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

FORM 10-K
ANNUAL REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 27, 2019 Commission File No. 1-7463

Jacobs Engineering Group Inc.

Delaware				**95-4081636**
(State or other jurisdiction of incorporation or organization)				(IRS Employer identification number)
1999 Bryan Street	**Suite 1200**	**Dallas**	**Texas**	**75201**
(Address of principal executive offices)				(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	JEC	New York Stock Exchange

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

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

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

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

Indicate by check-mark whether the Registrant: has submitted electronically 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

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

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

There were 132,854,642 shares of common stock outstanding as of November 11, 2019. The aggregate market value of the Registrant's common equity held by non-affiliates was approximately $10.2 billion as of March 29, 2019, based upon the last reported sales price on the New York Stock Exchange on that date.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement to be issued in connection with its 2020 annual meeting of shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

JACOBS ENGINEERING GROUP INC.
Fiscal 2019 Annual Report on Form 10-K
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PART I

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among other things, statements regarding our future operations, financial condition, and business strategies and future economic and industry conditions. 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. Factors that could cause or contribute to such differences include, but are not limited to, those listed and discussed in Item 1A— *Risk Factors* below. 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 described herein and in other documents we file from time to time with the United States Securities and Exchange Commission (the "SEC").

Unless the context otherwise requires, all references herein to "Jacobs" or the "Registrant" are to Jacobs Engineering Group Inc. and its predecessors, and references to the "Company", "we", "us" or "our" are to Jacobs Engineering Group Inc. and its consolidated subsidiaries.

Item 1. BUSINESS

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 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.

Technology and Consulting includes cybersecurity, data analytics, software application development, enterprise and mission IT, systems integration and other highly technical consulting solutions within Critical Mission Solutions (CMS) and data analytics, artificial intelligence and automation, software development as well as digitally-driven consulting, planning, architecture and program management within People & Places Solutions (PPS).

Project Delivery Services includes construction services for wind-tunnel design-build and construction services for progressive design-build for water and construction management at-risk. We believe these project delivery services are lower risk than typical lump-sum type construction contracting.

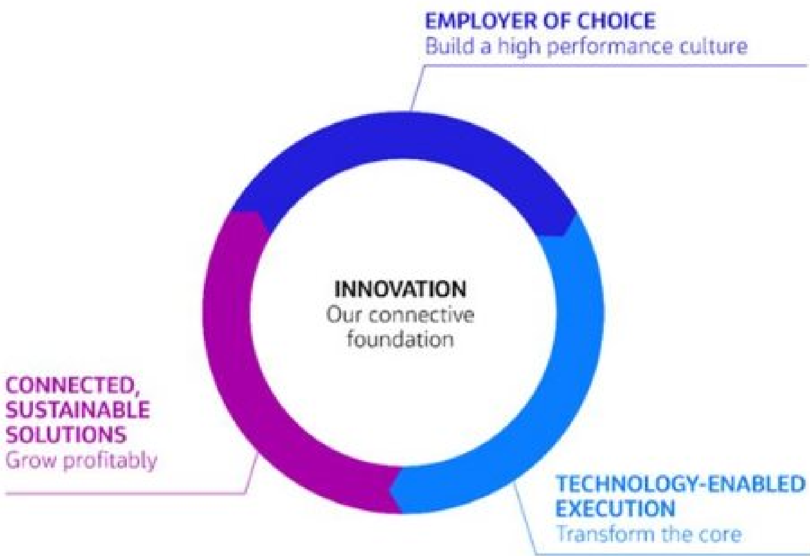
Pass-through Revenue includes PPS procurement activities and revenue where we are acting as principal for subcontract labor or third-party materials and equipment, and are consequently reflected in both revenues and costs.

Challenging today. Reinventing tomorrow

Our values continue to guide our behaviors, relationships and outcomes - allowing us to act as one company and unify us worldwide when interacting with our clients, employees, communities and shareholders.

- **We do things right**. We always act with integrity - taking responsibility for our work, caring for our people and staying focused on safety and sustainability. We make investments in our clients, people and communities, so we can grow together.
- **We challenge the accepted.** We know that to create a better future, we must ask the difficult questions. We always stay curious and are not afraid to try new things.
- **We aim higher.** We do not settle - always looking beyond to raise the bar and deliver with excellence. We are committed to our clients by bringing innovative solutions that lead to profitable growth and shared success.
- **We live inclusion.** We put people at the heart of our business. We have an unparalleled focus on inclusion, with a diverse team of visionaries, thinkers and doers. We embrace all perspectives, collaborating to make a positive impact.

