as well as corporate-managed benefit and insurance programs. Such costs and expenses include: (i) those elements of SG&A expenses relating to the business as a whole; (ii) those elements of the Management Incentive Plan and the 1999 SIP relating to corporate personnel whose other compensation costs are not allocated to the LOBs; (iii) the amortization of intangible assets acquired as part of purchased business combinations; (iv) the quarterly variances between the Company's actual costs of certain of its self-insured integrated risk and employee benefit programs and amounts charged to the LOBs; and (v) certain adjustments relating to costs associated with the Company's international defined benefit pension plans. In addition, other corporate expenses may also include from time to time certain adjustments to contract margins (both positive and negative) associated with projects where it has been determined, in the opinion of management, that such adjustments are not indicative of the performance of the related LOB.

9. Receivables and contract assets

The following table presents the components of receivables appearing in the accompanying Consolidated Balance Sheets at December 27, 2019 and September 27, 2019, as well as certain other related information (in thousands):

	December 27, 2019	September 27, 2019
Components of receivables and contract assets:		
Amounts billed, net	$ 1,367,214	$ 1,222,339
Unbilled receivables and other	1,274,862	1,216,028
Contract assets	414,039	401,842
Total receivables and contract assets, net	$ 3,056,115	$ 2,840,209
Other information about receivables:		
Amounts due from the United States federal government, included above, net of advanced billings	$ 639,671	$ 630,975

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

Unbilled receivables and other, which represent an unconditional right to payment subject only to the passage of time, are reclassified to amounts billed when they are billed under the terms of the contract. Prior to adoption of ASC 606, receivables related to contractual milestones or achievement of performance-based targets were included in unbilled receivables. These are now included in contract assets. We anticipate that substantially all of such unbilled amounts will be billed and collected over the next twelve months.

Contract assets represent unbilled amounts where the right to payment is subject to more than merely the passage of time and includes performance-based incentives and services provided ahead of agreed contractual milestones. Contract assets are transferred to unbilled receivables when the right to consideration becomes unconditional and are transferred to amounts billed upon invoicing. The increase in contract assets was a result of normal business activity and not materially impacted by any other factors.

10. Joint Ventures and VIEs

As is common to the industry, we execute certain contracts jointly with third parties through various forms of joint ventures. Although the joint ventures own and hold the contracts with the clients, the services required by the contracts are typically performed by us and our joint venture partners, or by other subcontractors under subcontracting agreements with the joint ventures. Many of these joint ventures are formed for a specific project. The assets of our joint ventures generally consist almost entirely of cash and receivables (representing amounts due from clients), and the liabilities of our joint ventures generally consist almost entirely of amounts due to the joint venture partners (for services provided by the partners to the joint ventures under their individual subcontracts) and other subcontractors. Many of the joint ventures are deemed to be variable interest entities ("VIE") because they lack sufficient equity to finance the activities of the joint venture.

The assets of a joint venture are restricted for use to the obligations of the particular joint venture and are not available for general operations of the Company. Our risk of loss on these arrangements is usually shared with our partners. The liability of each partner is usually joint and several, which means that each partner may become liable for the entire risk of loss on the project. Furthermore, on some of our projects, the Company has granted guarantees which may encumber both our contracting subsidiary company and the Company for the entire risk of loss on the project. The Company is unable to estimate the maximum potential amount of future payments that we could be required to make under outstanding performance guarantees related to joint venture projects due to a number of factors, including but not limited to, the nature and extent of any contractual defaults by our joint venture partners, resource availability, potential performance delays caused by the defaults, the location of the projects, and the terms of the related contracts. Refer to Note 19 - *Commitments and Contingencies,* for further discussion relating to performance guarantees.

For consolidated joint ventures, the entire amount of the services performed, and the costs associated with these services, including the services provided by the other joint venture partners, are included in the Company's result of operations. Likewise, the entire amount of each of the assets and liabilities are included in the Company's Consolidated Balance Sheets. For the consolidated VIEs, the carrying value of assets and liabilities was $254.1 million and $139.5 million, respectively, as of December 27, 2019 and $192.6 million and $138.5 million, respectively as of September 27, 2019. There are no consolidated VIEs that have debt or credit facilities.

Unconsolidated joint ventures are accounted for under proportionate consolidation or the equity method. Proportionate consolidation is used for joint ventures that include unincorporated legal entities and activities of the joint venture are construction-related. For those joint ventures accounted for under proportionate consolidation, only the Company's pro rata share of assets, liabilities, revenue, and costs are included in the Company's balance sheet and results of operations. For the proportionate consolidated VIEs, the carrying value of assets and liabilities was $58.3 million and $60.8 million as of December 27, 2019, respectively and $61.1 million and $63.7 million as of September 27, 2019, respectively. For those joint ventures accounted for under the equity method, the Company's investment balances for the joint venture are included in Other Noncurrent Assets: Miscellaneous on the balance sheet and the Company's pro rata share of net income is included in revenue. In limited cases, there are basis differences between the equity in the joint venture and Jacobs' investment created when Jacobs purchased its share of the joint venture. These basis differences are amortized based on an internal allocation to underlying net assets, excluding allocations to goodwill. As of December 27, 2019, the Company's equity method investments exceeded its share of venture net assets by $73.3 million. Our investments in equity method joint ventures on the Consolidated Balance Sheets as of December 27, 2019 and September 27, 2019 were $176.2 million and $157.9 million, respectively. During three months ended December 27, 2019 and December 28, 2018, we recognized income from equity method joint ventures of $17.3 million and $10.2 million, respectively.

Accounts receivable from unconsolidated joint ventures accounted for under the equity method is $27.2 million and $19.5 million as of December 27, 2019 and September 27, 2019, respectively.

11. Restructuring and Other Charges

During fiscal 2019, the Company implemented certain restructuring and pre-separation initiatives associated with the sale of the ECR business, the acquisition of KeyW and other related cost reduction initiatives. The restructuring activities and related costs were comprised mainly of separation and lease abandonment programs, while the pre-separation activities and costs were mainly related to the engagement of consulting services and internal personnel and other related costs dedicated to the Company's ECR-business separation.

During the fourth fiscal quarter of 2017, the Company implemented certain restructuring and pre-integration initiatives associated with the impending acquisition of CH2M, which closed on December 15, 2017. The restructuring activities and related costs were comprised mainly of severance and lease abandonment programs, while the pre-integration activities and costs were mainly related to the engagement of consulting services and internal personnel and other related costs dedicated to the Company's acquisition integration management efforts. Following the closing of the CH2M acquisition, these activities continued through the first quarter of fiscal 2020 and continue to be comprised mainly of severance, lease abandonment, IT related, consulting and other professional services as well as internal personnel costs.

The activities of the above-mentioned programs are expected to be substantially completed before the end of fiscal 2020.

Collectively, the above-mentioned restructuring activities are referred to as "Restructuring and other charges."

The following table summarizes the impacts of the Restructuring and other charges by LOB in connection with the CH2M and KeyW acquisitions and the ECR sale for the three months ended December 27, 2019 and December 28, 2018 (in thousands):

	Three Months Ended	
	December 27, 2019	December 28, 2018
Critical Mission Solutions	$ 4,291	$ 449
People & Places Solutions	10,153	11,224
Corporate	37,597	33,386
Continuing Operations (1)	52,041	45,059
Energy, Chemicals and Resources (included in Discontinued Operations)	—	(5,658)
Total	$ 52,041	$ 39,401

(1) For the three months ended December 27, 2019 and December 28, 2018, amounts include $49.7 million and $47.2 million, respectively, in items impacting operating profit, along with items recorded in other income (expense), net, which are the loss on settlement of the CH2M portion of the U.S. pension plan of $2.4 million and the gain on the settlement of the CH2M retiree medical plans of $2.2 million, respectively. See Note 8- *Segment Information*.

The activity in the Company's accrual for the Restructuring and other charges including the program activities described above for the three months ended December 27, 2019 is as follows (in thousands):

Balance at September 27, 2019	$ 162,702
Transfer to lease right-of-use asset as a result of adoption of ASC 842 (1)	(116,797)
Net Charges	52,041
Payments and Usage	(55,276)
Balance at December 27, 2019	$ 42,670

(1) In addition, there was $24.6 million in lease cease-use liabilities relating to the 2015 Restructuring Plan reclassified to the ROU asset as a result of the adoption of ASC 842, see Note 14- *Leases*. The 2015 Restructuring Plan is no longer active and therefore activity related to the plan is not included in the table.

The following table summarizes the Restructuring and other charges by major type of costs in connection with the CH2M and KeyW acquisitions and the ECR sale for the three months ended December 27, 2019 (in thousands):

	Three Months Ended	
	December 27, 2019	December 28, 2018
Lease Abandonments	$ —	$ 9,554
Involuntary Terminations	13,153	2,348
Outside Services	31,466	18,198
Other	7,422	14,959
Total	$ 52,041	$ 45,059

Cumulative amounts since 2017 incurred to date under our various restructuring and other activities described above by each major type of cost as of December 27, 2019 are as follows (in thousands):

Lease Abandonments	$ 161,501
Involuntary Terminations	88,831
Outside Services	200,601
Other	78,850
Total	$ 529,783

12. Borrowings

Short-Term Debt

At December 27, 2019, short-term debt consisted of a bilateral term loan facility and uncommitted credit arrangements with several banks providing short-term borrowing capacity and overdraft protection with an aggregate principal balance of $200.0 million. Offset from the bilateral term loan are deferred financing fees of $0.1 million. The $200.0 million bilateral term loan facility incurs interest at LIBOR plus a margin of 1% and matures in June 2020. Amounts outstanding under the bilateral term loan facility may be prepaid at the option of the Company without premium or penalty, subject to customary breakage fees in connection with the prepayment of eurocurrency loans. The Company was in compliance with the covenants under the bilateral term loan facility at December 27, 2019.

Long-Term Debt

At December 27, 2019 and September 27, 2019, long-term debt consisted of the following (principal amounts in thousands):

	Interest Rate	Maturity	December 27, 2019	September 27, 2019
Revolving Credit Facility	LIBOR + applicable margin (1)	March 2024	$ 916,771	$ 303,780
Term Loan Facility	LIBOR + applicable margin (2)	December 2020	—	400,000
Fixed-rate notes due:				
Senior Notes, Series A	4.27%	May 2025	190,000	190,000
Senior Notes, Series B	4.42%	May 2028	180,000	180,000
Senior Notes, Series C	4.52%	May 2030	130,000	130,000
Less: Deferred Financing Fees			(1,868)	(2,535)
Total Long-term debt, net			$ 1,414,903	$ 1,201,245

(1) Depending on the Company's Consolidated Leverage Ratio (as defined in the credit agreement governing the Revolving Credit Facility (defined below)), borrowings under the Revolving Credit Facility bear interest at either a eurocurrency rate plus a margin of between 0.875% and 1.5% or a base rate plus a margin of between 0% and 0.5%. The applicable LIBOR rates at December 27, 2019 and September 27, 2019 were approximately 1.59% and 1.00%.

(2) Depending on the Company's Consolidated Leverage Ratio (as defined in the credit agreement governing the Term Loan Facility (defined below)), borrowings under the Term Loan Facility bear interest at either a eurocurrency rate plus a margin of between 1.0% and 1.5% or a base rate plus a margin of between 0% and 0.5%. The applicable LIBOR rate at September 27, 2019 was approximately 3.05%.

On February 7, 2014, Jacobs and certain of its subsidiaries entered into a $1.6 billion long-term unsecured, revolving credit facility (as amended, the "2014 Revolving Credit Facility") with a syndicate of U.S. and international banks and financial institutions. On March 27, 2019, the Company entered into a second amended and restated credit agreement (the "Revolving Credit Facility") which amended and restated the 2014 Revolving Credit Facility by, among other things, (a) extending the maturity date of the credit facility to March 27, 2024, (b) increasing the facility amount to $2.25 billion (with an accordion feature that allows a further increase of the facility amount up to $3.25 billion), (c) eliminating the covenants restricting investments, joint ventures and acquisitions by the Company and its subsidiaries and (d) adjusting the financial covenants to eliminate the net worth covenant upon the removal of the same covenant from the Company's existing Note Purchase Agreement (defined below). We were in compliance with the covenants under the Revolving Credit Facility at December 27, 2019.

The Revolving Credit Facility permits the Company to borrow under two separate tranches in U.S. dollars, certain specified foreign currencies, and any other currency that may be approved in accordance with the terms of the Revolving Credit Facility. The Revolving Credit Facility also provides for a financial letter of credit sub facility of $400.0 million, permits performance letters of credit, and provides for a $50.0 million sub facility for swing line loans. Letters of credit are subject to fees based on the Company's Consolidated Leverage Ratio. The Company pays a facility fee of between 0.08% and 0.20% per annum depending on the Company's Consolidated Leverage Ratio.

On September 28, 2017, the Company entered into a $1.5 billion unsecured delayed-draw term loan facility (as amended, the “Term Loan Facility”) with a syndicate of financial institutions as lenders and letter of credit issuers. We incurred loans under the Term Loan Facility on December 15, 2017 in connection with the closing of the CH2M acquisition in order to pay cash consideration for the acquisition, and to pay fees and expenses related to the acquisition and the Term Loan Facility. The Term Loan Facility was repaid in full as of December 27, 2019.

On March 12, 2018, Jacobs entered into a note purchase agreement (as amended, the "Note Purchase Agreement") with respect to the issuance and sale in a private placement transaction of $500.0 million in the aggregate principal amount of the Company’s senior notes in three series (collectively, the “Senior Notes”). The Note Purchase Agreement provides that if the Company's consolidated leverage ratio exceeds a certain amount, the interest on the Senior Notes may increase by 75 basis points. The Senior Notes may be prepaid at any time subject to a make-whole premium. The sale of the Senior Notes closed on May 15, 2018. The Company used the net proceeds from the offering of Senior Notes to repay certain existing indebtedness and for other general corporate purposes. The Note Purchase Agreement contains affirmative, negative and financial covenants customary for financings of this type, including, among other things, covenants to maintain a minimum consolidated net worth and maximum consolidated leverage ratio and limitations on certain other liens, mergers, dispositions and transactions with affiliates. In addition, the Note Purchase Agreement contains customary events of default. We were in compliance with the covenants under the Note Purchase Agreement at December 27, 2019.

We believe the carrying value of the Revolving Credit Facility, the Term Loan Facility, the Bilateral Term Loan, and Other debt outstanding approximates fair value based on the interest rates and scheduled maturities applicable to the outstanding borrowings. The fair value of the Senior Notes is estimated to be $529.8 million at December 27, 2019, based on Level 2 inputs. The fair value is determined by discounting future cash flows using interest rates available for issuances with similar terms and average maturities.

The Company has issued $2.3 million in letters of credit under the Revolving Credit Facility, leaving $1.33 billion of available borrowing capacity under the Revolving Credit Facility at December 27, 2019. In addition, the Company had issued $269.6 million under separate, committed and uncommitted letter-of-credit facilities for total issued letters of credit of $271.8 million at December 27, 2019.

13. Revenue Accounting for Contracts

Disaggregation of Revenues

Our revenues are principally derived from contracts to provide a diverse range of technical, professional, and construction services to a large number of industrial, commercial, and governmental clients. We provide a broad range of engineering, design, and architectural services; construction and construction management services; operations and maintenance services; and process, scientific, and systems consulting services. We provide our services through offices and subsidiaries located primarily in North America, South America, Europe, the Middle East, India, Australia, Africa, and Asia. We provide our services under cost-reimbursable and fixed-price contracts. Our contracts are with many different customers in numerous industries. Refer to Note 8- *Segment Information* for additional information on how we disaggregate our revenues by reportable segment.

The following table further disaggregates our revenue by geographic area for the three months ended December 27, 2019 and December 28, 2018 (in thousands):

	Three Months Ended	
	December 27, 2019	December 28, 2018
Revenues:		
United States	$ 2,532,705	$ 2,182,304
Europe	551,272	614,224
Canada	55,396	50,488
Asia	30,440	35,611
India	5,980	12,639
Australia and New Zealand	129,194	126,647
South America and Mexico	11	2,649
Middle East and Africa	55,051	59,226
Total	$ 3,360,049	$ 3,083,788

Contract Liabilities

Contract liabilities represent amounts billed to clients in excess of revenue recognized to date. Revenue recognized for the three months ended December 27, 2019 and December 28, 2018 that was included in the contract liability balance on September 27, 2019 and September 28, 2018, respectively was $244.1 million and $225.2 million, respectively.

Remaining Performance Obligations

The Company's remaining performance obligations as of December 27, 2019 represent a measure of the total dollar value of work to be performed on contracts awarded and in progress. The Company had approximately $13.42 billion in remaining performance obligations as of December 27, 2019. The Company expects to recognize approximately 48% of our remaining performance obligations into revenue within the next twelve months and the remaining 52% thereafter.

Although remaining performance obligations reflect business that is considered to be firm, cancellations, scope adjustments, foreign currency exchange fluctuations or deferrals may occur that impact their volume or the expected timing of their recognition. Remaining performance obligations are adjusted to reflect any known project cancellations, revisions to project scope and cost, foreign currency exchange fluctuations and project deferrals, as appropriate.

14. Leases

On September 28, 2019 the Company adopted ASU 2016-02, *Leases ("ASC 842")*, along with ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20 and ASU 2019-01, which amended and clarified the related guidance. ASC 842 requires lessees to recognize assets and liabilities for most leases. The Company determines if an arrangement is a lease at contract inception. A lease exists when a contract conveys to the customer the right to control the use of an identified asset for a period of time in exchange for consideration. The definition of a lease embodies two conditions: (1) there is an identified asset in the contract, and (2) the customer has the right to control the use of the identified asset. Lessees are required to classify leases as either finance or operating leases. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

ASC 842 provided several optional practical expedients for use in transition to and ongoing application of ASC 842. The Company elected to utilize the package of practical expedients in ASC 842-10-65-1(f) that, upon adoption of ASC 842, allows entities to (1) not reassess whether any expired or existing contracts are or contain leases, (2) retain the classification of leases (e.g., operating or finance lease) existing as of the date of adoption and (3) not reassess initial direct costs for any existing leases. The Company did not elect the transition practical expedient pertaining to the use of hindsight. The Company elected to utilize the practical expedient in ASC 842-10-15-37 in which the Company has chosen to account for each separate lease component of a contract and its associated nonlease components as a single lease component.

The Company adopted ASC 842 using the modified retrospective method, and accordingly, the new guidance was applied to leases that existed as of September 28, 2019 (the date of initial application) without adjusting the comparative periods presented. As a result, as of September 28, 2019, the Company has recorded total right-of-use ("ROU") assets of $767.0 million, which is comprised of approximately $82.3 million in reclassifications of previously recorded lease incentives and deferred rent, offset by $141.4 million in restructured lease cease-use liability. Additionally, the Company has recorded total current lease liabilities of $180.7 million, and total noncurrent lease liabilities of $810.1 million. The adoption of ASC 842 did not have a material impact on the Company's results of operations or any impact on the Company's cash flows.

The Company's right-of use assets and lease liabilities relate to real estate, project assets used in connection with long-term construction contracts, IT assets and vehicles. The Company's leases have remaining lease terms of one year to thirteen years. The Company's lease obligations are primarily for the use of office space and are primarily operating leases. Certain of the Company's leases contain renewal, extension, or termination options. The Company assesses each option on an individual basis and will only include options reasonably certain of exercise in the lease term. The Company generally considers the base term to be the term provided in the contract. None of the Company's lease agreements contain material options to purchase the lease property, material residual value guarantees, or material restrictions or covenants.

Long-term project asset and vehicle leases (leases with terms greater than twelve months), along with all real estate and IT asset leases, are recorded on the consolidated balance sheet at the present value of the minimum lease payments not yet paid. Because the Company primarily acts as a lessee and the rates implicit in its leases are not readily determinable, the Company generally uses its incremental borrowing rate on the lease commencement date to calculate the present value of future lease payments. Certain leases include payments that are based solely on an index or rate. These variable lease payments are included in the calculation of the ROU asset and lease liability and are initially measured using the index or rate at the lease commencement date. Other variable lease payments, such as payments based on use and for property taxes, insurance, or common area maintenance that are based on actual assessments are excluded from the ROU asset and lease liability, and are expensed as incurred. In addition to the present value of the future lease payments, the calculation of the ROU asset also includes any deferred rent, lease pre-payments and initial direct costs of obtaining the lease, such as commissions.

Certain lease contracts contain nonlease components such as maintenance and utilities. The Company has made an accounting policy election, as allowed under ASC 842-10-15-37 and discussed above, to capitalize both the lease component and nonlease components of its contracts as a single lease component for all of its right-of-use assets.

Short-term project asset and vehicle leases (project asset and vehicle leases with an initial term of twelve months or less or leases that are cancellable by the lessee and lessor without significant penalties) are not recorded on the consolidated balance sheet and are expensed on a straight-line basis over the lease term. The majority of the Company's short-term leases relate to equipment used on construction projects. These leases are entered into at agreed upon hourly, daily, weekly or monthly rental rates for an unspecified duration and typically have a termination for convenience provision. Such equipment leases are considered short-term in nature unless it is reasonably certain that the equipment will be leased for a term greater than twelve months.

The components of lease expense (reflected in selling, general and administrative expenses) for the three months ended December 27, 2019 were as follows (in thousands):

	Three Months Ended December 27, 2019
Lease cost	
Operating lease cost	$ 44,080
Variable lease cost	8,597
Sublease income	(3,334)
Total lease cost	$ 49,343

Information related to the Company's right-of use assets and lease liabilities as of December 27, 2019 was as follows (in thousands):

Lease Asset/Liabilities	Balance Sheet Classification	December 27, 2019
Right-of-use assets		
Operating lease assets	Miscellaneous assets	$ 760,226
Lease Liabilities		
Operating lease liabilities, current	Accrued liabilities	176,546
Operating lease liabilities, noncurrent	Other deferred liabilities	804,749
Total lease liabilities		$ 981,295

Supplemental information related to the Company's leases for the three months ended December 27, 2019 was as follows (in thousands):

	Three Months Ended December 27, 2019
Cash paid for amounts included in the measurements of lease liabilities	$ 48,167
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 16,482
Weighted average remaining lease term - operating leases	7.9 years
Weighted average discount rate - operating leases	2.7 %

Total remaining lease payments under the Company's leases for the remainder of fiscal 2020 and for the succeeding years was as follows (in thousands):

Fiscal Year	Operating Leases
2020	$ 142,102
2021	169,480
2022	152,328
2023	135,567
2024	119,794
Thereafter	374,113
	1,093,384
Less Interest	(112,089)
	$ 981,295

15. Pension and Other Postretirement Benefit Plans

The following table presents the components of net periodic benefit cost recognized in earnings during the three months ended December 27, 2019 and December 28, 2018 (in thousands):

	Three Months Ended	
	December 27, 2019	December 28, 2018
Component:		
Service cost	$ 1,465	$ 2,489
Interest cost	13,031	15,142
Expected return on plan assets	(27,665)	(24,837)
Amortization of previously unrecognized items	3,110	2,400
Plan Amendment and settlement loss (gain)	2,651	1,363
	$ (7,408)	$ (3,443)

The service cost component of net periodic pension expense is presented in the same line item as other compensation costs (direct cost of contracts and selling, general and administrative expenses) and the other components of net periodic pension expense are presented in miscellaneous income (expense), net on the Consolidated Statements of Earnings. In the first quarter of fiscal 2019, the Company elected to discontinue the CH2M Hill Retiree Medical Plan and the OMI Retiree Medical Plan, effective December 31, 2018. Lump sum payments were made to certain participants in the first quarter of fiscal 2019, resulting in a partial plan settlement and related settlement gain of $2.2 million. In the first quarter of fiscal 2020, the Company incurred a settlement loss on one of its U.S. defined benefit plans of approximately $2.7 million.

On January 1, 2019, the CH2M Hill Pension Plan and the CH2M Hill IDC Pension Plan merged into the Company's Sverdrup Pension Plan. The newly combined plan is called the Jacobs Consolidated Pension Plan.

The following table presents certain information regarding the Company’s cash contributions to our pension plans for fiscal 2020 (in thousands):

Cash contributions made during the first three months of fiscal 2020	$ 6,613
Cash contributions projected for the remainder of fiscal 2020	19,983
Total	$ 26,596

16. Accumulated Other Comprehensive Income

The following table presents the Company's roll forward of accumulated other comprehensive income (loss) after-tax for the three months ended December 27, 2019 (in thousands):

	Change in Pension Liabilities	Foreign Currency Translation Adjustment	Gain/(Loss) on Cash Flow Hedges	Total
Balance at September 27, 2019	**$ (436,749)**	**$ (480,045)**	**$ (18)**	**$ (916,812)**
Other comprehensive income (loss)	(18,320)	52,297	18	33,995
Reclassifications from other comprehensive income (loss)	2,651	—	—	2,651
Balance at December 27, 2019	**$ (452,418)**	**$ (427,748)**	**$ —**	**$ (880,166)**

17. Income Taxes

The Company's effective tax rates from continuing operations for the three months ended December 27, 2019 and December 28, 2018 were 27.0% and 24.7%, respectively. The Company's effective tax rate from continuing operations for the three months ended December 27, 2019 was higher than the corresponding rate in the prior period primarily due to one-time income tax charges associated with partnership interest basis differences generated during the quarter. These items were partially offset by a $3.7 million favorable settlement with the Indian Revenue Service in the period ended December 27, 2019 and a $3.5 million benefit from the application of Internal Revenue Code section 179D which is associated with design of energy efficient facilities.

See Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business* for further information on the Company's discontinued operations reporting for the sale of the ECR business.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted in the United States and significantly revised the U.S. corporate income tax laws. Given the significance of the legislation, the SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118), which allowed registrants to record provisional amounts during a one year "measurement period" like that used when accounting for business combinations. As of December 22, 2018, we completed our accounting for the tax effects of the enactment of the Act. For the deferred tax balances, we remeasured the U.S. deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. The Company's revised remeasurement resulted in cumulative charges to income tax expense of $144.4 million for the measurement period. The Act called for a one-time tax on deemed repatriation of foreign earnings. This one-time transition tax was based on our total post-1986 earnings and profits (E&P) of certain of our foreign subsidiaries. We recorded $14.3 million in cumulative transition taxes during the measurement period, although the transition tax was expected to be offset by foreign tax credits in the future, resulting in no additional cash tax liability. In addition, the Company recorded $104.2 million in cumulative valuation expense charges during the measurement period with respect to certain foreign tax credit deferred tax assets as a result of the Tax Act and CH2M integration.

The amount of income taxes the Company pays is subject to ongoing audits by tax jurisdictions around the world. In the normal course of business, the Company is subject to examination by tax authorities throughout the world, including such major jurisdictions as Australia, Canada, India, the Netherlands, the United Kingdom and the United States. Our estimate of the potential outcome of any uncertain tax issue is subject to our assessment of the relevant risks, facts, and circumstances existing at the time. The Company believes that it has adequately provided for reasonably foreseeable outcomes related to these matters. However, future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, which may impact our effective tax rate.

18. Earnings Per Share and Certain Related Information

Basic and diluted earnings per share ("EPS") are computed using the two-class method, which is an earnings allocation method that determines EPS for common shares and participating securities. The undistributed earnings are allocated between common shares and participating securities as if all earnings had been distributed during the period. Participating securities and common shares have equal rights to undistributed earnings. Net earnings used for the purpose of determining basic and diluted EPS is determined by taking net earnings, less earnings available to participating securities.

The following table reconciles the denominator used to compute basic EPS to the denominator used to compute diluted EPS for the three months ended December 27, 2019 and December 28, 2018 (in thousands):

	Three Months Ended	
	December 27, 2019	December 28, 2018
Numerator for Basic and Diluted EPS:		
Net earnings (loss) attributable to Jacobs from continuing operations	$ 179,423	$ 64,894
Net earnings (loss) from continuing operations allocated to participating securities	(92)	(135)
Net earnings (loss) from continuing operations allocated to common stock for EPS calculation	$ 179,331	$ 64,759
Net earnings (loss) attributable to Jacobs from discontinued operations	$ 77,587	$ 59,402
Net earnings (loss) from discontinued operations allocated to participating securities	(40)	(124)
Net earnings (loss) from discontinued operations allocated to common stock for EPS calculation	$ 77,547	$ 59,278
Net earnings allocated to common stock for EPS calculation	$ 256,878	$ 124,037
Denominator for Basic and Diluted EPS:		
Weighted average basic shares	133,202	142,451
Shares allocated to participating securities	(68)	(297)
Shares used for calculating basic EPS attributable to common stock	133,134	$ 142,154
Effect of dilutive securities:		
Stock compensation plans	1,484	1,424
Shares used for calculating diluted EPS attributable to common stock	134,618	143,578
Net Earnings Per Share:		
Basic Net Earnings from Continuing Operations Per Share	$ 1.35	$ 0.45
Basic Net Earnings from Discontinued Operations Per Share	$ 0.58	$ 0.42
Basic EPS	$ 1.93	$ 0.87
Diluted Net Earnings from Continuing Operations Per Share	$ 1.33	$ 0.45
Diluted Net Earnings from Discontinued Operations Per Share	$ 0.58	$ 0.41
Diluted EPS	$ 1.91	$ 0.86

Share Repurchases

On January 17, 2019, the Company's Board of Directors authorized a share repurchase program of up to $1.0 billion of the Company's common stock, to expire on January 16, 2022 (the "2019 Repurchase Authorization"). During fiscal 2019, the Company launched accelerated share repurchase programs by advancing a total of $500 million to two financial institutions in privately negotiated transactions (collectively, the "2019 ASR Programs"). The specific number of shares that the Company repurchased under the 2019 ASR Programs were determined based generally on a discount to the volume-weighted average price per share of the Company's common stock during a calculation period which ended on June 5, 2019 for the first $250 million in repurchases and on December 4, 2019 for the second $250 million in repurchases. The purchases were recorded as share retirements for purposes of calculating earnings per share.

The following table summarizes the activity under the 2019 Repurchase Authorization in the first quarter of fiscal 2020, which relates only to the final non-cash settlement of the second $250 million ASR program.

Amount Authorized (2019 Repurchase Authorization)	Average Price Per Share (1)	Shares Repurchased	Total Shares Retired
$1,000,000,000	$91.08	351,486	351,486

(1) Includes commissions paid and calculated at the average price per share

As of December 27, 2019, the Company has $393.7 million remaining under the 2019 Repurchase Authorization.

On January 16, 2020, the Company's Board of Directors authorized an additional share repurchase program of up to $1.0 billion of the Company's common stock, to expire on January 15, 2023 (the "2020 Repurchase Authorization"). There have been no repurchases under the 2020 Repurchase Authorization as of December 27, 2019.

The share repurchase programs do not obligate the Company to purchase any shares. Share repurchases may be executed through various means including, without limitation, accelerated share repurchases, open market transactions, privately negotiated transactions, purchases pursuant to a Rule 10b5-1 plan or otherwise. The authorization for the share repurchase programs may be terminated, increased or decreased by the Company's Board of Directors in its discretion at any time. The timing, amount and manner of share repurchases may depend upon market conditions and economic circumstances, availability of investment opportunities, the availability and costs of financing, currency fluctuations, the market price of the Company's common stock, other uses of capital and other factors.

Dividend Program

On January 16, 2020, the Company's Board of Directors declared a quarterly dividend of $0.19 per share of the Company's common stock to be paid on February 28, 2020, to shareholders of record on the close of business on January 31, 2020. Future dividend declarations are subject to review and approval by the Company's Board of Directors. Dividends paid through the first fiscal quarter of 2020 and the preceding fiscal year are as follows:

Declaration Date	Record Date	Payment Date	Cash Amount (per share)
September 19, 2019	October 4, 2019	November 1, 2019	$0.17
July 11, 2019	July 26, 2019	August 23, 2019	$0.17
May 2, 2019	May 17, 2019	June 14, 2019	$0.17
January 17, 2019	February 15, 2019	March 15, 2019	$0.17
September 11, 2018	September 28, 2018	October 26, 2018	$0.15

19. Commitments and Contingencies

In the normal course of business, we make contractual commitments, some of which are supported by separate guarantees; and on occasion we are a party in a litigation or arbitration proceeding. The litigation or arbitration in which we are involved includes personal injury claims, professional liability claims and breach of contract claims. Where we provide a separate guarantee, it is strictly in support of the underlying contractual commitment. Guarantees take various forms including surety bonds required by law, or standby letters of credit ("LOC") (also referred to as "bank guarantees") or corporate guarantees given to induce a party to enter into a contract with a subsidiary. Standby LOCs are also used as security for advance payments or in various other transactions. The guarantees have various expiration dates ranging from an arbitrary date to completion of our work (e.g., engineering only) to completion of the overall project. We record in the Consolidated Balance Sheets amounts representing our estimated liability relating to such guarantees, litigation and insurance claims. Guarantees are accounted for in accordance with ASC 460-10, *Guarantees*, at fair value at the inception of the guarantee.

At December 27, 2019 and September 27, 2019, the Company had issued and outstanding approximately $271.8 million and $262.2 million, respectively, in LOCs and $1.98 billion and $2.0 billion, respectively, in surety bonds.

We maintain insurance coverage for most insurable aspects of our business and operations. Our insurance programs have varying coverage limits depending upon the type of insurance and include certain conditions and exclusions which insurance companies may raise in response to any claim that is asserted by or against the Company. We have also elected to retain a portion of losses and liabilities that occur through using various deductibles, limits, and retentions under our insurance programs. As a result, we may be subject to a future liability for which we are only partially insured or completely uninsured. We intend to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of the contracts which the Company enters with its clients. Our insurers are also subject to business risk and, as a result, one or more of them may be unable to fulfill their insurance obligations due to insolvency or otherwise.

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

Our Consolidated Balance Sheets include amounts representing our probable estimated liability relating to such claims, guarantees, litigation, audits, and investigations. We perform an analysis to determine the level of reserves to establish for insurance-related claims that are known and have been asserted against us, as well as for insurance-related claims that are believed to have been incurred based on actuarial analysis but have not yet been reported to our claims administrators as of the respective balance sheet dates. We include any adjustments to such insurance reserves in our consolidated results of operations. Insurance recoveries are recorded as assets if recovery is probable and estimated liabilities are not reduced by expected insurance recoveries.

The Company believes, after consultation with counsel, that such guarantees, litigation, U.S. government contract-related audits, investigations and claims, and income tax audits and investigations should not have a material adverse effect on our consolidated financial statements, beyond amounts currently accrued.

On September 30, 2015, Nui Phao Mining Company Limited (“NPMC”) commenced arbitration proceedings against Jacobs E&C Australia Pty Limited (“Jacobs E&C”) in Singapore before the Singapore International Arbitration Centre. Jacobs E&C was engaged by NPMC for the provision of management, design, engineering, and procurement services for a Nui Phao mine/mineral processing project in Vietnam as part of the Company’s former Energy, Chemicals & Resources (“ECR”) line of business. A three-week hearing on the merits concluded on December 15, 2017, and on March 28, 2019, the arbitration panel issued a decision finding against Jacobs E&C. On August 30, 2019, NPMC and Jacobs E&C settled all of the proceedings related to this matter. Under the terms of the settlement, Jacobs E&C made a payment to NPMC in the amount of $130.0 million in the fourth quarter of fiscal 2019. The settlement otherwise remains confidential. During the quarter ended December 27, 2019, the Company recognized the reduction of $50.0 million of selling, general and administrative expenses in discontinued operations as a result of the realization of related insurance recoveries. Under the terms of the sale of the Company's ECR business to Worley on April 26, 2019, the Company retained liability with respect to this matter.

In 2012, CH2M HILL Australia Pty Limited, a subsidiary of CH2M, entered into a 50/50 integrated joint venture with Australian construction contractor UGL Infrastructure Pty Limited. The joint venture entered into a Consortium Agreement with General Electric and GE Electrical International Inc. The Consortium was awarded a subcontract by JKC Australia LNG Pty Limited for the engineering, procurement, construction and commissioning of a 360 MW Combined Cycle Power Plant for INPEX Operations Australia Pty Limited at Blaydin Point, Darwin, NT, Australia. In January 2017, the Consortium terminated the Subcontract because of JKC's repudiatory breach and demobilized from the work site. JKC claimed the Consortium abandoned the work and itself purported to terminate the Subcontract. The Consortium and JKC are now in dispute over the termination. In August 2017, the Consortium filed an International Chamber of Commerce arbitration against JKC and is seeking compensatory damages in the amount of approximately $530.0 million for repudiatory breach or, in the alternative, seeking damages for unresolved contract claims and change orders. JKC has provided a preliminary estimate of the monetary value of its claims which we believe will result in alleged damages in excess of $1.7 billion and has drawn on bonds. This draw on bonds does not impact the Company's ultimate liability. The Tribunal has granted a motion by the Consortium to adjourn the hearing previously scheduled to begin on February 17, 2020. It is anticipated that the hearing will commence in May 2020 and continue in August 2020. No decision is expected before 2021. In September 2018, JKC filed a declaratory judgment action in Western Australia alleging that the entities which executed parent company guaranties for the Consortium, including CH2M Hill Companies, Ltd., have an obligation to pay JKC's ongoing costs to complete the project after termination. A hearing on that matter was held on March 12 and 13, 2019, and a decision in favor of the Consortium was issued. JKC has appealed the decision and a hearing on the appeal is scheduled for March 2020. If the Consortium is found liable, these matters could have a material adverse effect on the Company's business, financial condition, results of operations and /or cash flows, particularly in the short term. However, the Consortium has denied liability and is vigorously defending these claims and pursuing its affirmative claims against JKC, and based on the information currently available, the Company does not expect the resolution of this matter to have a material adverse effect on the Company's business, financial condition, results of operations or cash flows, in excess of the current reserve for this matter. See Note 5- *Business Combinations*, in the 2019 Form 10-K for further information related to CH2M contingencies.

On December 22, 2008, a coal fly ash pond at the Kingston Power Plant of the Tennessee Valley Authority ("TVA") was breached, releasing fly ash waste into the Emory River and surrounding community. In February 2009, TVA awarded a contract to the Company to provide project management services associated with the clean-up. All remediation and dredging were completed in August 2013 by other contractors under direct contracts with TVA. The Company did not perform the remediation, and its scope was limited to program management services. Certain employees of the contractors performing the cleanup work on the project filed lawsuits against the Company beginning in August 2013, alleging they were injured due to the Company's failure to protect the plaintiffs from exposure to fly ash, and asserting related personal injuries. There are currently six separate cases pending against the Company. The primary case, Greg Adkisson, et al. v. Jacobs Engineering Group Inc., case No. 3:13-CV-505-TAV-HBG, filed in the U.S. District Court for the Eastern District of Tennessee, consists of 10 consolidated cases. This case and the related cases involve several hundred plaintiffs that have been filed against the Company by employees of the contractors that completed the remediation and dredging work. The cases are at various stages of litigation, and several of the cases are currently stayed pending resolution of other cases. Separately, in May 2019, Roane County and the cities of King and Herriman filed a claim against TVA and the Company alleging that they misled the public about risks associated with the released fly ash. In December 2019, the court granted the Company's motion to dismiss the complaint. This matter is scheduled for trial in 2021. In addition, in November 2019, a resident of Roane County filed a putative class action against TVA and the Company alleging they failed to adequately warn local residents about risks associated with the released fly ash. There has been no finding of liability against the Company or that any of the alleged illnesses are the result of exposure to fly ash in any of the above matters. The Company disputes the claims asserted in all of the above matters and is vigorously defending these claims. The Company does not expect the resolution of these matters to have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

On October 31, 2019, the Company received a request from the Enforcement Division of the Securities and Exchange Commission (the "SEC") for the voluntary production of certain information and documents. The information and documents sought by the SEC primarily relate to the operations of a joint venture in Morocco which was at one time partially-owned by the Company (and subsequently divested), including in respect of possible corrupt practices. The Company is fully cooperating with the SEC and is producing the requested information and documents in its possession. The Company does not expect the resolution of this matter to have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

The purpose of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is to provide a narrative analysis explaining the reasons for material changes in the Company's (i) financial condition from the most recent fiscal year-end to December 27, 2019 and (ii) results of operations during the current fiscal period(s) as compared to the corresponding period(s) of the preceding fiscal year. In order to better understand such changes, readers of this MD&A should also read:

- The discussion of the critical and significant accounting policies used by the Company in preparing its consolidated financial statements. The most current discussion of our critical accounting policies appears in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* of our 2019 Form 10-K, and the most current discussion of our significant accounting policies appears in Note 2- *Significant Accounting Polices* in Notes to Consolidated Financial Statements of our 2019 Form 10-K. See also Note 13- *Revenue Accounting for Contracts and Adoption of ASC 606* for a discussion of our updated policies related to revenue recognition;
- The Company's fiscal 2019 audited consolidated financial statements and notes thereto included in our 2019 Form 10-K; and
- Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in our 2019 Form 10-K.