Our three-pillar strategy is based on the foundation of these values, as we drive to become the employer of choice, deliver connected and sustainable solutions, and leverage technology-enabled execution.



We do things right

We always act with integrity - taking responsibility for our work, caring for our people and staying focused on safety and sustainability. We make investments in our clients, people and communities, so we can grow together.

From the way we operate our business, to the work we perform with clients and other organizations, we continue to look at ways we can make a positive environmental, societal and economic difference for businesses, governments and communities around the world.

As we face some of the world's toughest challenges, including clean water, affordable energy, connectivity, resilient environments, climate change, environmental pollution and economic growth, our people are discovering better ways to create an enduring legacy.

PlanBeyond[SM] is our approach to sustainability - planning beyond today for a more sustainable future for everyone. For us, this means social and economic progress while protecting our environment and improving resilience.

Conducting our business with integrity

Jacobs' ethics and Code of Conduct are rooted in our values and provide the standards and support to help us successfully navigate issues, make the right decisions and conduct our business with the integrity that reflects our heritage and ethical reputation.

Our culture of caring

Every day, our people step into offices and onto job sites ready for another day's work. Our **BeyondZero® culture of caring** goes beyond taking health and safety statistics to zero, so that genuine care and respect for all people is fundamental to our culture and reaches beyond our workplace. We work together to create a workplace that values the safety, positive mental health and sense of belonging of all employees.

Through our **mental health matters program**, we furthered our industry-leading efforts to empower our workforce, so they know they work in an environment where their mental health and well-being is the top priority and where everyone can 'bring their whole self to work'. We have more than 1,600 Positive Mental Health Champions trained in how to guide staff who have mental health concerns or crises to the appropriate level of help; support fellow employees; and help us encourage positive mental health throughout the workplace.

We live and play in the communities where we work - so we're personally invested in doing what is right for people in the places and communities we're connected with. We craft solutions that affect the way people live. Thinking beyond one-dimensional solutions to help improve social, environmental and economic resiliency. We provide infrastructure, technology and intelligence solutions to help communities build resiliency today for a better tomorrow.

We're also helping to inspire the education and career decisions of future generations. Our global science, technology, engineering and mathematics (STEM) Ambassador network activities help us build partnerships with schools and other educational organizations and form lasting relationships that inspire the next generation and sustain our business.

We challenge the accepted

We know that to create a better future, we must ask the difficult questions. We always stay curious and are not afraid to try new things.

What we do is more than a job, we work every day to make the world better for all. To us, everything we do - whether water scarcity, aging infrastructure, access to life-saving therapies or sophisticated cyberattacks - is more than projects outlined in proposals and business plans. They're our challenges as human beings, too.

Transforming our innovation culture

In the past year, we established five innovation hubs - geospatial science, cybersecurity, automated design, Internet of Things (including 5G and edge computing) and predictive data analytics (including artificial intelligence and machine learning) to fuel more complete, higher-value solutions to address today's most-pressing issues and the bigger challenges of tomorrow.

But, we're not stopping there. In the coming year, we'll continue engaging in emerging technologies like blockchain, additive construction and quantum computing via other means, so that when those technologies mature, Jacobs is positioned to apply them to our projects to redefine what's possible.

Beyond If

Beyond If is our global innovation program. It represents our creativity and agility to challenge the accepted, with the domain expertise to push beyond our boundaries and deliver for today and into tomorrow.

We aim higher

We do not settle - always looking beyond to raise the bar and deliver with excellence. We are committed to our clients by bringing innovative solutions that lead to profitable growth and shared success.

We craft solutions that affect the way people live. From accelerating the next generation of innovators to the world's first ultra-low emission zone, from helping communities recover to monitoring water quality to protect public health, we solve for better, never losing sight of our responsibility to each other. We work with NASA scientists to leverage remotely-sensed data and images shot from 240 miles overhead on the International Space Station to provide critical disaster response aid, and help communities recover. And, we're on the ground assisting with critical Federal Emergency Management Agency (FEMA) disaster-related operations throughout the U.S. and its territories.

The table below highlights examples of our key focus areas where we combine our deep domain knowledge with the latest advances in technology to deliver solutions to solve our customer's most complex challenges.

Cutting-Edge Manufacturing

Rapidly evolving, complex technology facilities require fast-paced, innovative solutions. Bringing an inspired blend of collaborative, creative excellence we deliver innovation — at any budget — from electronics to pharmaceuticals, and universities and governments around the world.

Mission Critical Outcomes

For the first time in history, security threats have no borders. Recognizing this threat, we work with defense, intelligence and law enforcement communities around the globe to ensure people, their information and our most critical networks stay protected.

Operational Advancement

It's one thing to dream up new solutions. At Jacobs, we also deliver them. To turn abstract ideas into realities that transform the world for good, it takes foresight into what's possible, courage to create solutions for the unknown and the knowledge and skills to make them real.

Resilient Environments

Environmental stewardship and climate change are the defining issues of our time. We tackle these challenges differently because we know that whatever we face, we have greater opportunities today to emerge stronger tomorrow.

Scientific Discovery

We solve some of the most complex challenges of exploration – both in space and closer to home. From wind tunnels to launch and from research to results we invent by imagining what's possible.

Thriving Cities

Prosperous communities. Healthy cities. A brighter future. By working together to build a better future for everyone, we envision and deliver cities that are smarter and more connected. Inclusive and competitive. Safe and resourceful.

BeyondExcellence

BeyondExcellence is our global program focused on quality, performance excellence and recognizing those who set the new standard through our awards program.

We live inclusion

We put people at the heart of our business. We have an unparalleled focus on inclusion, with a diverse team of visionaries, thinkers and doers. We embrace all perspectives, collaborating to make a positive impact.

The aperture of inclusion is broader than lifestyle and culture. Joining, belonging and thriving - these are Jacobs' key elements in retaining talent and developing a culture where people want to stay - a place where you can bring your whole self to work. Fiscal 2019 brought a lot of change for our people - a talent force of approximately 52,000 - and we doubled down on making sure talent, inclusion and diversity remained at the top of our priorities by focusing on the employee experience during our portfolio transformation.

We put the spotlight on ensuring that Jacobs is an employer of choice in every way: we aspire to be a merit-based organization that is inclusive and diverse; we take on the responsibility to continually recruit and develop the best talent; and we continue to foster leadership and innovation. Jacobs launched Conscious Inclusion training for all employees and trained 74% to date. Additionally, more than 16,500 Jacobs' employees are involved in our eight employee networks as of the end of fiscal 2019.

	ACE – Strength in our differences.
	Careers Network – Explore. Navigate. Inspire.
	Enlace – Linking our Latino communities.
	Harambee – Black. Engaged. Empowered.
	OneWorld – One planet, many cultures.
	Prism – Bring your whole self to work.
	VetNet – Serving those who served.
	Women's Network – Working together for gender inclusion.

TogetherBeyond

TogetherBeyond is our approach to living inclusion every day and enabling diversity and equality globally. For us, this means creating a culture of belonging where we all thrive and embracing all perspectives.

We maintain agile and disciplined capital deployment

Consistent with our profitable growth strategy, Jacobs pursues acquisitions, divestitures and other transactions to maximize long-term value by continuing to reshape its portfolio to higher value solutions.

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”). ECR provided engineering and construction services mainly for energy, chemicals and resources sectors. With the sale of ECR, the Company has exited direct hire construction and fixed price lump sum energy related construction.

The Company has deployed capital to accelerate its profitable growth strategy through the following recent acquisitions:

- On June 12, 2019, we acquired The KeyW Holding Corporation (“KeyW”), a U.S. based national security technology solutions provider to the intelligence, cyber, and counterterrorism communities
- On December 15, 2017, we acquired CH2M HILL Companies, Ltd ("CH2M"), a provider of consulting and other services in the water, environmental, transportation and nuclear remediation sectors.
- On August 31, 2017, we acquired Blue Canopy, LLC a provider of data analytics, cybersecurity and application development solutions.
- On January 27, 2017, we acquired Aquenta Consulting Pty Ltd. (“Aquenta”). Aquenta provides integrated consulting services for infrastructure related sectors.

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 (approx. $300 million) on a debt-free, cash-free basis. The transaction is expected to close by the end of fiscal 2020 second quarter.