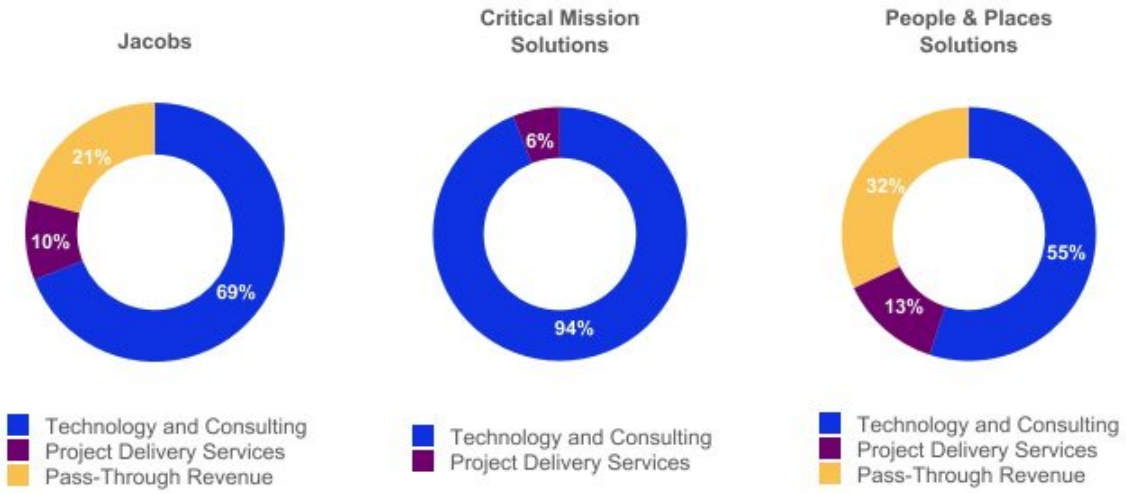
In addition to historical information, this MD&A and other parts of this Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not directly relate to any historical or current fact. When used herein, words such as "expects," "anticipates," "believes," "seeks," "estimates," "plans," "intends," "future," "will," "would," "could," "can," "may," and similar words are intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although such statements are based on management's current estimates and expectations, and/or currently available competitive, financial, and economic data, forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause our actual results to differ materially from what may be inferred from the forward-looking statements. Some of the factors that could cause or contribute to such differences include, but are not limited to, those listed and discussed in Item 1A, *Risk Factors* included in our 2019 Form 10-K and this Quarterly Report on Form 10-Q. We undertake no obligation to release publicly any revisions or updates to any forward-looking statements. We encourage you to read carefully the risk factors, as well as the financial and business disclosures contained in this Quarterly Report on Form 10-Q and in other documents we file from time to time with the United States Securities and Exchange Commission ("SEC").

At Jacobs, we're challenging today to reinvent tomorrow by solving the world's most critical problems for thriving cities, resilient environments, mission-critical outcomes, operational advancement, scientific discovery and cutting-edge manufacturing, turning abstract ideas into realities that transform the world for good. Leveraging a talent force of approximately 52,000, Jacobs provides a full spectrum of professional services including consulting, technical, scientific and project delivery for the government and private sector.

The Company's deep global domain knowledge - applied together with the latest advances in technology - are why customers large and small choose to partner with Jacobs. We operate in two lines of business: Critical Mission Solutions (formerly Aerospace, Technology and Nuclear) and People & Places Solutions (formerly Buildings, Infrastructure and Advanced Facilities). These new names better reflect outcome-focused solutions for our customers and the changes have no impact on reported financial statements, line of business leadership or customer relationships. After spending three years transforming our portfolio and setting the foundation to get us where we are today, we launched a three-year accelerated profitable growth strategy at our Investor Day in February 2019, focused on innovation and continued transformation to build upon our position as the leading solutions provider for our clients. This transformation included the $3.2 billion acquisition of CH2M and the $3.4 billion divestiture of the Company's energy, chemicals and resources business. Our acquisitions of KeyW and Wood Group's nuclear business will further position us as a leader in high-value government services and technology-enabled solutions, enhancing our portfolio by adding intellectual property-driven technology with unique proprietary C5ISR (command, control, communications, computer, combat systems, intelligence, surveillance and reconnaissance) rapid solutions, and amplifying Jacobs' position as a Tier-1 global nuclear services provider.

We have turned the course of Jacobs' future and are now focused on broadening our leadership in high growth sectors. As part of our strategy, our new brand was created from an understanding of where we've been, what's true to our culture and our strategy going forward. Central to it is our new tagline: Challenging today. Reinventing tomorrow. Signaling our transition from an engineering and construction company to a global technology-forward solutions company, we have a new look, and we plan to change our name to Jacobs Solutions Inc.

Revenue by Type (Q1 FY2020)



Lines of Business

The Company's two operating segments and global lines of business ("LOBs") are as follows: (i) Critical Mission Solutions and (ii) People & Places Solutions; with the previous Energy, Chemicals and Resources ("ECR") line of business now reported as discontinued operations.

The Company's Chair and Chief Executive Officer is the Chief Operating Decision Maker ("CODM") and can evaluate the performance of each of these segments and make appropriate resource allocations among each of the segments. For purposes of the Company's goodwill impairment testing, it has been determined that the Company's operating segments are also its reporting units based on management's conclusion that the components comprising each of its operating segments share similar economic characteristics and meet the aggregation criteria for reporting units in accordance with ASC 350, *Intangibles-Goodwill and Other.*

Under the organization, the sales function is managed on an LOB basis, and accordingly, the associated cost is embedded in the segments and reported to the respective head of each LOB. In addition, a portion of the costs of other support functions (e.g., finance, legal, human resources, and information technology) is allocated to each LOB using methodologies which, we believe, effectively attribute the cost of these support functions to the revenue generating activities of the Company on a rational basis. The cost of the Company's cash incentive plan, the Management Incentive Plan ("MIP") and the expense associated with the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan ("1999 SIP") have likewise been charged to the LOBs except for those amounts determined to relate to the business as a whole (which amounts remain in other corporate expenses).

Critical Mission Solutions (CMS)

Our Critical Mission Solutions line of business provides a full spectrum of cybersecurity, data analytics, software application development, enterprise and mission IT, systems integration and other highly technical consulting solutions to government agencies as well as selective aerospace, automotive and telecom customers. Our representative clients include the U.S. Department of Defense (DoD), the U.S. Special Operations Command (USSOCOM), the U.S. Intelligence Community, NASA, the U.S. Department of Energy (DoE), Ministry of Defence in the U.K. Nuclear Decommissioning Authority (NDA), and the Australian Department of Defence, as well as private sector customers mainly in the automotive and telecom sectors.

Serving mission-critical end markets

Critical Mission Solutions serves broad sectors, including U.S. government services, cybersecurity, nuclear, commercial, and international sectors.

The U.S. government is the world's largest buyer of technical services, and in fiscal 2019, approximately 77% of CMS's revenue was earned from serving the DoD, Intelligence Community and civil governmental entities.

Trends affecting our government clients include electronic and cyber warfare, IT modernization, space exploration and intelligence, defense systems and intelligent asset management, which are driving demand for our highly technical solutions. Attacks by foreign entities and insider threats highlight potential cyber defense vulnerabilities.

Another trend we are witnessing is an increase in the capabilities of unmanned aircraft and hypersonic weapons, which is impacting both offensive and defensive spending priorities among our clients and is a driver for next generation solutions such as C5ISR (command, control, communications, computer, combat systems, intelligence, surveillance and reconnaissance) and advanced aeronautical testing, respectively. We are also seeing an increase in space exploration initiatives both from the U.S. government, such as NASA's Artemis program to return to the moon in 2024, as well as the commercial sector.

Within the Nuclear sector, our customers have decades-long initiatives to manage, upgrade, decommission and remediate existing nuclear weapons and energy infrastructure.

Leveraging our base market of offering valued technical services to U.S. government customers, CMS also serves commercial and international markets. In fiscal 2019, approximately 12% of CMS's revenue was from various U.S. commercial sectors, including the telecommunications market, which anticipates a large cellular infrastructure build-out from 4G to 5G technology. And like our government facility-based clients, our commercial manufacturing clients are seeking ways to reduce maintenance costs and optimize their facilities with network connected facilities and equipment to optimize operational systems, which we refer to as Intelligent Asset Management.

Our international customers, which accounted for 11% of fiscal 2019 revenue, have also increased demand for our IT and cybersecurity solutions and nuclear projects, and the U.K. Ministry of Defence continues to focus on accelerating its strategic innovative and technology focused initiatives.

Leveraging strong domain expertise to deliver solutions

CMS brings domain-specific capability and cross-market innovations in each of the above sectors by leveraging six core capability groups.

- I**nformation Technology Services**. Across various business units in CMS, we provide a wide range of software development and enterprise IT solutions. We develop, modify and maintain software solutions and complex systems. This service includes a broad array of lifecycle services, including requirements analysis, design, integration, testing, maintenance, quality assurance and documentation management. Our software activities support all major methodologies, including Agile, DevSecOps and other hybrid methodologies. For our enterprise IT capability, we develop, implement and sustain enterprise information technology systems, with a focus on improving mission performance, increasing security and reducing cost for our customers. Solutions typically include IT service management, data center consolidation, network operations, enterprise architecture, mobile computing, cloud computing and migration, software, infrastructure and platform as a service (SaaS, IaaS and PaaS), and data collection and analytics.

- **Cybersecurity and Data Analytics**. With our recent acquisition of KeyW, CMS offers a full suite of cyber services for its government and commercial clients, including defensive cyber operations and training, offensive cyber operations, cloud and data analytics, threat intelligence, intelligence analysis, incident response and forensics, software and infrastructure security engineering, computer forensics and exploitation and information technology-operational technology (IT-OT) convergence services.
- **C5ISR (Command, Control, Communications, Computers, Combat Systems, Intelligence, Surveillance and Reconnaissance)**. CMS is a leader in the design, development, analysis, implementation and support of C5ISR systems and technology in any environment, including land, sea, air, space and cyber domains. We provide advanced solutions for collecting, processing, exploiting and disseminating geospatial intelligence for the U.S. and Allied Intelligence Communities and Special Forces organizations. Core capabilities include: imaging systems, radar systems, precision geo-location products, custom packaging and microelectronics and customizable tagging, tracking and locating devices.
- **Technical Services**. We provide a broad range of technical consulting services to our government and commercial clients, including: systems integration, specialized propulsion, avionics, electrical, materials, aerodynamics, manufacturing processes modeling and simulation, testing and evaluation, scientific research, intelligent asset management, program management and consulting. NASA is one our major government customers in the U.S., where we provide a wide range of technology services. For our telecommunications customers, we provide permitting, site planning and engineering to enable the development of wireline and wireless communications including the development of 5G small cell sites.
- **Facility Engineering and Operations**. We provide services for advanced technical structures and systems, including flight/launch facilities, R&D facilities, test facilities and military range facilities. Customers also engage us to operate, maintain and provide technical services for these facilities and systems over their lives. We also provide sustainment and technical services for facility-oriented clients including for the automotive industry where we provide highly technical aerodynamic, climatic, altitude and acoustic solutions for our customer research and development operations.
- **Nuclear Solutions**. We provide support across the nuclear energy life-cycle, including operational site management, program management and research and consulting, mainly to the U.S. Department of Energy (DoE) and the Office for Nuclear Regulation ("ONR") and NDA with the U.K. government.

Applying internally-developed technology

Across multiple businesses within CMS we license internally developed technology such as:

- **KeyRadar®**: The acquisition of KeyW brought numerous internally developed technologies, including KeyRadar, a scalable, software-defined synthetic aperture radar that can be configured to address a variety of missions, ranging from foliage penetration to long-range maritime domain awareness or long-range moving target detection.
- **Ginkgo**: Ginkgo is the only virtual learning environment specifically created for cybersecurity training. Designed by experienced cybersecurity instructors at CMS's Parrot Labs, Ginkgo offers a complete solution for implementing hands-on IT and cybersecurity training for both local and distance learning environments on desktops, tablets, and other mobile devices.
- **TITAN™**: With the exponential growth of information being harvested, deriving meaningful insights from data collecting can be challenging for organizations. TITAN is a suite of solutions (including Graph Database, Elastic Stack, and SocTraq) that leverages open-source technology to filter out noise to find the real needle in the haystack of threats, offering real-time detection and alerting capabilities for high-value asset and mission critical systems.
- **SOCTRAQ**: SOCTRAQ is a next-generation component of the larger TITAN cyber data platform that aids our federal clients in the automation of cybersecurity found in a security operations center (SOC). The technology is a real-time threat detection and alerting heads-up display run on a client's computer to provide incident detection, recommended response actions, and case management. Features include alert visualization, depiction of threat-chain, and adaptive machine learning.

People & Places Solutions (P&PS)

Jacobs' People & Places Solutions line of business provides end-to-end solutions for our clients' most complex projects - whether connected mobility, water, smart cities, advanced manufacturing or the environment. In doing so, we employ data analytics, artificial intelligence and automation, and software development to enable technology and digitally-driven consulting, planning, architecture, engineering, and implementation, as well as long-term operation of advanced facilities and infrastructure. Solutions may be delivered as standalone engagements or through comprehensive program management solutions that integrate disparate workstreams to yield additional benefits not attainable through project-by-project implementation.

Our clients include national, state and local government in the U.S., Europe, U.K., Middle East, Australia, New Zealand and Asia, as well as the private sector throughout the world.

Serving broad industry sectors that support people and places

Environmental resilience, urbanization, digital transformation and the convergence of information and operational technology (IT/OT) are driving new infrastructure requirements and opportunities for our clients. For example, an airport is no longer simply aviation infrastructure but is now a smart city with extensive operational, cybersecurity and autonomous mobility requirements. Master planning for a city now requires advanced analytics to plan for the adaptation of next-generation mobility as well as revenue generating fiber infrastructure. Furthermore, the future of nearly all water infrastructure will be highly technology-enabled, leveraging solutions with digital twins, predictive analytics and smart metering technology.

This increase in technology requirements is a key factor in our organic growth strategy as well as our recent acquisitions and divestitures. Moreover, our business model is evolving to now being a provider of digitally-enabled solutions to our infrastructure clients with less exposure to craft construction services. Our focus on five core sectors of Transportation, Water, Built Environment, Environmental and Advanced Facilities provides us with the unique opportunity to leverage expertise across all sectors to provide end-to-end connected solutions for our client's most complex projects.

We are executing complex city solutions that pull expertise from all markets, fused with digital expertise, for major developments in places like London, Dubai, Sydney, India and the United States.

Leveraging global platform to deliver integrated solutions to our customers

One of our key differentiators is our global integrated delivery model, which harnesses deep domain expertise from our global technology and solution organization that is leveraged with the benefits of scale when we focus the world's best talent to deliver differentiated solutions and value to our clients.

- Within **transportation**, we provide sustainable solutions to plan, develop, finance, design and engineer, construct, operate and maintain, next generation mobility across all modes, including highway, bridge, rail and transit, aviation, port and maritime infrastructure. For example, we do this by assessing the impact of autonomous vehicles on roadways and cities for transportation agencies, engineering and specifying vehicles for mass-transit, consulting services for digital fare payment systems, program management of the largest airport developments, designing cutting edge automated container terminals and ports infrastructure and utilizing digital data to develop cross modal mobility solutions. Our customers include the world's largest transportation agencies as well as private shipping and logistics companies worldwide, including the multi-modal Port Authority of New York and New Jersey, Transport for London, and Etihad Rail.
- **Water** is one of the most precious resources in the world, and extreme weather events are exacerbating supply and demand issues with drought, desertification and flooding at the same time population growth and industrialization are increasing demands. We provide solutions across water and wastewater treatment, water reuse, and water resources such as the deployment of next generation smart metering, digital twin technology and highly technical consulting, engineering, design-build and operation of complex water systems. We support our customers on some of the world's largest water infrastructure projects such as California WaterFix, Thames Tideway, Houston Water and Singapore National Water Agency.

- For the **built environment**, we deliver full-service solutions for cities, places and buildings, including smart-city and resiliency city solutions. This also includes consulting, engineering and design services for transportation hubs in Boston and London, urban developments, corporate, national government, healthcare, education, science facilities for public sector and industrial clients across diverse markets and services. Our solutions include multi-functional infrastructure that addresses economic, social and environmental issues spanning a range of sectors, technology and industries. We also provide consulting around technology-enabled asset management, economic development and scientific advancement that enables our clients to make intelligent data-driven investment decisions.
- In our **environmental** business we provide all aspects of environmental planning, permitting, regulatory and compliance management, and consulting services related to remediation, revitalization and redevelopment. We also provide critical consulting and technology related services to clients responsible for disaster planning, mitigation and response as well as logistics, planning and implementation support for leading edge scientific and research endeavors. We recently provided a large confidential U.S. customer with data analytics and visualization solutions to deliver actionable intelligence to help them understand and prioritize their approach to polyfluoroalkyl substances (PFAS) remediation.
- In our **advanced facilities** business, we provide fully integrated solutions for highly specialized facilities in the fields of medical research, sustainable manufacturing, nanoscience, biotechnology, semiconductor and data centers. Our services also include implementation of operational environments and providing cybersecurity assessments, network architecture development and construction management for their operational environments. Our clients include life sciences and pharmaceutical, specialty manufacturing, microelectronics and data intensive industries.

In addition to each of the industry sectors that we serve, we deploy solutions to the world's most complex projects and major programs that span across all markets, such as the London 2012 Olympic and Paralympic Games, the Dubai Expo, and LaGuardia Airport Redevelopment.

Applying internally developed technology

A strong foundation of data-rich innovative solutions is woven into every project that we deliver. These solutions employ an array of technical expertise to enable the most efficient, effective and predictable solutions for our customers, such as our proprietary technology software. Examples of these technologies include:

- **TrackRecord** is a workflow automation and compliance management platform for the delivery of major projects.
- **AquaDNA** is a wastewater asset management platform that lowers operation and maintenance costs and facilitates a move from reactive to proactive maintenance.
- **Travel Service Optimisation** (TSO) is Jacobs' travel sharing solution for Special Education needs children which centers on the children's ability to travel together rather than focusing on their disability.
- **SafetyWeb** is a site hazard management and compliance tool.
- **ProjectMapper** is a web based geospatial mapping and project visualization software platform.
- **Flood Modeller** provides proactive decision-making to help manage our environment and the challenges associated with flood risk. It is suitable for a wide range of engineering and environmental applications, from calculating simple backwater profiles to modeling entire catchments to mapping potential flood risk for entire countries.
- **Replica™** is Jacobs' digital twin solution software platform and consists of the following capabilities:
- **Replica Parametric Design™** (formerly CPES™) provides outputs on construction quantities and costs, life cycle quantities and costs, and estimates of environmental impacts. Rapid process design in Replica Process and the resulting development of the Replica Parametric Designs allows for thorough alternatives analysis and enhanced team communication.
- **Replica Preview™** is used for early stage visualization of facility designs. This software rapidly creates scaled three-dimensional designs, which can be placed on Google Earth®. Rapid design development in Replica Parametric Design and visualization with Replica Preview allows for informed analysis of many alternatives and sound decision-making.