During fiscal 2019 the Company repurchased $853.7 million of shares and paid $106.4 million in dividends to shareholders and noncontrolling interests.

For additional information regarding certain issues related to our acquisition strategy, please refer to Item 1A- *Risk Factors* below.

Lines of Business

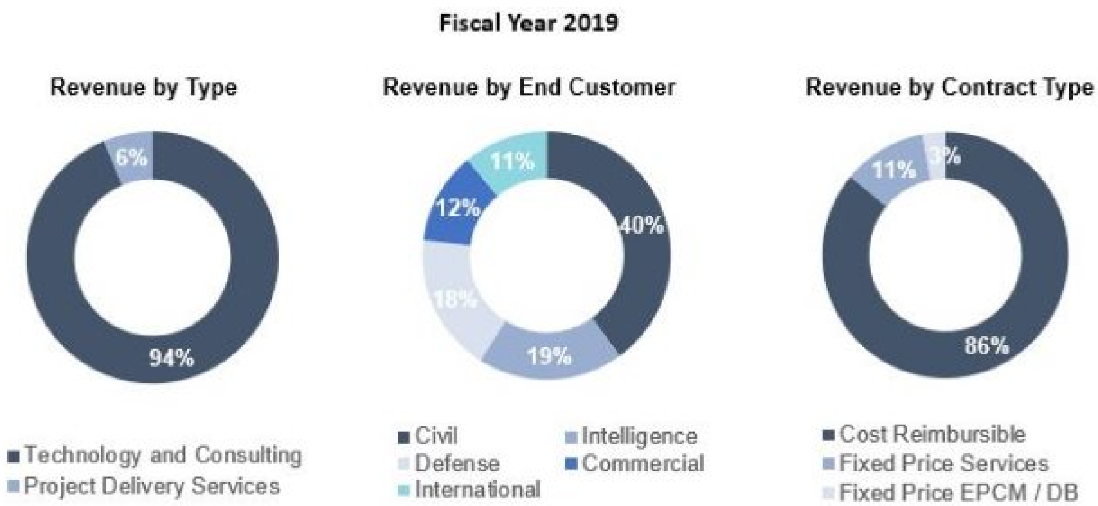
The services we provide fall into the following two lines of business (LOB): Critical Mission Solutions (CMS) and People & Places Solutions (PPS) which are also the Company's reportable segments. For additional information regarding our segments, including information about our financial results by segment and financial results by geography, see Note 19 - *Segment Information* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

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., 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.

- **Information 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

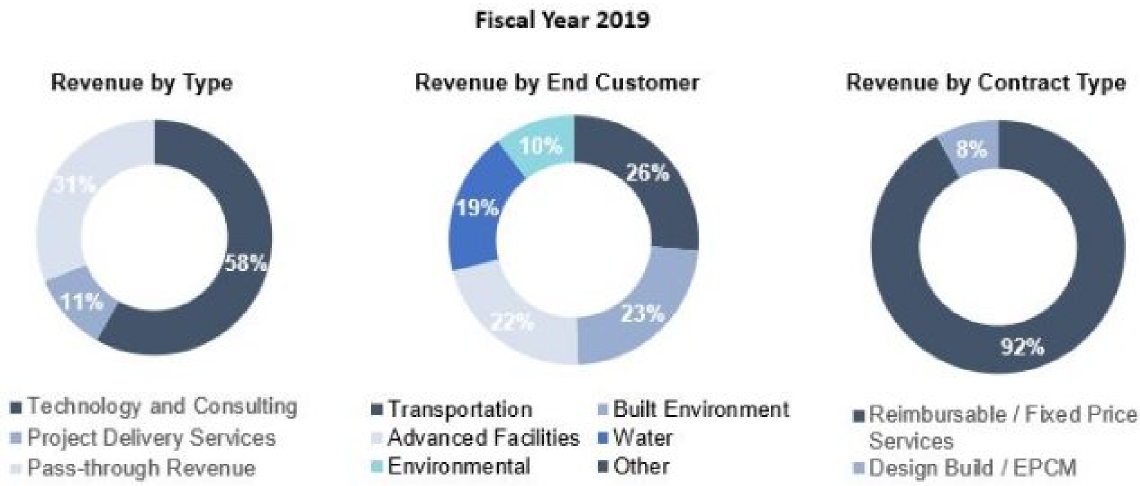
Across multiple businesses within CMS we license internally developed technology such as:

- **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 (PPS)

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 Sheet as of September 28, 2018. Further, as of the year ended September 27, 2019, a portion of the ECR business remains held by Jacobs as described above and continues to be classified as held for sale for the year ended September 27, 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, the ECR business served the energy, chemicals and resources sectors, including upstream, midstream and downstream oil, gas, refining, chemicals and mining and minerals industries. The ECR business provided integrated delivery of complex projects for our Oil and Gas, Refining, and Petrochemicals clients. Bridging the upstream, midstream and downstream industries, ECR's services encompassed consulting, engineering, procurement, construction, maintenance and project management.

Significant Customers

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

2019	2018	2017
27%	32%	30%

Given the percentage of total revenue derived directly from the U.S. federal government, the loss of U.S. federal government agencies as customers would have a material adverse effect on the Company. In addition, any or all of our government contracts could be terminated, we could be suspended or debarred from all government contract work, or payment of our costs could be disallowed. Approximately 71% of revenue derived directly from the U.S. federal government is in the CMS segment. For more information on risks relating to our government contracts, see Item 1A - *Risk Factors.*

Financial Information About Geographic Areas

Selected financial information regarding the geographic areas in which we operate is included in Note 19 - *Segment Information* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K and is incorporated herein by reference. For fiscal 2019, approximately 29% of our revenues were earned from clients outside the United States. Our international operations are subject to a variety of risks, which are described under Item 1A - *Risk Factors* below.

Contracts

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

	2019	2018	2017
Cost-reimbursable	76%	74%	76%
Fixed-price	24%	26%	24%

In accordance with industry practice, most of our contracts (including those with the U.S. federal government) are subject to termination at the discretion of the client, which is discussed in greater detail in *Item 1A - Risk Factors*. In such situations, our contracts typically provide for reimbursement of costs incurred and payment of fees earned through the date of termination.

Cost-Reimbursable Contracts

Cost-reimbursable contracts generally provide for reimbursement of costs incurred plus an amount of profit. The profit element may be in the form of a simple mark-up applied to the labor costs incurred or it may be in the form of a fee, or a combination of a mark-up and a fee. The fee element can also take several forms. The fee may be a fixed amount; it may be an amount based on a percentage of the costs incurred; or it may be an incentive fee based on targets, milestones, or performance factors defined in the contract.

Fixed-Price Contracts

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

Competition

We compete with a large number of companies across the world including technology consulting, federal IT services, aerospace, defense and engineering firms. Typically, no single company or companies dominate the markets in which we provide services and in many cases we partner with our competitors or other companies to jointly pursue projects. AECOM, Booz Allen, CACI, KBR, Leidos, Parsons, SAIC, General Dynamics and Northrop Grumman are some of our competitors. We compete based on the following factors, among others: technical capabilities, reputation for quality, price of services, safety record, availability of qualified personnel, and ability to timely perform work and contract terms.

Employees

At September 27, 2019, we had approximately 48,000 full-time, staff employees (including contract staff). Additionally, as of September 27, 2019, there were approximately 4,000 persons employed in the field on a project basis. The number of field employees varies in relation to the number and size of the maintenance and construction projects in progress at any particular time.

Executive Officers of the Registrant

The information required by Paragraph (a), and Paragraphs (c) through (g) of Item 401 of Regulation S-K (except for information required by Paragraph (e) of that Item to the extent the required information pertains to our executive officers) and Item 405 of Regulation S-K is set forth under the captions “Members of the Board of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year and is incorporated herein by reference.

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

Name	Age	Position with the Company	Year Joined the Company
Steven J. Demetriou	61	Chair and Chief Executive Officer	2015
Kevin C. Berryman	60	Executive Vice President and Chief Financial Officer	2014
Dawne S. Hickton	62	Executive Vice President, Chief Operating Officer and President, Critical Mission Solutions	2019
Robert V. Pragada	51	Executive Vice President, Chief Operating Officer and President, People & Places Solutions	2016
Joanne E. Caruso	59	Executive Vice President, Chief Legal and Administration Officer	2012
William B. Allen, Jr.	55	Senior Vice President and Chief Accounting Officer	2016
Michael R. Tyler	63	Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer	2013

All of the officers listed in the preceding table serve in their respective capacities at the pleasure of the Board of Directors of the Company.