- **Replica Systems Analysis™** (formerly Voyage™) is a very flexible platform that can simulate resource systems dynamically, over time. Examples of modeled systems include water resources, energy, solid waste and traffic. The ability to connect complex systems together in a single interface that is visually intuitive leads to informed team collaboration and creative solutions.
- **Replica Process™** allows Jacobs' world-renowned expertise in water treatment to be simulated both statically and dynamically over time in Replica Process™ software. Much of the process predictive capabilities in Replica Process are founded on the Jacobs' Pro2D2™ and Source™ software. Informed decisions are founded on the ability of Replica Process to provide details on system performance among many alternatives, very quickly.
- **Replica Hydraulics™** was designed to simulate all pressurized and gravity flow hydraulics of a system, simultaneously. Replica's hydraulic blocks were built on accepted engineering practice equations and have been successfully verified on hundreds of projects. The Replica Hydraulics library is the foundation for complete, dynamic water system analysis and can be used exclusively for hydraulic analysis of a system or in conjunction with Replica Process, Replica Controls and/or Replica Air.
- **Replica Controls™** allows for dynamic simulation of system instrumentation such as flow meters, indicator transmitters, limit switches and stream analyzers as well as the logic objects including PID controllers, sequencers, units controller and alarms. The software's controls capabilities and functionality align with industry design standards and its ability to predict full scale performance is unmatched due to the connectivity with Replica Hydraulics.
- **Replica Air™** simulates all aspects of compressible fluid (e.g. air) supply system including pipes, valves, diffusers and blowers. The ability to couple Replica Air with Replica Controls in a single simulation allows for the development of unique and robust designs that reduce energy use and life cycle costs.

***Energy, Chemicals and Resources* (ECR)**

ECR Disposition

On April 26, 2019, Jacobs completed the sale of its Energy, Chemicals and Resources ("ECR") business to Worley Limited, a company incorporated in Australia ("Worley"), for a purchase price of $3.4 billion consisting of (i) $2.8 billion in cash plus (ii) 58.2 million ordinary shares of Worley, subject to adjustments for changes in working capital and certain other items (the "ECR sale").

As a result of the ECR sale, substantially all ECR-related assets and liabilities have been sold (the "Disposal Group"). We determined that the disposal group should be reported as discontinued operations in accordance with ASC 210-05, *Discontinued Operations* because their disposal represents a strategic shift that had a major effect on our operations and financial results. As such, the financial results of the ECR business are reflected in our non-current assets and liabilities of the Disposal Group are reflected as held-for-sale in the Consolidated Balance Sheets. As of the quarter ended December 27, 2019, a portion of the ECR business remains held by Jacobs as described above and continues to be classified as held for sale during the first fiscal quarter of 2019 in accordance with U.S. GAAP. For further discussion see Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business* to the consolidated financial statements.

Prior to the sale, we served the energy, chemicals and resources sectors, including upstream, midstream and downstream oil, gas, refining, chemicals and mining and minerals industries. We provided integrated delivery of complex projects for our Oil and Gas, Refining, and Petrochemicals clients. Bridging the upstream, midstream and downstream industries, our services encompassed consulting, engineering, procurement, construction, maintenance and project management.

Results of Operations for the three months ended December 27, 2019 and December 28, 2018

(in thousands, except per share information)

	For the Three Months Ended	
	December 27, 2019	December 28, 2018
Revenues	$ 3,360,049	$ 3,083,788
Direct cost of contracts	(2,715,478)	(2,515,268)
Gross profit	644,571	568,520
Selling, general and administrative expenses	(493,226)	(455,390)
Operating Profit	151,345	113,130
Other Income (Expense):		
Interest income	946	2,104
Interest expense	(14,817)	(25,325)
Miscellaneous income (expense), net	116,695	2,282
Total other income (expense), net	102,824	(20,939)
Earnings from Continuing Operations Before Taxes	254,169	92,191
Income Tax Expense for Continuing Operations	(68,489)	(22,758)
Net Earnings of the Group from Continuing Operations	185,680	69,433
Net Earnings of the Group from Discontinued Operations	77,587	60,158
Net Earnings of the Group	263,267	129,591
Net Earnings Attributable to Noncontrolling Interests from Continuing Operations	(6,257)	(4,539)
Net Earnings Attributable to Jacobs from Continuing Operations	179,423	64,894
Net (Earnings) Losses Attributable to Noncontrolling Interests from Discontinued Operations	—	(756)
Net Earnings Attributable to Jacobs from Discontinued Operations	77,587	59,402
Net Earnings Attributable to Jacobs	$ 257,010	$ 124,296
Net Earnings Per Share:		
Basic Net Earnings from Continuing Operations Per Share	$ 1.35	$ 0.45
Basic Net Earnings from Discontinued Operations Per Share	$ 0.58	$ 0.42
Basic Earnings Per Share	$ 1.93	$ 0.87
Diluted Net Earnings from Continuing Operations Per Share	$ 1.33	$ 0.45
Diluted Net Earnings from Discontinued Operations Per Share	$ 0.58	$ 0.41
Diluted Earnings Per Share	$ 1.91	$ 0.86

Overview – Three Months Ended December 27, 2019

Net earnings attributable to Jacobs from continuing operations for the fiscal quarter ended December 27, 2019 were $179.4 million (or $1.33 per diluted share), an increase of $114.5 million, or 176.5%, from $64.9 million (or $0.45 per diluted share) for the corresponding period last year. Included in the Company's operating results from continuing operations for the three months ended December 27, 2019 were $74.9 million in after-tax unrealized appreciation gains recorded in miscellaneous income (expense), net, associated with our investment in Worley stock and certain foreign currency revaluations relating to the ECR sale, $39.0 million in after-tax Restructuring and other charges and transaction costs associated primarily with the Company's pending acquisition of John Wood Groups' Nuclear consulting, remediation and program management business.

Net earnings attributable to Jacobs from discontinued operations for the fiscal quarter ended December 27, 2019 were $77.6 million (or $0.58 per diluted share), an increase of $18.2 million, or 30.6%, from $59.4 million (or $0.41 per diluted share) for the corresponding period last year. Included in net earnings attributable to Jacobs from discontinued operations for the current quarter was the settlement of the Nui Phao ("NPMC") legal matter described in Note 19- *Commitments and Contingencies* that was reimbursed by insurance, the release of the deferred gain for the delivery of the ECR IT Instance, as discussed in Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business* and the adjustment for working capital and certain other items in connection with the ECR sale. The impact of these favorable items in the current period was offset mainly by the absence in the current period of normal operating results of the ECR business as reported in the prior period.

On August 20, 2019, Jacobs announced that it had entered into an agreement to acquire John Wood Group's Nuclear consulting, remediation and program management business. The transaction is expected to close by the end of fiscal 2020 second quarter.

Consolidated Results of Operations

Revenues for the first fiscal quarter of 2020 were $3.36 billion, an increase of $0.28 billion, or 9.0% from $3.08 billion for the corresponding period last year. The increase in revenues for the three month period year over year was due in part to fiscal 2020 incremental revenues from the June 2019 KeyW acquisition in addition to overall growth in our CMS and P&PS businesses. Pass-through costs included in revenues for the three months ended December 27, 2019 amounted to $701.8 million, an increase of $27.5 million , or 4.1%, from $674.3 million from the corresponding period last year.

Gross profit for the first quarter of 2020 was $644.6 million, an increase of $76.1 million, or 13.4% from $568.5 million from the corresponding period last year. Our gross profit margins were 19.2% and 18.4% for the three month periods ended December 27, 2019 and December 28, 2018, respectively. The increase in our gross profit was attributable to overall growth in both our P&PS and CMS businesses along with favorable impacts from the KeyW acquisition.

See **Segment Financial Information** discussion for further information on the Company's results of operations at the operating segment.

SG&A expenses for the three months ended December 27, 2019 were $493.2 million, an increase of $37.8 million, or 8.3%, from $455.4 million for the corresponding period last year. The increase in SG&A expenses as compared to the corresponding period last year was due primarily to incremental SG&A from the KeyW acquisition, higher restructuring charges and higher personnel-related and professional services expenses. Impacts from foreign exchange were not material for the three months ended December 27, 2019.

Net interest expense for the three months ended December 27, 2019 was $13.9 million, a decrease of $9.4 million from $23.2 million for the corresponding period last year. The decrease in net interest expense for the three month period year over year is due to the paydown of debt subsequent to the ECR sale in the prior year third quarter.

Miscellaneous income (expense), net for the three months ended December 27, 2019 was $116.7 million, an increase of $114.5 million from $2.3 million, for the corresponding period last year. The higher income level over the prior year quarter was due primarily to $99.1 million in pre-tax unrealized gains associated with changes in the fair value of our investment in Worley stock. Also included in miscellaneous income (expense) during the three months ended December 27, 2019 is $12.0 million in TSA related income associated with the ECR sale as discussed in Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business.*

The Company's effective tax rates from continuing operations for the three months ended December 27, 2019 and December 28, 2018 were 27.0% and 24.7%, respectively. The Company's effective tax rate from continuing operations for the three months ended December 27, 2019 was higher than the corresponding rate in the prior period primarily due to one-time income tax charges associated with partnership interest basis differences generated during the quarter. These items were partially offset by a $3.7 million favorable settlement with the Indian Revenue Service in the period ended December 27, 2019 and a $3.5 million benefit from the application of Internal Revenue Code section 179D which is associated with design of energy efficient facilities.

See Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business* for further information on the Company's discontinued operations reporting for the sale of the ECR business.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted in the United States and significantly revised the U.S. corporate income tax laws. Given the significance of the legislation, the SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118), which allowed registrants to record provisional amounts during a one year "measurement period" like that used when accounting for business combinations. As of December 22, 2018, we completed our accounting for the tax effects of the enactment of the Act. For the deferred tax balances, we remeasured the U.S. deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. The Company's revised remeasurement resulted in cumulative charges to income tax expense of $144.4 million for the measurement period. The Act called for a one-time tax on deemed repatriation of foreign earnings. This one-time transition tax was based on our total post-1986 earnings and profits (E&P) of certain of our foreign subsidiaries. We recorded $14.3 million in cumulative transition taxes during the measurement period, although the transition tax was expected to be offset by foreign tax credits in the future, resulting in no additional cash tax liability. In addition, the Company recorded $104.2 million in cumulative valuation expense charges during the measurement period with respect to certain foreign tax credit deferred tax assets as a result of the Tax Act and CH2M integration.

The amount of income taxes the Company pays is subject to ongoing audits by tax jurisdictions around the world. In the normal course of business, the Company is subject to examination by tax authorities throughout the world, including such major jurisdictions as Australia, Canada, India, the Netherlands, the United Kingdom and the United States. Our estimate of the potential outcome of any uncertain tax issue is subject to our assessment of the relevant risks, facts, and circumstances existing at the time. The Company believes that it has adequately provided for reasonably foreseeable outcomes related to these matters. However, future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, which may impact our effective tax rate.

Segment Financial Information

The following table provides selected financial information for our operating segments and includes a reconciliation of segment operating profit to total U.S. GAAP operating profit from continuing operations by including certain corporate-level expenses, Restructuring and other charges and transaction and integration costs (in thousands).

	Three Months Ended	
	December 27, 2019	**December 28, 2018**
Revenues from External Customers:		
Critical Mission Solutions	$ 1,182,457	$ 1,035,028
People & Places Solutions	2,177,592	2,048,760
Total	$ 3,360,049	$ 3,083,788

	For the Three Months Ended	
	December 27, 2019	December 28, 2018
Segment Operating Profit:		
Critical Mission Solutions	$ 90,422	$ 72,152
People & Places Solutions	178,328	159,459
Total Segment Operating Profit	268,750	231,611
Other Corporate Expenses (1)	(66,719)	(71,247)
Restructuring and Other Charges	(49,663)	(47,234)
Transaction Costs	(1,023)	—
Total U.S. GAAP Operating Profit	151,345	113,130
Total Other (Expense) Income, net (2)	102,824	(20,939)
Earnings from Continuing Operations Before Taxes	$ 254,169	$ 92,191

(1) Other corporate expenses include costs that were previously allocated to the ECR segment prior to discontinued operations presentation in connection with the ECR sale in the approximate amount of $6.4 million for the three-month period ended December 28, 2018. Other corporate expenses also include intangibles amortization of $21.8 million and $18.7 million for the three-month periods ended December 27, 2019 and December 28, 2018, respectively.

(2) Includes revenues under the Company's TSA with Worley of $12.0 million, $99.1 million of fair value adjustments (unrealized gains) related to our investment in Worley stock and certain foreign currency revaluations relating to the ECR sale and the amortization of deferred financing fees related to the CH2M acquisition of $0.6 million for the three months ended December 27, 2019. For the three months ended December 28, 2018, primarily includes interest expense of $25.3 million and the amortization of deferred financing fees related to the CH2M acquisition of $0.5 million. Also, includes items related to restructuring and other charges for the three months ended December 27, 2019 and December 28, 2018, which are the loss on settlement of the CH2M portion of the U.S. pension plan of $2.4 million and the gain on the settlement of the CH2M retiree medical plans of $2.2 million, respectively.

Critical Mission Solutions

	Three Months Ended	
	December 27, 2019	December 28, 2018
Revenue	$ 1,182,457	$ 1,035,028
Operating Profit	$ 90,422	$ 72,152

Critical Mission Solutions (CMS) segment revenues for the three months ended December 27, 2019 were $1.18 billion, an increase of $147.4 million, or 14.2% from $1.04 billion for the corresponding period last year. Our increase in revenue was primarily attributable to incremental revenue from the KeyW acquisition, combined with year over year revenue volume growth across our legacy portfolio, highlighted by increased spending by customers in the U.S. government business sector. Impacts on revenues from foreign currency were not material for the three-month period of December 27, 2019 compared to the corresponding prior year period.

Operating profit for the segment was $90.4 million for the three months ended December 27, 2019, an increase of $18.3 million, or 25.3%, from $72.2 million for the corresponding period last year. The increases from the prior year were primarily attributable to incremental operating profit from the KeyW acquisition, the continued growth in profits from our U.S. governmental business sector and the favorable close out of a large program management contract. Impacts on operating profit from foreign currency were not material for the three month period of December 27, 2019, compared to the corresponding prior year period.

People & Places Solutions

	Three Months Ended	
	December 27, 2019	December 28, 2018
Revenue	$ 2,177,592	$ 2,048,760
Operating Profit	$ 178,328	$ 159,459

Revenues for the People & Places Solutions (P&PS) segment for the three months ended December 27, 2019 were $2.18 billion, an increase of $128.8 million, or 6.3%, from $2.05 billion for the corresponding period last year. The increases in revenue were due in part to portfolio growth across our businesses, highlighted by strong investment in Advanced Facilities, water and transport infrastructure and project management/construction management ("PMCM") sectors. Impacts on revenues from unfavorable foreign currency translation were approximately $9.6 million for the three-month period of December 27, 2019 compared to the corresponding prior year period.

Operating profit for the segment for the three months ended December 27, 2019 was $178.3 million, an increase of $18.9 million, or 11.8%, from $159.5 million for the corresponding period last year. The year over year increase in operating profit was due primarily to positive impacts from the higher year over year revenues for the segment. Impacts on operating profit from foreign currency were not material for the three month period of December 27, 2019, compared to the corresponding prior year period.

Other Corporate Expenses

Other corporate expenses for the three months ended December 27, 2019 were $66.7 million, a decrease of $4.5 million from $71.2 million for the corresponding period last year. This decrease was due primarily to lower professional service fees in the current period compared to the prior year period.

Included in other corporate expenses in the above table are costs and expenses which relate to general corporate activities as well as corporate-managed benefit and insurance programs. Such costs and expenses include: (i) those elements of SG&A expenses relating to the business as a whole; (ii) those elements of our incentive compensation plans relating to corporate personnel whose other compensation costs are not allocated to the LOBs; (iii) the amortization of intangible assets acquired as part of purchased business combinations; (iv) the quarterly variances between the Company's actual costs of certain of its self-insured integrated risk and employee benefit programs and amounts charged to the LOBs; and (v) certain adjustments relating to costs associated with the Company's international defined benefit pension plans. In addition, other corporate expenses may also include from time to time certain adjustments to contract margins (both positive and negative) associated with projects where it has been determined, in the opinion of management, that such adjustments are not indicative of the performance of the related LOB.

Discontinued Operations

The results from our ECR business formerly reported as a stand-alone segment are reflected in our unaudited consolidated financial statements as discontinued operations for all periods presented. For further information, refer to Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Busine*ss.

For the three months ended December 27, 2019 and December 28, 2018, net earnings attributable to discontinued operations after income taxes were $77.6 million and $59.4 million, respectively. While the ECR business sale closed in April 2019, the Company recognized additional pretax income from discontinued operations of $111.5 million in the three months ended December 27, 2019 primarily for the release of a deferred gain upon achievement of the IT Migration Date described in Note 7 in connection with the delivery to Worley of certain IT application and hardware assets related to the ECR business, as well as adjustment for working capital and certain other items resolved during the quarter. Additionally, the Company recognized a reduction to selling, general and administrative expenses in discontinued operations related to an insurance recovery resolution of $50.0 million in connection with the NPMC legal matter.

Restructuring and Other Charges

See Note 11- *Restructuring and Other Charges* for information on the Company's activity relating to restructuring and other charges.

Backlog Information

We include in backlog the total dollar amount of revenues we expect to record in the future as a result of performing work under contracts that have been awarded to us. Our policy with respect to O&M contracts, however, is to include in backlog the amount of revenues we expect to receive for one succeeding year, regardless of the remaining life of the contract. For national government programs (other than national government O&M contracts, which are subject to the same policy applicable to all other O&M contracts), our policy is to include in backlog the full contract award, whether funded or unfunded, excluding option periods. Because of variations in the nature, size, expected duration, funding commitments, and the scope of services required by our contracts, the timing of when backlog will be recognized as revenues can vary greatly between individual contracts.

Consistent with industry practice, substantially all of our contracts are subject to cancellation or termination at the option of the client, including our U.S. government work. While management uses all information available to determine backlog, at any given time our backlog is subject to changes in the scope of services to be provided as well as increases or decreases in costs relating to the contracts included therein. Backlog is not necessarily an indicator of future revenues.

Because certain contracts (e.g., contracts relating to large EPC projects as well as national government programs) can cause large increases to backlog in the fiscal period in which we recognize the award, and because many of our contracts require us to provide services that span over several fiscal quarters (and sometimes over fiscal years), we evaluate our backlog on a year-over-year basis, rather than on a sequential, quarter-over-quarter basis.

The following table summarizes our backlog at December 27, 2019 and December 28, 2018 (in millions):

	December 27, 2019	December 28, 2018
Critical Mission Solutions	$ 8,473	$ 7,158
People & Places Solutions	14,197	13,177
Total	$ 22,670	$ 20,335

The increase in backlog in Critical Mission Solutions (CMS) from December 28, 2018 was primarily the result of the acquisition of KeyW.

The increase in backlog in People & Places Solutions (P&PS) from December 28, 2018 was primarily the result of new awards in the U.K. and U.S. markets.

Consolidated backlog differs from the Company’s remaining performance obligations as defined by ASC 606 primarily because of our national government contracts (other than national government O&M contracts). Our policy is to include in backlog the full contract award, whether funded or unfunded excluding the option periods while our remaining performance obligations represent a measure of the total dollar value of work to be performed on contracts awarded and in progress. Additionally, the Company includes our proportionate share of backlog related to unconsolidated joint ventures which is not included in our remaining performance obligations.

Liquidity and Capital Resources

At December 27, 2019, our principal sources of liquidity consisted of $619.2 million in cash and cash equivalents and $1.33 billion of available borrowing capacity under our $2.25 billion revolving credit agreement (the "Revolving Credit Facility").

The amount of cash and cash equivalents at December 27, 2019 represented a decrease of $11.9 million from $631.1 million at September 27, 2019, the changes of which are described below.

Our cash flow used for operations of $137.2 million during the three-month period ended December 27, 2019 was comparatively favorable to the $224.7 million in cash flow used for operations for the corresponding prior year period. This improvement was due primarily to favorable net earnings adjusted for noncash items compared to the previous period driven by improved operating performance. Partly offsetting this favorable impact was slightly higher uses of cash in working capital, due mainly to higher cash amounts used in accrued liabilities associated with higher payments in personnel related liabilities and professional services year over year, which was partly offset mainly by lower accounts receivable and contract assets (net of contract liabilities).

Our cash used for investing activities for the three months ended December 27, 2019 was $34.3 million, compared to cash used for investing of $22.6 million in the prior year, the change due primarily to a contribution to an equity method investment.

Our cash provided by financing activities of $166.9 million for the three months ended December 27, 2019 resulted mainly from net proceeds from borrowings of $210.6 million, partly offset by dividends of $25.6 million and stock-based compensation and benefit plan related activity of $18.1 million. Cash provided by financing activities in the prior period was $345.7 million, due primarily from net borrowings of $527.1 million, partly offset by cash used for share repurchases of $141.8 million, $28.6 million in dividends to shareholders and noncontrolling interests and approximately $10.9 million in stock-based compensation and benefit plan related activity.

At December 27, 2019, the Company had approximately $194.7 million in cash and cash equivalents held in the U.S. and $424.5 million held outside of the U.S. (primarily in the U.K., the Eurozone, Australia, India and the United Arab Emirates), which is used primarily for funding operations in those regions. Other than the tax cost of repatriating funds to the U.S. (see Note 15- *Income Taxes* of Notes to Consolidated Financial Statements included in our 2019 Form 10-K), there are no material impediments to repatriating these funds to the U.S.

The Company had $271.8 million in letters of credit outstanding at December 27, 2019. Of this amount, $2.3 million was issued under the Revolving Credit Facility and $269.6 million was issued under separate, committed and uncommitted letter-of-credit facilities.

On April 26, 2019, Jacobs completed the sale of its ECR business to Worley for a purchase price of $3.4 billion consisting of (i) $2.8 billion in cash plus (ii) 58.2 million ordinary shares of Worley, subject to adjustments for changes in working capital and certain other items.

On June 12, 2019, Jacobs completed the acquisition of The KeyW Holding Corporation (“KeyW”), a U.S. based innovative national security solutions provider to the intelligence, cyber, and counterterrorism communities by acquiring 100% of the outstanding shares of KeyW common stock. The Company paid total consideration of $902.6 million which was comprised of approximately $604.2 million in cash to the former stockholders and certain equity award holders of KeyW and the assumption of KeyW’s debt of $298.4 million. The Company repaid all of KeyW's outstanding debt by the end of Q4 fiscal 2019. The Company has recorded its preliminary purchase accounting processes associated with the acquisition, which is summarized in Note 5- *Business Combinations*.

We believe we have adequate liquidity and capital resources to fund our projected cash requirements for the next twelve months based on the liquidity provided by our cash and cash equivalents on hand, our borrowing capacity and our continuing cash from operations. We were in compliance with all of our debt covenants at December 27, 2019.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Interest Rate Risk

Please see the Note 12- *Borrowings* in Notes to Consolidated Financial Statements appearing under Part I, *Item 1* of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for a discussion of the Revolving Credit Facility and Note Purchase Agreement.

Our Revolving Credit Facility and certain other debt obligations are subject to variable rate interest which could be adversely affected by an increase in interest rates. As of December 27, 2019, we had an aggregate of $0.9 billion in outstanding borrowings under our Revolving Credit Facility. Interest on amounts borrowed under this agreement is subject to adjustment based on the Company's Consolidated Leverage Ratio (as defined in the credit agreements governing the Revolving Credit Facility). Depending on the Company's Consolidated Leverage Ratio, borrowings under the Revolving Credit Facility bear interest at a Eurocurrency rate plus a margin of between 0.875% and 1.5% or a base rate plus a margin of between 0% and 0.5%. Additionally, if our consolidated leverage ratio exceeds a certain amount, the interest on the Senior Notes may increase by 75 basis points.

For the three months ended December 27, 2019, our weighted average floating rate borrowings were approximately $1.30 billion. If floating interest rates had increased by 1.00%, our interest expense for the three months ended December 27, 2019 would have increased by approximately $3.4 million.

Foreign Currency Risk

In situations where our operations incur contract costs in currencies other than their functional currency, we attempt to have a portion of the related contract revenues denominated in the same currencies as the costs. In those situations, where revenues and costs are transacted in different currencies, we sometimes enter into foreign exchange contracts to limit our exposure to fluctuating foreign currencies. We follow the provisions of ASC No. 815, *Derivatives and Hedging* in accounting for our derivative contracts. The Company does not currently have exchange rate sensitive instruments that would have a material effect on our consolidated financial statements or results of operations.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are those controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act") are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chair and Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), to allow timely decisions regarding required disclosure.

The Company's management, with the participation of its Chair and Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), evaluated the effectiveness of the Company's disclosure controls and procedures as defined by Rule 13a-15(e) of the Exchange Act defined above, as of December 27, 2019, the end of the period covered by this Quarterly Report on Form 10-Q (the "Evaluation Date"). Based on that evaluation, the Company's management, with the participation of the Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) concluded that the Company's disclosure controls and procedures, as of the Evaluation Date, were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's Chair and Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), as appropriate to allow timely decisions regarding required disclosure.

As permitted by SEC guidance for newly acquired businesses, management's assessment of the Company's disclosure controls and procedures did not include an assessment of those disclosure controls and procedures of KeyW that are subsumed by internal control over financial reporting. KeyW accounted for approximately 8% of total assets as of the Evaluation Date and approximately 3% of total revenues of the Company for the fiscal quarter ended on the Evaluation Date.

Changes in Internal Control Over Financial Reporting

Other than changes implemented during the quarter in connection with the Company's adoption of ASC 842, there were no changes to our internal control over financial reporting which were identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act during the Quarter ended December 27, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The information required by this Item 1 is included in the Note 19- *Commitments and Contingencies* included in the Notes to Consolidated Financial Statements appearing under Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors.

Please refer to Item 1A, Risk Factors in our 2019 Form 10-K, which is incorporated herein by reference, for a discussion of some of the factors that have affected our business, financial condition, and results of operations in the past and which could affect us in the future. There have been no material changes to those risk factors, except for the information disclosed elsewhere in this Quarterly Report on Form 10-Q that provides factual updates to those risk factors. Before making an investment decision with respect to our common stock, you should carefully consider those risk factors, as well as the financial and business disclosures contained in this Quarterly Report on Form 10-Q and our other current and periodic reports filed with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There were no sales of unregistered equity securities during the first fiscal quarter of 2020.

Share Repurchases

On January 17, 2019, the Company's Board of Directors authorized a share repurchase program of up to $1.0 billion of the Company's common stock, to expire on January 16, 2022 (the "2019 Repurchase Authorization"). During fiscal 2019, the Company launched accelerated share repurchase programs by advancing a total of $500 million to two financial institutions in privately negotiated transactions (collectively, the "2019 ASR Programs"). The specific number of shares that the Company repurchased under the 2019 ASR Programs were determined based generally on a discount to the volume-weighted average price per share of the Company's common stock during a calculation period which ended on June 5, 2019 for the first $250 million in repurchases and on December 4, 2019 for the second $250 million in repurchases. The purchases were recorded as share retirements for purposes of calculating earnings per share. The following table summarizes the activity under the 2019 Repurchase Authorization during the first quarter of fiscal 2020, which relates only to the final non-cash settlement of the second $250 million ASR program.

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Numbers of Shares Purchased as Part of the 2019 Repurchase Authorization	Approximate Dollar Value of Shares that May Yet Be Purchased Under the 2019 Repurchase Authorization
December 2, 2019 - December 6, 2019	351,486	$91.08	351,486	$393,700,000

(1) Includes commissions paid and calculated at the average price per share

On January 16, 2020, the Company's Board of Directors authorized an additional share repurchase program of up to $1.0 billion of the Company's common stock, to expire on January 15, 2023 (the "2020 Repurchase Authorization"). There have been no repurchases under the 2020 Repurchase Authorization as of December 27, 2019.

The share repurchase program does not obligate the Company to purchase any shares. Share repurchases may be executed through various means including, without limitation, accelerated share repurchases, open market transactions, privately negotiated transactions, purchases pursuant to a Rule 10b5-1 plan or otherwise. The authorization for the share repurchase program may be terminated, increased or decreased by the Company's Board of Directors in its discretion at any time. The timing, amount and manner of share repurchases may depend upon market conditions and economic circumstances, availability of investment opportunities, the availability and costs of financing, currency fluctuations, the market price of the Company's common stock, other uses of capital and other factors.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

10.1#*	Form of Restricted Stock Unit Agreement (Performance Shares – Earnings Per Share Growth – 2020 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan).
10.2#*	Form of Restricted Stock Unit Agreement (Performance Shares – ROIC – 2020 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan).
10.3#*	Form of Restricted Stock Unit Agreement (Time-Based Vesting) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Act of 2002.
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended December 27, 2019, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Earnings, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended December 27, 2019, (formatted as Inline XBRL and contained in Exhibit 101).

Management contract or compensatory plan or arrangement
* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JACOBS ENGINEERING GROUP INC.

By: /s/ Kevin C. Berryman

Kevin C. Berryman
President
and Chief Financial Officer
(Principal Financial Officer)

Date: February 4, 2020

JACOBS ENGINEERING GROUP INC.
FORM OF RESTRICTED STOCK UNIT AGREEMENT
(Performance Shares - Earnings Per Share Growth)

(Awarded Pursuant to the 1999 Stock Incentive Plan, as Amended and Restated)

This Agreement is executed as of _____, by and between JACOBS ENGINEERING GROUP INC. (the "Company") and _____ ("Employee") pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan (the "Plan"). Unless the context clearly indicates otherwise, all terms defined in the Plan and used in this Agreement (whether or not capitalized) have the meanings as set forth in the Plan.

1. Restricted Stock Units

Pursuant to the Plan, and in consideration for services rendered to the Company or Related Company or for their benefit, the Company hereby issues, as of the above date (the "Award Date") to Employee an award of Restricted Stock Units in accordance with the Plan and the terms and conditions of this Agreement (the "Award"). The target number of Restricted Stock Units Employee is eligible to earn under this Agreement is _____ (the "Target Earnings Per Share Growth Restricted Stock Units"). Each Restricted Stock Unit represents the right to receive one share of Jacobs Common Stock (subject to adjustment pursuant to the Plan) in accordance with the terms and subject to the conditions (including the vesting conditions) set forth in this Agreement and the Plan. If, with respect to the Restricted Stock Units, the Employee has made an effective and operative deferral election ("EDP Deferral Election") under the Jacobs Engineering Group Inc. Executive Deferral Plan ("EDP") with respect to the shares underlying this Agreement, the terms of the EDP and EDP Deferral Election governing the time and delivery of the shares underlying this Agreement that become vested, if any, are incorporated by reference herein.

2. Vesting and Distribution

(a) The Award shall not be vested as of the Award Date and shall be forfeitable by Employee without consideration or compensation unless and until otherwise vested pursuant to the terms of this Agreement.

(b) The number of Restricted Stock Units earned under this Agreement shall be equal to the sum of the following (the "Earned Earnings Per Share Growth Restricted Stock Units"):

1. An amount, not less than zero, equal to one-third of the Target Earnings Per Share Growth Restricted Stock Units multiplied by the Earnings Per Share Growth Performance Multiplier (as defined herein) determined based upon the growth in the Company's Earnings Per Share (as defined herein) from fiscal year 2019 to fiscal year 2020; plus
2. An amount, not less than zero, equal to (A) two-thirds of the Target Earnings Per Share Growth Restricted Stock Units multiplied by the Earnings Per Share Growth Performance Multiplier determined based upon the average growth in the Company's Earnings Per Share in fiscal years 2021 and 2020 compared to the respective prior fiscal year minus (B) the amount determined pursuant to Section 2(b)(1) above; plus
3. An amount, not less than zero, equal to (A) the Target Earnings Per Share Growth Restricted Stock Units multiplied by the Earnings Per Share Growth Performance Multiplier determined based upon the average growth in the Company's Earnings Per Share in fiscal years 2020, 2021,

and 2022 as compared to each respective prior fiscal year minus (B) the amount determined pursuant to Sections 2(b)(1) and 2(b)(2) above.

The Earnings Per Share Growth Performance Multiplier for purposes of the above calculations will be determined by reference to the following tables based upon the average growth in the Company's Earnings Per Share over the indicated fiscal periods:

From Fiscal Year 2019 to Fiscal Year 2020

Earnings Per Share Growth	Earnings Per Share Growth Performance Multiplier
Less than 13.2%	0%
13.2%	25%
16.5%	100%
19.8%	200%

From Fiscal Year 2019 to Fiscal Year 2021

Average Annual Earnings Per Share Growth	Earnings Per Share Growth Performance Multiplier
Less than 10.6%	0%
10.6%	25%
13.3%	100%
16.0%	200%

From Fiscal Year 2019 to Fiscal Year 2022

Average Annual Earnings Per Share Growth	Earnings Per Share Growth Performance Multiplier
Less than 9.8%	0%
9.8%	25%
12.2%	100%
14.6%	200%

The Earnings Per Share Growth Performance Multiplier will be determined using straight-line interpolation based on the actual average growth in Earnings Per Share other than those listed in the charts above.

For purposes of this Section 2(b), “Earnings Per Share” for any fiscal period is computed by dividing Net Earnings by the weighted average number of shares of the Company’s common stock outstanding during the period. “Net Earnings” means the net earnings attributable to the Company as reported in its consolidated financial statements for such period determined in accordance with accounting principles generally accepted in the United States (“GAAP”) (A) as may be adjusted to eliminate the effects of (i) costs associated with restructuring activities, as determined in accordance with GAAP, regardless of whether the Company discloses publicly the amount of such restructuring costs or the fact

that the Company engaged in restructuring activities during the periods restructuring costs were incurred; and (ii) gains or losses associated with discontinued operations, as determined in accordance with GAAP, but limited to the first reporting period an operation is determined to be discontinued and all subsequent periods (*i.e.*, there will be no retroactive application of this adjustment); and (B) as adjusted for all gains or losses associated with events or transactions that the Committee has made a finding are unusual in nature, infrequently occurring and otherwise not indicative of the Company's normal operations, and therefore, not indicative of the underlying Company performance. For purposes of this part (B), such events or transactions could include: (i) settlements of claims and litigation; (ii) disposals of operations including a disposition of a significant amount of the Company's assets; (iii) losses on sales of investments; and (iv) changes in laws and/or regulations.

(c) After the Award Date, a number of Restricted Stock Units equal to the Earned Earnings Per Share Growth Restricted Stock Units will become 100% vested (referred to as "Vested Units") on the third anniversary of the Award Date (the "Maturity Date"), provided that, except as provided in Section 2(d) below, Employee remains continuously employed by the Company or Related Company through such Maturity Date.

(d) Notwithstanding anything in this Agreement or Schedule B of the Plan to the contrary, in the event that Employee's employment with the Company or Related Company terminates prior to the Maturity Date as a result of Employee's Retirement, death, or Disability, this Award shall remain outstanding and shall vest on the Maturity Date (based on actual performance through the entire performance period); provided, that on the Maturity Date only a pro-rated portion (based on the number of days, during the period between the Award Date and the Maturity Date, that Employee was employed by the Company or Related Company prior to Employee's Retirement death, or Disability) of the Earned Earnings Per Share Growth Restricted Stock Units will become vested, with the remainder of the Award forfeited at that time.

(e) Notwithstanding anything in this Agreement or Schedule B of the Plan to the contrary, in the event of a Change in Control, the number of Earned Earnings Per Share Growth Restricted Stock Units shall be determined as of the date such Change in Control is consummated, rather than the Maturity Date, with the number of Earned Earnings Per Share Growth Restricted Stock Units determined as set forth in Section 2(b) hereof, except that: (1) if the Change in Control occurs prior to the last day of fiscal year 2020, the Earnings Per Share Growth Performance Multiplier will be 100%; and (2) if the Change in Control occurs upon or after the last day of fiscal year 2020, the number of Earned Earnings Per Share Growth Restricted Stock Units will be determined pursuant to Section 2(b) based upon performance through the last day of the fiscal year immediately preceding or coinciding with the date of the Change in Control, plus an additional number of Restricted Stock Units, not less than zero, equal to (A) the Target Earnings Per Share Growth Restricted Stock Units multiplied by the Earnings Per Share Growth Performance Multiplier determined based upon the average annual growth in the Company's Earnings Per Share through the end of the last fiscal quarter completed on or prior to the date of the Change in Control, minus (B) the amount determined pursuant to Section 2(b) based upon performance through the last day of the fiscal year immediately preceding or coinciding with the date of the Change in Control.

Following a Change in Control, except as otherwise set forth in the Plan (including Schedule B thereof), the Earned Earnings Per Share Growth Restricted Stock Units shall remain outstanding and subject to the terms and conditions of the Plan and this Agreement, including the vesting condition of continued employment through the Maturity Date.

(f) Except as set forth herein and in the Plan (including Schedule B thereof the terms of which shall apply to the Award), Employee has no rights, partial or otherwise, in the Award and/or any shares of Jacobs Common Stock subject thereto, unless and until the Award has been earned and vested pursuant to this Section 2.

(g) Each Vested Unit shall be settled by the delivery of one share of Common Stock (subject to adjustment under the Plan), unless the Committee elects to settle the Vested Unit in another form of consideration of equivalent value (as determined by the Committee in its sole discretion) in connection with or following a Change in Control. If the Employee has not made any EDP Deferral Election with respect to Restricted Stock Units that become vested, settlement will occur as soon as practicable following certification by the Company of the number of Earnings Per Share Growth Restricted Stock Units and passage of the Maturity Date (or, if earlier, the date the Award becomes vested pursuant to the terms of the Plan, including Schedule B thereof, or Section 2(d) above), but in no event later than 30 days following the Maturity Date (or such earlier date that the Award becomes vested). If the Employee has made an EDP Deferral Election, deferred Vested Units shall be settled as soon as practicable following the date elected on the Employee's operative EDP Deferral Election or other settlement date set forth under the terms of the EDP. In any event, no fractional shares shall be issued pursuant to this Agreement.

(h) Neither the Award, nor any interest therein nor shares of Jacobs Common Stock payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily.

3. Section 409A Compliance

Notwithstanding any other provision of the Plan or this Agreement to the contrary, the Plan and this Agreement shall be construed or deemed to be amended as necessary to comply with the requirements of Section 409A of the Code, to avoid the imposition of any additional or accelerated taxes or other penalties under Section 409A of the Code. The Committee, in its sole discretion, shall determine the requirements of Section 409A of the Code applicable to the Plan and this Agreement and shall interpret the terms of each consistently therewith. Under no circumstances, however, shall the Company have any liability under the Plan or this Agreement for any taxes, penalties or interest due on amounts paid or payable pursuant to the Plan and/or this Agreement or any EDP Deferral Election, including any taxes, penalties or interest imposed under Section 409A of the Code. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any payment or benefit under this Agreement, or any other plan or arrangement of the Company or its affiliates, is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A and is payable to Employee by reason of Employee's termination of employment, then (a) such payment or benefit shall be made or provided to Employee only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if Employee is a "specified employee" (within the meaning of Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of Employee's

separation from service (or Employee's earlier death). Each payment under this Agreement will be treated as a separate payment under Section 409A of the Code.

4. Status of Participant

Except as set forth in this section, Employee shall have no rights as a stockholder (including, without limitation, any voting rights or rights to receive dividends with respect to the shares of Jacobs Common Stock subject to the Award) with respect to either the Award granted hereunder or the shares of Jacobs Common Stock underlying the Award, unless and until such shares are issued in respect of Vested Units, and then only to the extent of such issued shares.