Mr. Demetriou joined the Company in August 2015. Mr. Demetriou served as Chairman and CEO of Aleris Corporation for 14 years, a global downstream aluminum producer based in Cleveland, Ohio. Over the course of his career, he has gained broad experience with companies in a range of industries including metals, specialty chemicals, oil & gas, manufacturing and fertilizers.

Mr. Berryman joined the Company in December 2014. Mr. Berryman served as EVP and CFO for five years at International Flavors and Fragrances Inc., an S&P 500 company and leading global creator of flavors and fragrances used in a wide variety of consumer products. Prior to that, he spent 25 years at Nestlé in a number of finance roles including treasury, mergers & acquisitions, strategic planning and control.

Ms. Hickton joined the Company as Chief Operating Officer and President of Critical Mission Solutions in 2019. Prior to this role, Ms. Hickton served as a member of the Board of Directors of the Company and was previously the Vice Chair and Chief Executive Officer for eight years at RTI International Metals, Inc., a global supplier of advanced titanium products and services in commercial aerospace, defense, propulsion, medical device and energy markets.

Mr. Pragada rejoined the Company in February 2016 after serving as President and Chief Executive Officer of The Brock Group since August 2014. From March 2006 to August 2014 Mr. Pragada served in executive and senior leadership capacities with the Company.

Ms. Caruso joined the Company in 2012. Prior to becoming Chief Legal and Administration Officer, Ms. Caruso was Senior Vice President of Human Resources and previously Senior Vice President, Global Litigation. Prior to joining the Company, Ms. Caruso was a partner in two international law firms, Howrey LLP and Baker & Hostetler LLP.

Mr. Allen joined the Company in October 2016. Mr. Allen served as Vice President, Finance and Principal Accounting Officer at Lyondellbasell Industries, N.V. from 2013 to 2016. Prior to that, he was with Albemarle Corporation, where he served as Vice President, Corporate Controller and Chief Accounting Officer from 2009 to 2013 after serving in CFO roles for their Catalysts and Fine Chemistry businesses from 2005 to 2009.

Mr. Tyler joined the Company in June 2013. He previously served as Executive Vice President, General Counsel and Secretary of Sanmina Corporation, a global electronics manufacturing services provider from April 2007 to June 2013, and Chief Legal and Administrative Officer of Gateway, Inc., a computer hardware company, from January 2004 to April 2007.

Additional Information

Jacobs was founded in 1947 and incorporated as a Delaware corporation in 1987. We are headquartered in Dallas, Texas, USA. You may read and copy any materials we file with the SEC at the SEC’s Public Reference Room located at 100 F Street N.E., Washington, D.C. 20549. In order to obtain information about the operation of the Public Reference Room, a person may call the SEC at 1-800-732-0330. The SEC also maintains a site on the Internet that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC's website is http://www.sec.gov. You may also read and download the various reports we file with, or furnish to, the SEC free of charge from our website at www.jacobs.com.

Item 1A. RISK FACTORS

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

Project sites are inherently dangerous workplaces. If we, the owner, or others working at the project site fail to maintain safe work sites, we can be exposed to significant financial losses and reputational harm, as well as civil and criminal liabilities.

Project sites often put our employees and others in close proximity with large pieces of mechanized equipment, moving vehicles, chemical and manufacturing processes and highly regulated materials, in a challenging environment and often in geographically remote locations. If we, or others working at such sites, fail to implement such procedures or if the procedures we implement are ineffective, or if others working at the site fail to implement and follow appropriate safety procedures, our employees and others may become injured, disabled or even lose their lives, the completion or commencement of our projects may be delayed and we may be exposed to litigation or investigations. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our clients and raise our operating and insurance costs. Any of the foregoing could result in financial losses or reputational harm, which could have a material adverse impact on our business, financial condition and results of operations.

In addition, our projects can involve the handling of hazardous and other highly regulated materials, which, if improperly handled or disposed of, could subject us to civil and/or criminal liabilities. We are also subject to regulations dealing with occupational health and safety. Although we maintain functional groups whose primary purpose is to ensure we implement effective health, safety and environmental ("HSE") work procedures throughout our organization, including project sites and maintenance sites, the failure to comply with such regulations could subject us to liability. In addition, despite the work of our functional groups, we cannot guarantee the safety of our personnel or that there will be no damage to or loss of our work, equipment or supplies.