Notwithstanding the foregoing, the Employee is entitled to a "Dividend Equivalent Right" under the EDP with respect to each Vested Unit for which delivery of the underlying share of Common Stock has been deferred pursuant to an EDP Deferral Election, to the extent the Company pays any cash dividend with respect to outstanding Jacobs Common Stock on or after the date on which such Vested Unit is deferred and while such Vested Unit remains outstanding. The term "Dividend Equivalent Right" shall mean a dollar amount equal to the per-share cash dividend paid by the Company. Any Dividend Equivalent Right will be subject to the same payment and other terms and conditions (including, if applicable, the terms of the EDP and EDP Deferral Election) as the Vested Unit to which it relates.

Except as otherwise provided under the terms of the EDP or EDP Deferral Election, if applicable: (a) any vested Dividend Equivalent Right with respect to Vested Units will be paid to the Employee in cash at the same time the underlying share of Common Stock is delivered to the Employee; and (b) the Employee will not be credited with Dividend Equivalent Rights with respect to any Restricted Stock Unit prior to vesting or to any Restricted Stock Unit that, as of the record date for the relevant dividend, is no longer outstanding for any reason (*e.g.*, because it has been settled in Common Stock or has been terminated), and the Employee will not be entitled to any payment for Dividend Equivalent Rights with respect to any Restricted Stock Unit that terminates without vesting. For purposes of this Agreement, a Vested Unit that has not yet been settled (*e.g.*, because of an EDP Deferral Election) shall be considered outstanding for purposes of this Section 4.

No shares may be issued in respect of Vested Units if, in the opinion of counsel for the Company, all then applicable requirements of the Securities and Exchange Commission and any other regulatory agencies having jurisdiction and of any stock exchange upon which the shares of the Company may be listed are not fully met, and, as a condition of the issuance of shares, Employee shall take all such action as counsel may advise is necessary for Employee to take to meet such requirements.

5. Nature of Award

In accepting the Award, Employee acknowledges, understands and agrees that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The Award of the Restricted Stock Units hereunder is voluntary and occasional and does not create any contractual or other right to receive future Awards of Restricted Stock Units, or any benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

(c) All decisions with respect to future Restricted Stock Unit or other awards, if any, will be at the sole discretion of the Company;

(d) The Award and Employee's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company, or any Related Companies and shall not interfere with the ability of the Company, or any Related Company, as applicable, to terminate Employee's employment or service relationship (if any);

(e) The Award and the shares of Jacobs Common Stock subject to the Award, the value of same, and any ultimate gain, loss, income or expense associated with the Award are not part of Employee's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) No claim or entitlement to compensation or damages shall arise from forfeiture of the Award for any reason, including forfeiture resulting from Employee ceasing to provide employment or other services to the Company or any Related Company (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any), and in consideration of the Award to which Employee is otherwise not entitled, Employee irrevocably agrees never to institute or allow to be instituted on his or her behalf any claim against the Company or any of its Related Companies, waives his or her ability, if any, to bring any such claim, and releases the Company and any Related Companies from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Employee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

6. [Restrictive Covenants, Repayment Obligations and Injunctive Relief[1]

In accepting the Award, Employee acknowledges and agrees that Jacobs will be providing Employee with Jacobs' confidential, highly sensitive, proprietary, and/or trade secret information, including, but not limited to, in the very competitive consulting, engineering/advanced engineering, design, construction, construction management, project and program management, technology solutions, government and municipal services, and intelligence, cyber/cybersecurity and counterterrorism services businesses. In this regard, Employee also acknowledges and recognizes that Jacobs will be placing Employee in a position or in positions of trust with respect to building Jacobs' business goodwill on a global basis, and with respect to learning Jacobs' global business information of a highly sensitive, confidential, proprietary, and/or trade secret nature, including but not limited to, names and duties of key personnel, business and growth/expansion plans, marketing and business development initiatives and prospects, financial results and forecasts, bidding information, cost and charging rates and their make-up and structure, customer lists, and profit and operating margins (collectively, "Sensitive Information"). In accepting the award, Employee promises not to use or disclose Jacobs' Sensitive Information, other than on behalf of, and/or as authorized by, Jacobs. Employee further acknowledges and agrees that the restrictive covenants in this Section 6 and its Subsections are reasonable as to geographical area, scope and duration, and are necessary to protect Jacobs' global business goodwill and Sensitive Information that Employee will receive, and will have access to, during Employee's employment with Jacobs. Employee agrees that the restrictive covenants do not impose a greater restraint than is necessary to protect Jacobs'

goodwill and business interests. Accordingly, in accepting the Award, Employee acknowledges, understands and agrees that:

(a) Employee shall not, during the one (1) year period following the termination of Employee's employment with Jacobs for any reason other than an involuntary layoff without Cause (as defined in the Plan), directly or indirectly, provide services to a Competitor (as defined below) that are the same or similar to those that Employee provides or has provided to Jacobs (including in a lateral or promotional position, e.g., as a Chief Executive Officer), or that are otherwise competitive with Jacobs' business, within any geographic region, area, market, district, territory, county, parish or other location for which Employee was responsible, or performed duties, for Jacobs during the last twelve (12) months of Employee's employment. Competitor, for purposes of this Subsection 6(a) (and for Subsection 6(d), below), means the consulting, engineering/advanced engineering, design, construction, construction management, project and program management, technology solutions, government and municipal services, and intelligence, cyber/cybersecurity and counterterrorism services companies in the building and infrastructure, advance facilities, transportation, water/waste water, aerospace, nuclear, and technology sectors in which Jacobs does business, provided that such Competitors shall for purposes of this Subsection 6(a) be confined to the Competitors listed on Exhibit "A" to this Agreement.

(b) In the event Employee breaches Subsection 6(a) of this Agreement, in addition to and without limiting any other right or remedy that Jacobs may have, including Jacobs' right to obtain injunctive relief pursuant to Subsection 6(f), below, an award of monetary damages, and/or any other form of remedy, Jacobs shall be entitled to receive from Employee all Common Stock that vested under this Agreement during the period beginning twelve (12) months prior to Employee's termination date. If Employee has sold, transferred, or otherwise disposed of such vested Common Stock, Jacobs shall be entitled to receive from Employee the full value of such Common Stock on the date of sale, transfer, or other disposition (less any taxes withheld at the time of vesting and any taxes withheld or otherwise paid by Employee with respect to the sale, transfer or other disposition).

(c) While employed with Jacobs, and following termination of employment with Jacobs for any reason, Employee shall not perform work for any company or third party on any proposals, bids, statements of qualifications, or other business development tasks (collectively, "Proposals") that are open as of Employee's termination of employment date and not yet awarded as of such date that Jacobs is (i) exploring, pursing and/or bidding upon (collectively, "Open Pursuits") and (ii) about which Employee learned or had knowledge of Jacobs', its clients' and/or its business affiliates' Sensitive Information or other confidential, proprietary and trade secret information. Employee agrees not to work, directly or indirectly, on any such Open Pursuits for any company or third party since it would not be possible for Employee to assist such company or third party in submitting any Proposals or refining offers on the same Open Pursuits without using and inevitably disclosing Jacobs', its clients' and/or its business affiliates' Sensitive Information or other confidential, proprietary and trade secret information in Employee's possession.

(d) For a period of one (1) year following Employee's termination of employment date, Employee shall not, either directly or indirectly, for Employee or on behalf of

[1] Included in the award agreements for certain senior officers

any third party, solicit, induce, recruit, or cause another person in the employ of Jacobs to terminate his or her employment for the purpose of joining, associating or becoming employed with any Competitor (as defined above).

(e) For a period of one (1) year following Employee's termination of employment date, Employee shall not, either directly or indirectly, for Employee or on behalf of any third party, solicit, induce, recruit, encourage or otherwise endeavor to cause or attempt to cause any client, vendor or contractor of Jacobs to modify, alter and/or terminate its relationship with Jacobs.

(f) By accepting this Agreement, Employee hereby acknowledges (i) that the Company will suffer irreparable harm if Employee breaches his or her obligations under this Agreement; and (ii) that monetary damages will be inadequate to compensate the Company for such a breach. Therefore, Employee agrees, acknowledges and understands that if Employee breaches any of the restrictive convention provision in this Section 6 and its Subsections, then the Company shall be entitled to injunctive relief, in addition to any other remedies at law or equity, to enforce such provisions.

(g) In the event of a breach by Employee of any of the restrictive covenant provision in Section 6 and its Subsections, Employee agrees that the restricted period applicable to restricted covenant provision being breached shall be automatically extended for a period equal to the breaching period.

(h) The restrictive covenant provisions are material and important terms of this Agreement, and therefore Employee further agrees that should all or any part or application of the restrictive covenant provisions of Subsections 6(a), 6(b) or 6(c) of this Agreement be held or found invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between Employee and the Company, Jacobs shall be entitled to receive from Employee all Common Stock that vested under this Agreement during the period beginning twenty-four (24) months prior to Employee's termination date. If Employee has sold, transferred, or otherwise disposed of such vested Common Stock, Jacobs shall be entitled to receive from Employee the full value of such Common Stock on the date of sale, transfer, or other disposition (less any taxes withheld at the time of vesting and any taxes withheld or otherwise paid by Employee with respect to the sale, transfer or other disposition).

(i) In case any one or more of the restrictive covenant provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. Additionally, if any one or more of the restrictive covenant provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, scope, activity, or subject, it shall be construed or reformed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law.]

7. Data Privacy

Employee understands that the Company and/or a Related Company may hold certain personal information about the Employee in connection with this Agreement (including the terms of the EDP and EDP Deferral Election to the extent applicable under Section 1), including, but not

limited to, Employee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of Jacobs Common Stock or directorships held in the Company, details of all Awards or any other entitlement to shares of Jacobs Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Employee's favor, for the exclusive purpose of implementing, administering and managing the Plan and this Agreement ("Data").

Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Employee's personal Data by and among, as applicable, the Company and its Related Companies for the exclusive purpose of implementing, administering and managing Employee's participation in the Plan and under this Agreement.

Employee understands that Data will be transferred to the Company's broker, administrative agents or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Employee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country or countries in which such recipients reside or operate (*e.g.*, the United States) may have different data privacy laws and protections than Employee's country. Employee understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Employee understands that Data will be held only as long as is necessary to implement, administer and manage Employee's participation in the Plan and this Agreement or as required under applicable law.

8. Payment of Withholding Taxes

Employee acknowledges that, regardless of any action taken by the Company or Related Companies or, if different, Employee's employer (the "Employer") the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Employee's participation in the Plan and legally applicable to Employee or deemed by the Company, Related Company or the Employer in its discretion to be an appropriate charge to Employee even if legally applicable to the Company, Related Company or the Employer ("Tax-Related Items"), is and remains Employee's responsibility and may exceed the amount actually withheld by the Company, Related Company or the Employer. Employee further acknowledges and agrees that the Company or Related Company and/or the Employer may, if it so determines, offset any Employer tax liabilities deemed applicable to Employee by reducing the shares of Jacobs Common Stock otherwise deliverable to Employee pursuant to this Agreement. Employee further acknowledges that the Company, Related Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of shares of Jacobs Common Stock acquired pursuant to such settlement; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Restricted Stock Units to reduce or eliminate Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if Employee is subject to Tax-Related Items in more than one jurisdiction between the Award Date and the date of any relevant taxable or tax withholding event, as applicable, Employee acknowledges that the Company, Related Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to issue or deliver any shares of Jacobs Common Stock to the Employee until the obligation for any Tax-Related Items due in connection with the Award has been satisfied.

Under no circumstances can the Company be required to withhold from the shares of Jacobs Common Stock that would otherwise be delivered to Employee upon settlement of the Award a number of shares having a total Fair Market Value that exceeds the amount of withholding taxes as determined by the Company at the time the Award vests.

9. Services as Employee

Employee shall not be deemed to have ceased to be employed by the Company (or any Related Company) for purposes of this Agreement by reason of Employee's transfer to a Related Company (or to the Company or to another Related Company). The Committee may determine that, for purposes of this Agreement, Employee shall be considered as still in the employ of the Company or of the Related Company while on leave of absence.

Nothing contained in this Agreement or the Plan constitutes an employment or service commitment by the Company or any Related Company, affects the Employee's status as an employee at will who is subject to termination without cause, confers upon the Employee any right to remain employed by or in service to the Company or any Related Company, interferes in any way with the right of the Company or any Related Company, as applicable, at any time to terminate such employment or services, or affects the right of the Company or any Related Company, as applicable, to increase or decrease the Employee's other compensation or benefits. Nothing in this Section, however, is intended to adversely affect any independent contractual right of the Employee without his or her consent thereto.

10. Miscellaneous Provisions

This Agreement is governed in all respects by the Plan and applicable law. In the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan shall prevail. Subject to the limitations of the Plan, the Company may, with the written consent of Employee, amend this Agreement. This Agreement shall be construed, administered and enforced according to the laws of the State of Delaware. By accepting this Agreement, Employee agrees to submit to the jurisdiction and venue of any court of competent jurisdiction in Delaware without regard to conflict of laws, rules or principles, for any claim arising out of this Agreement.

11. Clawback

Employee agrees that if Employee is or becomes a Section 16 executive officer of the Company, in the event of any Inaccurate Financial Statement, Employee will return to the Company on demand all incentive-based compensation payments (whether under this Award, the Plan or otherwise) made to Employee during the 3-year period preceding the date on which the Company is required to prepare an accounting restatement that are in excess of what would have been paid had such incentive-based compensation instead been determined under the accounting restatement (the "Payments"). In addition, Employee agrees to application of any clawback, forfeiture, recoupment, or similar requirement required to apply to incentive-based compensation granted to Employee under any current or future applicable law or listing standard or regulatory body requirement. An "Inaccurate Financial Statement" is any inaccurate financial statement due to material noncompliance by the Company with any financial reporting requirements under the securities laws.

12. Agreement of Employee

By signing below or electronically accepting this Award, Employee (1) agrees to the terms and conditions of this Agreement, (2) confirms receipt of a copy of the Plan and all amendments and supplements thereto, and (3) appoints the officers of the Company as Employee's true and

lawful attorney-in-fact, with full power of substitution in the premises, granting to each full power and authority to do and perform any and every act whatsoever requisite, necessary, or proper to be done, on behalf of Employee which, in the opinion of such attorney-in-fact, is necessary or prudent to effect the forfeiture of the Award to the Company, or the delivery of the Jacobs Common Stock to Employee, in accordance with the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

JACOBS ENGINEERING GROUP INC.
By:

JACOBS ENGINEERING GROUP INC.
FORM OF RESTRICTED STOCK UNIT AGREEMENT
(Performance Shares – ROIC)

(Awarded Pursuant to the 1999 Stock Incentive Plan, as Amended and Restated)

This Agreement is executed as of _____, by and between JACOBS ENGINEERING GROUP INC. (the "Company") and _____ ("Employee") pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan (the "Plan"). Unless the context clearly indicates otherwise, all terms defined in the Plan and used in this Agreement (whether or not capitalized) have the meanings as set forth in the Plan.

1. Restricted Stock Units

Pursuant to the Plan, and in consideration for services rendered to the Company or Related Company or for their benefit, the Company hereby issues, as of the above date (the "Award Date") to Employee an award of Restricted Stock Units in accordance with the Plan and the terms and conditions of this Agreement (the "Award"). The target number of Restricted Stock Units Employee is eligible to earn under this Agreement is _____ (the "Target ROIC Restricted Stock Units"). Each Restricted Stock Unit represents the right to receive one share of Jacobs Common Stock (subject to adjustment pursuant to the Plan) in accordance with the terms and subject to the conditions (including the vesting conditions) set forth in this Agreement and the Plan. If, with respect to the Restricted Stock Units, the Employee has made an effective and operative deferral election ("EDP Deferral Election") under the Jacobs Engineering Group Inc. Executive Deferral Plan ("EDP") with respect to the shares underlying this Agreement, the terms of the EDP and EDP Deferral Election governing the time of delivery of the shares underlying this Agreement that become vested, if any, are incorporated by reference herein.

2. Vesting and Distribution

(a) The Award shall not be vested as of the Award Date and shall be forfeitable by Employee without consideration or compensation unless and until otherwise vested pursuant to the terms of this Agreement.

(b) The number of Restricted Stock Units earned under this Agreement shall be equal to the sum of the following (the "Earned ROIC Restricted Stock Units"):

i. An amount, not less than zero, equal to one-third of the Target ROIC Restricted Stock Units multiplied by the ROIC Performance Multiplier (as defined herein) determined based upon the Company's ROIC (as defined herein) in fiscal year 2020; plus
ii. An amount, not less than zero, equal to (A) two-thirds of the Target ROIC Restricted Stock Units multiplied by the ROIC Performance Multiplier determined based upon the average ROIC in fiscal years 2021 and 2020 minus (B) the amount determined pursuant to Section 2(b)(1) above; plus
iii. An amount, not less than zero, equal to (A) the Target ROIC Restricted Stock Units multiplied by the ROIC Performance Multiplier determined based upon the average ROIC in fiscal years 2020, 2021, and 2022 minus (B) the amount determined pursuant to Sections 2(b)(1)and 2(b)(2) above.

The ROIC Performance Multiplier for purposes of the above calculations will be determined by reference to the following tables based upon the average ROIC over the indicated fiscal periods:

Fiscal Year 2020

ROIC	ROIC Performance Multiplier
Less than 9.1%	0%
9.1%	25%
10.7%	100%
12.3%	200%

Fiscal Year 2020 and Fiscal Year 2021

Average ROIC	ROIC Performance Multiplier
Less than 9.4%	0%
9.4%	25%
11.0%	100%
12.6%	200%

Fiscal Year 2020, Fiscal Year 2021 and Fiscal Year 2022

Average ROIC	ROIC Performance Multiplier
Less than 9.5%	0%
9.5%	25%
11.2%	100%
12.9%	200%

The ROIC Performance Multiplier will be determined using straight-line interpolation based on the actual average ROIC other than those listed in the charts above.

For purposes of this Section 2(b), the "Return on Invested Capital" for any fiscal period is computed by dividing Adjusted Net Earnings by the Average of Beginning and Ending Invested Capital during the period, and where invested capital is the sum of equity plus long term debt less cash and cash equivalents. Adjusted Net Earnings means the Net Earnings attributable to the Company as reported in its consolidated financial statements for such period determined in accordance with accounting principles generally accepted in the United States ("GAAP") (A) as may be adjusted to eliminate the effects of (i) costs associated with restructuring activities, as determined in accordance with GAAP, regardless of whether the Company discloses publicly the amount of such restructuring costs or the fact that the Company engaged in restructuring activities during the periods restructuring costs were incurred; and (ii) gains or losses associated with discontinued operations, as determined in accordance with GAAP, but limited to the first reporting period an operation is determined to be discontinued and all subsequent periods (*i.e.*, there will be no retroactive application of this adjustment); and (B) as adjusted for all gains or losses associated with events or transactions that the Committee has made a finding are unusual in nature, infrequently occurring and otherwise not indicative of the Company's normal operations, and therefore, not indicative of the underlying Company performance. For purposes of this part (B), such events or transactions could include: (i) settlements of claims and litigation; (ii) disposals of operations

including a disposition of a significant amount of the Company's assets; (iii) losses on sales of investments; and (iv) changes in laws and/or regulations. "Invested Capital" means (i) the value of the Company's equity as reported in its consolidated financial statements for such period determined in accordance with GAAP, plus (ii) the value of the Company's debt as reported in its consolidated financial statements for such period determined in accordance with GAAP, minus (iii) the Company's cash and cash equivalent assets as reported in its consolidated financial statements for such period determined in accordance with GAAP.

(c) After the Award Date, a number of Restricted Stock Units equal to the Earned ROIC Restricted Stock Units will become 100% vested (referred to as "Vested Units") on the third anniversary of the Award Date (the "Maturity Date"), provided that, except as provided in Section 2(d) below, Employee remains continuously employed by the Company or Related Company through such Maturity Date.

(d) Notwithstanding anything in this Agreement or Schedule B of the Plan to the contrary, in the event that Employee's employment with the Company or Related Company terminates prior to the Maturity Date as a result of Employee's Retirement, death, or Disability, this Award shall remain outstanding and shall vest on the Maturity Date based on the Company's average Return on Invested Capital over the Performance Period; provided, that on the Maturity Date only a pro-rated portion (based on the number of days, during the period between the Award Date and the Maturity Date, that Employee was employed by the Company or Related Company prior to Employee's Retirement death, or Disability) of the Earned ROIC Restricted Stock Units will become vested, with the remainder of the Award forfeited at that time.

(e) Notwithstanding anything in this Agreement or Schedule B of the Plan to the contrary, in the event of a Change in Control, the number of Earned ROIC Restricted Stock Units shall be determined as of the date such Change in Control is consummated, rather than the Maturity Date, with the number of Earned ROIC Restricted Stock Units determined as set forth in Section 2(b) hereof, except that: (1) if the Change in Control occurs prior to the last day of fiscal year 2020, the ROIC Performance Multiplier will be 100%; and (2) if the Change in Control occurs upon or after the last day of fiscal year 2020, the ROIC Performance Multiplier shall be determined pursuant to Section 2(b) based upon the Company's average Return on Invested Capital based on information available as of the Change in Control (taking into account the consideration per share to be paid in the Change in Control transaction).

Following a Change in Control, except as otherwise set forth in the Plan (including Schedule B thereof), the Earned ROIC Restricted Stock Units shall remain outstanding and subject to the terms and conditions of the Plan and this Agreement, including the vesting condition of continued employment through the Maturity Date.

(f) Except as set forth herein and in the Plan (including Schedule B thereof, the terms of which shall apply to the Award), Employee has no rights, partial or otherwise in the Award and/or any shares of Jacobs Common Stock subject thereto unless and until the Award has been earned and vested pursuant to this Section 2.

(g) Each Vested Unit shall be settled by the delivery of one share of Common Stock (subject to adjustment under the Plan), unless the Committee elects to settle the Vested Unit in another form of consideration of equivalent value (as determined by the Committee in its sole discretion) in connection with or following a Change in Control. If the Employee has not made any EDP Deferral Election with respect to Restricted Stock Units that become vested, settlement will occur as soon as practicable following certification by the Company of the number of Earned ROIC Restricted Stock Units and passage of the Maturity Date (or, if earlier, the date the Award becomes vested pursuant to the terms of the Plan, including Schedule B thereof, or Section 2(d) above), but in no event later than 30 days following the Maturity Date (or such earlier date that the Award becomes vested). If the Employee has made an EDP Deferral Election, deferred Vested Units shall be settled as soon as practicable following the date elected on the Employee's operative EDP Deferral Election or other settlement date set forth under the terms of the EDP. In any event, no fractional shares shall be issued pursuant to this Agreement.

(h) Neither the Award, nor any interest therein nor shares of Jacobs Common Stock payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily.

3. Section 409A Compliance

Notwithstanding any other provision of the Plan or this Agreement to the contrary, the Plan and this Agreement shall be construed or deemed to be amended as necessary to comply with the requirements of Section 409A of the Code, to avoid the imposition of any additional or accelerated taxes or other penalties under Section 409A of the Code. The Committee, in its sole discretion, shall determine the requirements of Section 409A of the Code applicable to the Plan and this Agreement and shall interpret the terms of each consistently therewith. Under no circumstances, however, shall the Company have any liability under the Plan or this Agreement for any taxes, penalties or interest due on amounts paid or payable pursuant to the Plan and/or this Agreement or any EDP Deferral Election, including any taxes, penalties or interest imposed under Section 409A of the Code. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any payment or benefit under this Agreement, or any other plan or arrangement of the Company or its affiliates, is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A and is payable to Employee by reason of Employee's termination of employment, then (a) such payment or benefit shall be made or provided to Employee only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if Employee is a "specified employee" (within the meaning of Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of Employee's separation from service (or Employee's earlier death). Each payment under this Agreement will be treated as a separate payment under Section 409A of the Code.

4. Status of Participant

Except as set forth in this section, Employee shall have no rights as a stockholder (including, without limitation, any voting rights or rights to receive dividends with respect to the shares of Jacobs Common Stock subject to the Award) with respect to either the Award granted hereunder or the shares of Jacobs Common Stock underlying the Award, unless and until such shares are issued in respect of Vested Units, and then only to the extent of such issued shares.

Notwithstanding the foregoing, the Employee is entitled to a "Dividend Equivalent Right" under the EDP with respect to each Vested Unit for which delivery of the underlying share of Common Stock has been deferred pursuant to an EDP Deferral Election, to the extent the Company pays any cash dividend with respect to outstanding Jacobs Common Stock on or after the date on which such Vested Unit is deferred and while such Vested Unit remains outstanding. The term "Dividend Equivalent Right" shall mean a dollar amount equal to the per-share cash dividend paid by the Company. Any Dividend Equivalent Right will be subject to the same payment and other terms and conditions (including, if applicable, the terms of the EDP and EDP Deferral Election) as the Vested Unit to which it relates.

Except as otherwise provided under the terms of the EDP or EDP Deferral Election, if applicable: (a) any vested Dividend Equivalent Right with respect to Vested Units will be paid to the Employee in cash at the same time the underlying share of Common Stock is delivered to the Employee; and (b) the Employee will not be credited with Dividend Equivalent Rights with respect to any Restricted Stock Unit prior to vesting or to any Restricted Stock Unit that, as of the record date for the relevant dividend, is no longer outstanding for any reason (*e.g.*, because it has been settled in Common Stock or has been terminated), and the Employee will not be entitled to any payment for Dividend Equivalent Rights with respect to any Restricted Stock Unit that terminates without vesting. For purposes of this Agreement, a Vested Unit that has not yet been settled (*e.g.*, because of an EDP Deferral Election) shall be considered outstanding for purposes of this Section 4.

No shares may be issued in respect of Vested Units if, in the opinion of counsel for the Company, all then applicable requirements of the Securities and Exchange Commission and any other regulatory agencies having jurisdiction and of any stock exchange upon which the shares of the Company may be listed are not fully met, and, as a condition of the issuance of shares, Employee shall take all such action as counsel may advise is necessary for Employee to take to meet such requirements.

5. Nature of Award

In accepting the Award, Employee acknowledges, understands and agrees that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The Award of the Restricted Stock Units hereunder is voluntary and occasional and does not create any contractual or other right to receive future Awards of Restricted Stock Units, or any benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

(c) All decisions with respect to future Restricted Stock Unit or other awards, if any, will be at the sole discretion of the Company;

(d) The Award and Employee's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company, or any Related Companies and shall not interfere with the ability of the Company, or any Related Company, as applicable, to terminate Employee's employment or service relationship (if any);

(e) The Award and the shares of Jacobs Common Stock subject to the Award, the value of same, and any ultimate gain, loss, income or expense associated with the Award are not part of Employee's normal or expected compensation for

purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) No claim or entitlement to compensation or damages shall arise from forfeiture of the Award for any reason, including forfeiture resulting from Employee ceasing to provide employment or other services to the Company or any Related Company (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any), and in consideration of the Award to which Employee is otherwise not entitled, Employee irrevocably agrees never to institute or allow to be instituted on his or her behalf any claim against the Company or any of its Related Companies, waives his or her ability, if any, to bring any such claim, and releases the Company and any Related Companies from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Employee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

6. [Restrictive Covenants, Repayment Obligations and Injunctive Relief[1]

In accepting the Award, Employee acknowledges and agrees that Jacobs will be providing Employee with Jacobs' confidential, highly sensitive, proprietary, and/or trade secret information, including, but not limited to, in the very competitive consulting, engineering/advanced engineering, design, construction, construction management, project and program management, technology solutions, government and municipal services, and intelligence, cyber/cybersecurity and counterterrorism services businesses. In this regard, Employee also acknowledges and recognizes that Jacobs will be placing Employee in a position or in positions of trust with respect to building Jacobs' business goodwill on a global basis, and with respect to learning Jacobs' global business information of a highly sensitive, confidential, proprietary, and/or trade secret nature, including but not limited to, names and duties of key personnel, business and growth/expansion plans, marketing and business development initiatives and prospects, financial results and forecasts, bidding information, cost and charging rates and their make-up and structure, customer lists, and profit and operating margins (collectively, "Sensitive Information"). In accepting the award, Employee promises not to use or disclose Jacobs' Sensitive Information, other than on behalf of, and/or as authorized by, Jacobs. Employee further acknowledges and agrees that the restrictive covenants in this Section 6 and its Subsections are reasonable as to geographical area, scope and duration, and are necessary to protect Jacobs' global business goodwill and Sensitive Information that Employee will receive, and will have access to, during Employee's employment with Jacobs. Employee agrees that the restrictive covenants do not impose a greater restraint than is necessary to protect Jacobs' goodwill and business interests. Accordingly, in accepting the Award, Employee acknowledges, understands and agrees that:

(a) Employee shall not, during the one (1) year period following the termination of Employee's employment with Jacobs for any reason other than an involuntary layoff without Cause (as defined in the Plan), directly or indirectly, provide services to a Competitor (as defined below) that are the same or similar to those that Employee provides or has provided to Jacobs (including in a lateral or promotional position, e.g., as a Chief Executive Officer), or that are otherwise competitive with Jacobs' business, within any geographic region, area, market, district, territory, county, parish or other location for which Employee was

[1] Included in the award agreements for certain senior officers

responsible, or performed duties, for Jacobs during the last twelve (12) months of Employee's employment. Competitor, for purposes of this Subsection 6(a) (and for Subsection 6(d), below), means the consulting, engineering/advanced engineering, design, construction, construction management, project and program management, technology solutions, government and municipal services, and intelligence, cyber/cybersecurity and counterterrorism services companies in the building and infrastructure, advance facilities, transportation, water/waste water, aerospace, nuclear, and technology sectors in which Jacobs does business, provided that such Competitors shall for purposes of this Subsection 6(a) be confined to the Competitors listed on Exhibit "A" to this Agreement.

(b) In the event Employee breaches Subsection 6(a) of this Agreement, in addition to and without limiting any other right or remedy that Jacobs may have, including Jacobs' right to obtain injunctive relief pursuant to Subsection 6(f), below, an award of monetary damages, and/or any other form of remedy, Jacobs shall be entitled to receive from Employee all Common Stock that vested under this Agreement during the period beginning twelve (12) months prior to Employee's termination date. If Employee has sold, transferred, or otherwise disposed of such vested Common Stock, Jacobs shall be entitled to receive from Employee the full value of such Common Stock on the date of sale, transfer, or other disposition (less any taxes withheld at the time of vesting and any taxes withheld or otherwise paid by Employee with respect to the sale, transfer or other disposition).

(c) While employed with Jacobs, and following termination of employment with Jacobs for any reason, Employee shall not perform work for any company or third party on any proposals, bids, statements of qualifications, or other business development tasks (collectively, "Proposals") that are open as of Employee's termination of employment date and not yet awarded as of such date that Jacobs is (i) exploring, pursing and/or bidding upon (collectively, "Open Pursuits") and (ii) about which Employee learned or had knowledge of Jacobs', its clients' and/or its business affiliates' Sensitive Information or other confidential, proprietary and trade secret information. Employee agrees not to work, directly or indirectly, on any such Open Pursuits for any company or third party since it would not be possible for Employee to assist such company or third party in submitting any Proposals or refining offers on the same Open Pursuits without using and inevitably disclosing Jacobs', its clients' and/or its business affiliates' Sensitive Information or other confidential, proprietary and trade secret information in Employee's possession.

(d) For a period of one (1) year following Employee's termination of employment date, Employee shall not, either directly or indirectly, for Employee or on behalf of any third party, solicit, induce, recruit, or cause another person in the employ of Jacobs to terminate his or her employment for the purpose of joining, associating or becoming employed with any Competitor (as defined above).

(e) For a period of one (1) year following Employee's termination of employment date, Employee shall not, either directly or indirectly, for Employee or on behalf of any third party, solicit, induce, recruit, encourage or otherwise endeavor to cause or attempt to cause any client, vendor or contractor of Jacobs to modify, alter and/or terminate its relationship with Jacobs.

(f) By accepting this Agreement, Employee hereby acknowledges (i) that the Company will suffer irreparable harm if Employee breaches his or her obligations under this Agreement; and (ii) that monetary damages will be inadequate to compensate the Company for such a breach. Therefore, Employee agrees, acknowledges and understands that if Employee breaches any of the restrictive convention provision in this Section 6 and its Subsections, then the Company shall be entitled to injunctive relief, in addition to any other remedies at law or equity, to enforce such provisions.

(g) In the event of a breach by Employee of any of the restrictive covenant provision in Section 6 and its Subsections, Employee agrees that the restricted period applicable to restricted covenant provision being breached shall be automatically extended for a period equal to the breaching period.

(h) The restrictive covenant provisions are material and important terms of this Agreement, and therefore Employee further agrees that should all or any part or application of the restrictive covenant provisions of Subsections 6(a), 6(b) or 6(c) of this Agreement be held or found invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between Employee and the Company, Jacobs shall be entitled to receive from Employee all Common Stock that vested under this Agreement during the period beginning twenty-four (24) months prior to Employee's termination date. If Employee has sold, transferred, or otherwise disposed of such vested Common Stock, Jacobs shall be entitled to receive from Employee the full value of such Common Stock on the date of sale, transfer, or other disposition (less any taxes withheld at the time of vesting and any taxes withheld or otherwise paid by Employee with respect to the sale, transfer or other disposition).

(i) In case any one or more of the restrictive covenant provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. Additionally, if any one or more of the restrictive covenant provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, scope, activity, or subject, it shall be construed or reformed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law.]

7. Data Privacy

Employee understands that the Company and/or a Related Company may hold certain personal information about the Employee in connection with this Agreement (including the terms of the EDP and EDP Deferral Election to the extent applicable under Section 1), including, but not limited to, Employee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of Jacobs Common Stock or directorships held in the Company, details of all Awards or any other entitlement to shares of Jacobs Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Employee's favor, for the exclusive purpose of implementing, administering and managing the Plan and this Agreement ("Data").

Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Employee's personal Data by and among, as applicable, the

Company and its Related Companies for the exclusive purpose of implementing, administering and managing Employee's participation in the Plan and under this Agreement.

Employee understands that Data will be transferred to the Company's broker, administrative agents or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Employee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country or countries in which such recipients reside or operate (*e.g.*, the United States) may have different data privacy laws and protections than Employee's country. Employee understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Employee understands that Data will be held only as long as is necessary to implement, administer and manage Employee's participation in the Plan and this Agreement or as required under applicable law.

8. Payment of Withholding Taxes

Employee acknowledges that, regardless of any action taken by the Company or Related Companies or, if different, Employee's employer (the "Employer") the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Employee's participation in the Plan and legally applicable to Employee or deemed by the Company, Related Company or the Employer in its discretion to be an appropriate charge to Employee even if legally applicable to the Company, Related Company or the Employer ("Tax-Related Items"), is and remains Employee's responsibility and may exceed the amount actually withheld by the Company, Related Company or the Employer. Employee further acknowledges and agrees that the Company or Related Company and/or the Employer may, if it so determines, offset any Employer tax liabilities deemed applicable to Employee by reducing the shares of Jacobs Common Stock otherwise deliverable to Employee pursuant to this Agreement. Employee further acknowledges that the Company, Related Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of shares of Jacobs Common Stock acquired pursuant to such settlement; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Restricted Stock Units to reduce or eliminate Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if Employee is subject to Tax-Related Items in more than one jurisdiction between the Award Date and the date of any relevant taxable or tax withholding event, as applicable, Employee acknowledges that the Company, Related Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to issue or deliver any shares of Jacobs Common Stock to the Employee until the obligation for any Tax-Related Items due in connection with the Award has been satisfied.

Under no circumstances can the Company be required to withhold from the shares of Jacobs Common Stock that would otherwise be delivered to Employee upon settlement of the Award a number of shares having a total Fair Market Value that exceeds the amount of withholding taxes as determined by the Company at the time the Award vests.

9. Services as Employee

Employee shall not be deemed to have ceased to be employed by the Company (or any Related Company) for purposes of this Agreement by reason of Employee's transfer to a Related Company (or to the Company or to another Related Company). The Committee may determine

that, for purposes of this Agreement, Employee shall be considered as still in the employ of the Company or of the Related Company while on leave of absence.

Nothing contained in this Agreement or the Plan constitutes an employment or service commitment by the Company or any Related Company, affects the Employee's status as an employee at will who is subject to termination without cause, confers upon the Employee any right to remain employed by or in service to the Company or any Related Company, interferes in any way with the right of the Company or any Related Company, as applicable, at any time to terminate such employment or services, or affects the right of the Company or any Related Company, as applicable, to increase or decrease the Employee's other compensation or benefits. Nothing in this Section, however, is intended to adversely affect any independent contractual right of the Employee without his or her consent thereto.

10. Miscellaneous Provisions

This Agreement is governed in all respects by the Plan and applicable law. In the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan shall prevail. Subject to the limitations of the Plan, the Company may, with the written consent of Employee, amend this Agreement. This Agreement shall be construed, administered and enforced according to the laws of the State of Delaware. By accepting this Agreement, Employee agrees to submit to the jurisdiction and venue of any court of competent jurisdiction in Delaware without regard to conflict of laws, rules or principles, for any claim arising out of this Agreement.

11. Clawback

Employee agrees that if Employee is or becomes a Section 16 executive officer of the Company, in the event of any Inaccurate Financial Statement, Employee will return to the Company on demand all incentive-based compensation payments (whether under this Award, the Plan or otherwise) made to Employee during the 3-year period preceding the date on which the Company is required to prepare an accounting restatement that are in excess of what would have been paid had such incentive-based compensation instead been determined under the accounting restatement (the "Payments"). In addition, Employee agrees to application of any clawback, forfeiture, recoupment, or similar requirement required to apply to incentive-based compensation granted to Employee under any current or future applicable law or listing standard or regulatory body requirement. An "Inaccurate Financial Statement" is any inaccurate financial statement due to material noncompliance by the Company with any financial reporting requirements under the securities laws.

12. Agreement of Employee

By signing below or electronically accepting this Award, Employee (1) agrees to the terms and conditions of this Agreement, (2) confirms receipt of a copy of the Plan and all amendments and supplements thereto, and (3) appoints the officers of the Company as Employee's true and lawful attorney-in-fact, with full power of substitution in the premises, granting to each full power and authority to do and perform any and every act whatsoever requisite, necessary, or proper to be done, on behalf of Employee which, in the opinion of such attorney-in-fact, is necessary or prudent to effect the forfeiture of the Award to the Company, or the delivery of the Jacobs Common Stock to Employee, in accordance with the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

JACOBS ENGINEERING GROUP INC.
By:

JACOBS ENGINEERING GROUP INC.
FORM OF RESTRICTED STOCK UNIT AGREEMENT

This Agreement is executed as of _____ by and between JACOBS ENGINEERING GROUP INC. (the "Company") and _____ ("Employee") pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan, as amended (the "Plan"). Unless the context clearly indicates otherwise, all terms defined in the Plan and used in this Agreement (whether or not capitalized) have the meanings as set forth in the Plan.

1. Restricted Stock Units

Pursuant to the Plan, and in consideration for services rendered and to be rendered to the Company or Related Company or for their benefit, the Company hereby issues, as of the above date (the "Award Date") to Employee an award of restricted stock units in accordance with the Plan and the terms and conditions of this Agreement (the "Award"). The number of Restricted Stock Units Employee is eligible to earn under this Agreement is _____. Each Restricted Stock Unit represents the right to receive one share of Jacobs Common Stock (subject to adjustment pursuant to the Plan) in accordance with the terms and subject to the conditions (including the vesting conditions) set forth in this Agreement and the Plan.

2. Vesting, Distribution

(a) The Award shall not be vested as of the Award Date and shall be forfeitable unless and until otherwise vested pursuant to the terms of this Agreement.

(b) The Restricted Stock Units issued hereby shall be subject to the restrictions on transfer as set forth in this Agreement (referred to as the "Forfeiture Restrictions"). The provisions of the Plan relating to the restrictions on transfers of Restricted Stock Units, including all amendments, revisions and modifications thereto as may hereafter be adopted, are hereby incorporated in this Agreement as if set forth in full herein. Unless and until the Forfeiture Restrictions have lapsed, the Restricted Stock Units shall be unvested and subject to forfeiture hereunder.