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

Past and future environmental, health, and safety laws could impose significant additional costs and liabilities.

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

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

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

Health, safety, and environmental laws and regulations and policies are reviewed periodically and any changes thereto could affect us in substantial and unpredictable ways. Such changes could, for example, relax or repeal laws and regulations relating to the environment, which could result in a decline in the demand for our environmental services and, in turn, could negatively impact our revenue. Changes in the environmental laws and regulations, remediation obligations, enforcement actions, stricter interpretations of existing requirements, future discovery of contamination or claims for damages to persons, property, natural resources or the environment could result in material costs and liabilities that we currently do not anticipate. If we fail to comply with any environmental, health, or safety laws or regulations, whether actual or alleged, we could be exposed to fines, penalties or potential litigation liabilities, including costs, settlements and judgments, any of which could adversely affect our business, financial condition and results of operations.

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

Our results of operations depend on the award of new contracts and the timing of the performance of these contracts.

Our revenues are derived from new contract awards. Delays in the timing of the awards or cancellations of such projects as a result of economic conditions, material and equipment pricing and availability or other factors could impact our long-term projected results. It is particularly difficult to predict whether or when we will receive large-scale projects as these contracts frequently involve a lengthy and complex bidding and selection process, which is affected by a number of factors, such as market conditions or governmental and environmental approvals. Since a significant portion of our revenues is generated from such projects, our results of operations and cash flows can fluctuate significantly from quarter to quarter depending on the timing of our contract awards and the commencement or progress of work under awarded contracts. Furthermore, many of these contracts are subject to financing contingencies and, as a result, we are subject to the risk that the customer will not be able to secure the necessary financing for the project.

In addition, many of our contracts require us to satisfy specific progress or performance milestones in order to receive payment from the customer. As a result, we may incur significant costs for engineering, materials, components, equipment, labor or subcontractors prior to receipt of payment from a customer.

The uncertainty of our contract award timing can also present difficulties in matching workforce size with contract needs. In some cases, we maintain and bear the cost of a ready workforce that is larger than necessary under existing contracts in anticipation of future workforce needs for expected contract awards. If an expected contract award is delayed or not received, we may incur additional costs resulting from reductions in staff or redundancy of facilities, which could have a material adverse effect on our business, financial condition and results of operations.

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

We face intense competition to provide technical, professional and construction management services to clients. The markets we serve are highly competitive and we compete against a large number of regional, national and multinational companies. The extent and type of our competition varies by industry, geographic area and project type.

Our projects are frequently awarded through a competitive bidding process, which is standard in our industry. We are constantly competing for project awards based on pricing, schedule and the breadth and technical sophistication of our services. Competition can place downward pressure on our contract prices and profit margins, which may force us to accept contractual terms and conditions that are less favorable to us, thereby increasing the risk that, among other things, we may not realize profit margins at the same rates as we have seen in the past or may become responsible for costs or other liabilities we have not accepted in the past. If we are unable to compete effectively, we may experience a loss of market share or reduced profitability or both, which if significant, could have a material adverse impact on our business, financial condition and results of operations.

The nature of our contracts, particularly those that are fixed-price, subjects us to risks of cost overruns. We may experience reduced profits or, in some cases, losses if costs increase above budgets or estimates or if the project experiences schedule delays.

For fiscal 2019, approximately 24% of our revenues were earned under fixed-price contracts. Both fixed-price and many cost reimbursable contracts require us to estimate the total cost of the project in advance of our performance. For fixed-price contracts, we may benefit from any cost-savings, but we bear greater risk of paying some, if not all, of any cost overruns. Fixed-price contracts are established in part on partial or incomplete designs, cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, commodity and other materials pricing and availability of labor, equipment and materials and other exigencies. If the design or the estimates prove inaccurate or if circumstances change due to, among other things, unanticipated technical problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, weather or other delays beyond our control, changes in the costs of equipment or raw materials, our vendors' or subcontractors' inability or failure to perform, or changes in general economic conditions, then cost overruns may occur and we could experience reduced profits or, in some cases, a loss for that project. These risks are exacerbated for projects with long-term durations because there is an increased risk that the circumstances on which we based our original estimates will change in a manner that increases costs. If the project is significant, or there are one or more issues that impact multiple projects, costs overruns could have a material adverse impact on our business, financial condition and results of operations.