(c) In the event Employee ceases to be an employee of the Company or any of its Related Companies for any reason other than as a result of death or Disability, Employee shall, for no consideration, forfeit and surrender to the Company the Restricted Stock Units that are subject to the Forfeiture Restrictions effected as of the date the Employee's employment with the Company or Related Company terminates. Schedule B of the Plan, which is incorporated herein by this reference, establishes the effects on this Award of other changes to (i) the Employee's employment status with the Company or Related Company; (ii) the Employee's employer; and (iii) the Company's ownership interest in Employee's employer.

(d) After the Award Date, the Restricted Stock Units will become twenty-five percent (25%) vested on the first anniversary of the Award Date, twenty-five percent (25%) vested on the second anniversary of the Award Date, twenty-five percent (25%) vested on the third anniversary of the Award Date and the remaining twenty-five percent (25%) vested (collectively referred to as "Vested Units") on the fourth anniversary of the Award Date (each vesting of Restricted Stock Units is a "Maturity Date"), provided that Employee remains continuously employed by the Company or Related Company through such Maturity Date.

(e) Except as set forth in the Plan (including Schedule B thereof the terms of which shall apply to the Award), Employee has no rights, partial or otherwise in the Award and/or any shares of Jacobs Common Stock subject thereto unless and until the Award has been vested pursuant to this Section 2.

(f) Each Vested Unit shall be settled by the delivery of one share of Common Stock (subject to adjustment under the Plan). Settlement will occur as soon as practicable following passage of each Maturity Date (or, if earlier, the date the Award becomes vested pursuant to the terms of the Plan, including Schedule B thereof) but in no event later than 30 days following the Maturity Date (or such earlier date that the Award becomes vested). No fractional shares shall be issued pursuant to this Agreement.

(g) Neither the Award, nor any interest therein nor any shares of Jacobs Common Stock payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily.

3. Section 409A Compliance

Notwithstanding any other provision of the Plan or this Agreement to the contrary, the Plan and this Agreement shall be construed or deemed to be amended as necessary to comply with the requirements of Section 409A of the Code, to avoid the imposition of any additional or accelerated taxes or other penalties under Section 409A of the Code. The Committee, in its sole discretion, shall determine the requirements of Section 409A of the Code applicable to the Plan and this Agreement and shall interpret the terms of each consistently therewith. Under no circumstances, however, shall the Company have any liability under the Plan or this Agreement for any taxes, penalties or interest due on amounts paid or payable pursuant to the Plan and/or this Agreement, including any taxes, penalties or interest imposed under Section 409A of the Code. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any payment or benefit under this Agreement, or any other plan or arrangement of the Company or its affiliates, is determined by the Company to constitute “non-qualified deferred compensation” subject to Section 409A and is payable to Employee by reason of Employee’s termination of employment, then (a) such payment or benefit shall be made or provided to Employee only upon a “separation from service” as defined for purposes of Section 409A under applicable regulations and (b) if Employee is a “specified employee” (within the meaning of Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of Employee’s separation from service (or Employee’s earlier death). Each payment under this Agreement will be treated as a separate payment under Section 409A of the Code.

4. Status of Participant

Except as set forth in the next sentence, Employee shall have no rights as a stockholder (including, without limitation, any voting rights or rights to receive dividends with respect to the shares of Jacobs Common Stock subject to the Award) with respect to either the Award granted hereunder or the shares of Jacobs Common Stock represented by the Award, unless and until such shares are issued in respect of Vested Units, and then only to the extent of such issued shares and only with respect to voting rights, rights to receive dividends and other matters occurring after the date of issuance. Each Restricted Stock Unit that vests solely on the passage of time (“Time-Based RSU”) shall entitle the Employee to a “Dividend Equivalent Right,” to the extent the Company pays an ordinary cash dividend with respect to its outstanding Jacobs Common Stock while the Time-Based RSU remains outstanding. The term “Dividend Equivalent Right” shall mean a dollar amount equal to the per-share cash dividend paid by the

Company. Any Dividend Equivalent Right will be subject to the same vesting, payment, and other terms and conditions as the Time-Based RSU to which it relates. Any Dividend Equivalent Right that vests will be paid to the Employee in cash at the same time the underlying share of Jacobs Common Stock is delivered to the Employee. The Employee will not be credited with Dividend Equivalent Rights with respect to any Time-Based RSU that, as of the record date for the relevant dividend, is no longer outstanding for any reason (e.g., because it has been settled in Jacobs Common Stock or has been terminated), and the Employee will not be entitled to any payment for Dividend Equivalent Rights with respect to Time-Based RSUs that terminate without vesting.

No shares may be issued in respect of Vested Units if, in the opinion of counsel for the Company, all then applicable requirements of the Securities and Exchange Commission and any other regulatory agencies having jurisdiction and of any stock exchange upon which the shares of the Company may be listed are not fully met, and, as a condition of the issuance of shares, Employee shall take all such action as counsel may advise is necessary for Employee to take to meet such requirements.

5. Nature of Award.

In accepting the Award, Employee acknowledges, understands and agrees that:

(a) The Plan is established voluntarily by the Company, that the Plan is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The Award of the Restricted Stock Unit is voluntary and occasional and does not create any contractual or other right to receive future Awards of Restricted Stock Units, or any benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

(c) All decisions with respect to future Restricted Stock Unit or other awards, if any, will be at the sole discretion of the Company;

(d) The Award and Employee's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Related Company and shall not interfere with the ability of the Company, or any Related Company, as applicable, to terminate Employee's employment or service relationship (if any);

(e) The Restricted Stock Unit and the shares of Jacobs Common Stock subject to the Restricted Stock Unit, the value of same, and any ultimate gain, loss, income or expense associated with the Award are not part of Employee's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Unit for any reason, including forfeiture resulting from Employee ceasing to provide employment or other services to the Company or any Related Company (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any), and in consideration of the Award of the Restricted Stock Unit to which Employee is

otherwise not entitled, Employee irrevocably agrees never to institute or allow to be instituted on his or her behalf any claim against the Company or any of its Related Companies, waives his or her ability, if any, to bring any such claim, and releases the Company and any Related Companies from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Employee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

6. [Restrictive Covenants, Repayment Obligations and Injunctive Relief[1]

In accepting the Award, Employee acknowledges and agrees that Jacobs will be providing Employee with Jacobs' confidential, highly sensitive, proprietary, and/or trade secret information, including, but not limited to, in the very competitive consulting, engineering/advanced engineering, design, construction, construction management, project and program management, technology solutions, government and municipal services, and intelligence, cyber/cybersecurity and counterterrorism services businesses. In this regard, Employee also acknowledges and recognizes that Jacobs will be placing Employee in a position or in positions of trust with respect to building Jacobs' business goodwill on a global basis, and with respect to learning Jacobs' global business information of a highly sensitive, confidential, proprietary, and/or trade secret nature, including but not limited to, names and duties of key personnel, business and growth/expansion plans, marketing and business development initiatives and prospects, financial results and forecasts, bidding information, cost and charging rates and their make-up and structure, customer lists, and profit and operating margins (collectively, "Sensitive Information"). In accepting the award, Employee promises not to use or disclose Jacobs' Sensitive Information, other than on behalf of, and/or as authorized by, Jacobs. Employee further acknowledges and agrees that the restrictive covenants in this Section 6 and its Subsections are reasonable as to geographical area, scope and duration, and are necessary to protect Jacobs' global business goodwill and Sensitive Information that Employee will receive, and will have access to, during Employee's employment with Jacobs. Employee agrees that the restrictive covenants do not impose a greater restraint than is necessary to protect Jacobs' goodwill and business interests. Accordingly, in accepting the Award, Employee acknowledges, understands and agrees that:

(a) Employee shall not, during the one (1) year period following the termination of Employee's employment with Jacobs for any reason other than an involuntary layoff without Cause (as defined in the Plan), directly or indirectly, provide services to a Competitor (as defined below) that are the same or similar to those that Employee provides or has provided to Jacobs (including in a lateral or promotional position, e.g., as a Chief Executive Officer), or that are otherwise competitive with Jacobs' business, within any geographic region, area, market, district, territory, county, parish or other location for which Employee was responsible, or performed duties, for Jacobs during the last twelve (12) months of Employee's employment. Competitor, for purposes of this Subsection 6(a) (and for Subsection 6(d), below), means the consulting, engineering/advanced engineering, design, construction, construction management, project and program management, technology solutions, government and municipal services, and intelligence, cyber/cybersecurity and counterterrorism services companies in the building and infrastructure, advance facilities, transportation, water/waste water, aerospace, nuclear, and technology sectors in which Jacobs does business, provided that such Competitors shall for purposes of this Subsection 6(a) be confined to the Competitors listed on Exhibit "A" to this Agreement.

[1] Included in the award agreements for certain senior officers

(b) In the event Employee breaches Subsection 6(a) of this Agreement, in addition to and without limiting any other right or remedy that Jacobs may have, including Jacobs' right to obtain injunctive relief pursuant to Subsection 6(f), below, an award of monetary damages, and/or any other form of remedy, Jacobs shall be entitled to receive from Employee all Common Stock that vested under this Agreement during the period beginning twelve (12) months prior to Employee's termination date. If Employee has sold, transferred, or otherwise disposed of such vested Common Stock, Jacobs shall be entitled to receive from Employee the full value of such Common Stock on the date of sale, transfer, or other disposition (less any taxes withheld at the time of vesting and any taxes withheld or otherwise paid by Employee with respect to the sale, transfer or other disposition).

(c) While employed with Jacobs, and following termination of employment with Jacobs for any reason, Employee shall not perform work for any company or third party on any proposals, bids, statements of qualifications, or other business development tasks (collectively, "Proposals") that are open as of Employee's termination of employment date and not yet awarded as of such date that Jacobs is (i) exploring, pursing and/or bidding upon (collectively, "Open Pursuits") and (ii) about which Employee learned or had knowledge of Jacobs', its clients' and/or its business affiliates' Sensitive Information or other confidential, proprietary and trade secret information. Employee agrees not to work, directly or indirectly, on any such Open Pursuits for any company or third party since it would not be possible for Employee to assist such company or third party in submitting any Proposals or refining offers on the same Open Pursuits without using and inevitably disclosing Jacobs', its clients' and/or its business affiliates' Sensitive Information or other confidential, proprietary and trade secret information in Employee's possession.

(d) For a period of one (1) year following Employee's termination of employment date, Employee shall not, either directly or indirectly, for Employee or on behalf of any third party, solicit, induce, recruit, or cause another person in the employ of Jacobs to terminate his or her employment for the purpose of joining, associating or becoming employed with any Competitor (as defined above).

(e) For a period of one (1) year following Employee's termination of employment date, Employee shall not, either directly or indirectly, for Employee or on behalf of any third party, solicit, induce, recruit, encourage or otherwise endeavor to cause or attempt to cause any client, vendor or contractor of Jacobs to modify, alter and/or terminate its relationship with Jacobs.

(f) By accepting this Agreement, Employee hereby acknowledges (i) that the Company will suffer irreparable harm if Employee breaches his or her obligations under this Agreement; and (ii) that monetary damages will be inadequate to compensate the Company for such a breach. Therefore, Employee agrees, acknowledges and understands that if Employee breaches any of the restrictive convention provision in this Section 6 and its Subsections, then the Company shall be entitled to injunctive relief, in addition to any other remedies at law or equity, to enforce such provisions.

(g) In the event of a breach by Employee of any of the restrictive covenant provision in Section 6 and its Subsections, Employee agrees that the restricted period

applicable to restricted covenant provision being breached shall be automatically extended for a period equal to the breaching period.

(h) The restrictive covenant provisions are material and important terms of this Agreement, and therefore Employee further agrees that should all or any part or application of the restrictive covenant provisions of Subsections 6(a), 6(b) or 6(c) of this Agreement be held or found invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between Employee and the Company, Jacobs shall be entitled to receive from Employee all Common Stock that vested under this Agreement during the period beginning twenty-four (24) months prior to Employee's termination date. If Employee has sold, transferred, or otherwise disposed of such vested Common Stock, Jacobs shall be entitled to receive from Employee the full value of such Common Stock on the date of sale, transfer, or other disposition (less any taxes withheld at the time of vesting and any taxes withheld or otherwise paid by Employee with respect to the sale, transfer or other disposition).

(i) In case any one or more of the restrictive covenant provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. Additionally, if any one or more of the restrictive covenant provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, scope, activity, or subject, it shall be construed or reformed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law.]

1. Data Privacy

Employee understands that the Company and/or a Related Company may hold certain personal information about the Employee, including, but not limited to, Employee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Jacobs Common Stock or directorships held in the Company, details of all Awards or any other entitlement to shares of Jacobs Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Employee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Employee's personal data as described in this Agreement and any other Award materials by and among, as applicable, the Company and its Related Companies for the exclusive purpose of implementing, administering and managing Employee's participation in the Plan.

Employee understands that Data will be transferred to the Company's broker, administrative agents or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Employee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country or countries in which such recipients reside or operate (e.g., the United States) may have different data privacy laws and protections than Employee's country. Employee understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential

recipients of the Data by contacting his or her local human resources representative. Employee understands that Data will be held only as long as is necessary to implement, administer and manage Employee's participation in the Plan.

1. Payment of Withholding Taxes

Employee acknowledges that, regardless of any action taken by the Company or Related Companies or, if different, Employee's employer (the "Employer") the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Employee's participation in the Plan and legally applicable to Employee or deemed by the Company, Related Company or the Employer in its discretion to be an appropriate charge to Employee even if legally applicable to the Company, Related Company or the Employer ("Tax-Related Items"), is and remains Employee's responsibility and may exceed the amount actually withheld by the Company, Related Company or the Employer. Employee further acknowledges and agrees that the Company or Related Company and/or the Employer may, if it so determines, offset any Employer tax liabilities deemed applicable to Employee by reducing the shares of Jacobs Common Stock otherwise deliverable to Employee pursuant to this Agreement. Employee further acknowledges that the Company, Related Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of shares of Jacobs Common Stock acquired pursuant to such settlement; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Restricted Stock Units to reduce or eliminate Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if Employee is subject to Tax-Related Items in more than one jurisdiction between the Award Date and the date of any relevant taxable or tax withholding event, as applicable, Employee acknowledges that the Company, Related Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to issue or deliver any shares of Jacobs Common Stock to the Employee until the obligation for any Tax-Related Items due in connection with the Award has been satisfied.

Under no circumstances can the Company be required to withhold from the shares of Jacobs Common Stock that would otherwise be delivered to Employee upon settlement of the Award a number of shares having a total Fair Market Value that exceeds the amount of withholding taxes as determined by the Company at the time the Award vests.

1. Services as Employee

Employee shall not be deemed to have ceased to be employed by the Company (or any Related Company) for purposes of this Agreement by reason of Employee's transfer to a Related Company (or to the Company or to another Related Company).

The Committee may determine that, for purposes of this Agreement, Employee shall be considered as still in the employ of the Company or of the Related Company while on leave of absence. In the event Employee is permitted a leave of absence during the term of this Agreement, the Committee may, in its sole and absolute discretion, extend the time periods during which Restricted Stock Units are subject to Forfeiture Restrictions as set forth in Section 2, above, to include the period of time Employee is on the leave of absence.

Nothing contained in this Agreement or the Plan constitutes an employment or service commitment by the Company or any Related Company, affects the Employee's status as an

employee at will who is subject to termination without cause, confers upon the Employee any right to remain employed by or in service to the Company or any Related Company, interferes in any way with the right of the Company or any Related Company, as applicable, at any time to terminate such employment or services, or affects the right of the Company or any Related Company, as applicable, to increase or decrease the Employee's other compensation or benefits. Nothing in this Section, however, is intended to adversely affect any independent contractual right of the Employee without his consent thereto.

1. Terms and Conditions Applicable to PRC Nationals Only.

   a. If Employee is a national of the Peoples' Republic of China ("PRC"), the Award and vesting of Restricted Stock Units is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange ("SAFE") to permit the operation of the Plan and the participation of PRC nationals employed by the Company or a Related Company, as determined by the Company in its sole discretion.

   b. Employee agrees to hold the Jacobs Common Stock received upon settlement of the Restricted Stock Units with the Company's broker or any other agent designated by the Company until the Jacobs Common Stock is sold.

   c. Employee understands and agrees that, due to exchange control laws in China, Employee will be required to immediately repatriate the proceeds from any sale of Jacobs Common Stock and any dividends received in relation to the Jacobs Common Stock to China. Employee further understands that the repatriation of such amounts may need to be effected through a special exchange control account established by the Company or the Related Company in China, and Employee hereby consents and agrees that all amounts derived from the Restricted Stock Units awarded under the Plan may be transferred to such special account prior to being delivered to Employee's personal account. Further, to the extent required to comply with any foreign exchange rules, regulations or agreements with governmental authorities, Employee specifically authorizes the Company, the Related Company that employs Employee, the administrator or their respective agents, to sell the Jacobs Common Stock acquired under the Plan, following the termination of Employee's employment or service or at some other time determined by the Company or the administrator, including immediately following settlement of the Restricted Stock Units, and to repatriate the sale proceeds in such manner as may be designated by the Company or the administrator.

2. Miscellaneous Provisions

This Agreement is governed in all respects by the Plan and applicable law. In the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan shall prevail. Subject to the limitations of the Plan, the Company may, with the written consent of Employee, amend this Agreement. This Agreement shall be construed, administered and enforced according to the laws of the State of Delaware. By accepting this Agreement, Employee agrees to submit to the jurisdiction and venue of any court of competent jurisdiction in Delaware without regard to conflict of laws, rules or principles, for any claim arising out of this Agreement.

1. Clawback

Employee agrees that if Employee is or becomes a Section 16 executive officer of the Company, in the event of any Inaccurate Financial Statement, Employee will return to the Company on demand all incentive-based compensation payments (whether under this Award, the Plan or otherwise) made to Employee during the 3-year period preceding the date on which the Company is required to prepare an accounting restatement that are in excess of what would have been paid had such incentive-based compensation instead been determined under the accounting restatement (the "Payments"). In addition, Employee agrees to application of any clawback, forfeiture, recoupment, or similar requirement required to apply to incentive-based compensation granted to Employee under any current or future applicable law or listing standard or regulatory body requirement. An "Inaccurate Financial Statement" is any inaccurate financial statement due to material noncompliance by the Company with any financial reporting requirements under the securities laws.

1. Agreement of Employee

By signing below or electronically accepting this Award, Employee (1) agrees to the terms and conditions of this Agreement, (2) confirms receipt of a copy of the Plan and all amendments and supplements thereto, and (3) appoints the officers of the Company as Employee's true and lawful attorney-in-fact, with full power of substitution in the premises, granting to each full power and authority to do and perform any and every act whatsoever requisite, necessary, or proper to be done, on behalf of Employee which, in the opinion of such attorney-in-fact, is necessary or prudent to effect the forfeiture of the Award to the Company, or the delivery of the Jacobs Common Stock to Employee, in accordance with the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

JACOBS ENGINEERING GROUP INC.
By:

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven J. Demetriou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended December 27, 2019 of Jacobs Engineering Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Steven J. Demetriou

Steven J. Demetriou
Chief Executive Officer

February 4, 2020

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin C. Berryman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended December 27, 2019 of Jacobs Engineering Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Kevin C. Berryman

Kevin C. Berryman
Chief Financial Officer

February 4, 2020

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Jacobs Engineering Group Inc. (the "Company") on Form 10-Q for the quarter ended December 27, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven J. Demetriou, Chief Executive Officer of the Company (principal executive officer), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Steven J. Demetriou

Steven J. Demetriou
Chief Executive Officer

February 4, 2020

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Jacobs Engineering Group Inc. (the "Company") on Form 10-Q for the quarter ended December 27, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin C. Berryman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Kevin C. Berryman

Kevin C. Berryman
Executive Vice President
and Chief Financial officer

February 4, 2020

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.