Our contracts that are fundamentally cost reimbursable in nature may also present a risk to the extent the final cost on a project exceeds the amount the customer expected or budgeted. Like fixed-price contracts, the expected cost of cost-reimbursable projects are based in part on partial design and our estimates of the resources and time necessary to perform such contracts. A portion of the fee is often linked to these estimates and the related final cost and schedule objectives, and if for whatever reason these objectives are not met, the project may be less profitable than we expect or even result in losses.

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

A few clients have in the past and may in the future account for a significant portion of our revenue and/or backlog in any one year or over a period of several consecutive years. For example, in fiscal 2019, 2018 and 2017, approximately 27%, 32% and 30%, respectively, of our revenue was earned directly or indirectly from agencies of the U.S. federal government. Although we have long-standing relationships with many of our significant clients, our clients may unilaterally reduce, delay or cancel their contracts at any time. Our loss of or a significant reduction in business from a significant client could have a material adverse impact on our business, financial condition, and results of operations.

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

Backlog represents the total dollar amount of revenues we expect to record in the future as a result of performing work under contracts that have been awarded to us. As of the end of fiscal 2019, our backlog totaled approximately $22.6 billion. There is no assurance that backlog will actually be realized as revenues in the amounts reported or, if realized, will result in profits. In accordance with industry practice, substantially all of our contracts are subject to cancellation, termination, or suspension at the discretion of the client, including our U.S. government work. In the event of a project cancellation, we would generally have no contractual right to the total revenue reflected in our backlog. Projects can remain in backlog for extended periods of time because of the nature of the project and the timing of the particular services required by the project. The risk of contracts in backlog being canceled or suspended generally increases during periods of widespread economic slowdowns or in response to changes in commodity prices.

The contracts in our backlog are subject to changes in the scope of services to be provided as well as adjustments to the costs relating to the contracts. The revenue for certain contracts included in backlog is based on estimates. Additionally, the way we perform on our individual contracts can affect greatly our gross margins and hence, future profitability.

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

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

Contracts with the U.S. federal government and other governments and their agencies, which are a significant source of our revenue and profit, are subject to various uncertainties, restrictions, and regulations including oversight audits by various government authorities as well as profit and cost controls, which could result in withholding or delay of payments to us. Government contracts are also exposed to uncertainties associated with funding such as sequestration and budget deficits. Contracts with the U.S. federal government, for example, are subject to the uncertainties of Congressional funding. U.S. government shutdowns or any related under-staffing of the government departments or agencies that interact with our business could result in program cancellations, disruptions and/or stop work orders, could limit the government's ability to effectively progress programs and make timely payments, and could limit our ability to perform on our existing U.S. government contracts and successfully compete for new work. Governments are typically under no obligation to maintain funding at any specific level, and funds for government programs may even be eliminated. Legislatures typically appropriate funds on a year-by-year basis, while contract performance may take more than one year. As a result, contracts with government agencies may be only partially funded or may be terminated, and we may not realize all of the potential revenue and profit from those contracts.

Our government clients may reduce the scope of or terminate our contracts for convenience or decide not to renew our contracts with little or no prior notice. Since government contracts represent a significant percentage of our revenues (for example, those with the U.S. federal government represented approximately 27% of our total revenue in fiscal 2019), a significant reduction in government funding or the loss of such contracts could have a material adverse impact on our business, financial condition, and results of operations.

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

In addition, government contracts are subject to specific procurement regulations and a variety of other socio-economic requirements, which affect how we transact business with our clients and, in some instances, impose additional costs on our business operations. For example, for contracts with the U.S. federal government, we must comply with the Federal Acquisition Regulation, the Truth in Negotiations Act, the Cost Accounting Standards, and numerous regulations governing environmental protection and employment practices. Government contracts also contain terms that expose us to heightened levels of risk and potential liability than non-government contracts. This includes, for example, unlimited indemnification obligations.

We also are subject to government audits, investigations, and proceedings. For example, government agencies such as the U.S. Defense Contract Audit Agency routinely review and audit us to determine the adequacy of and our compliance with our internal control systems and policies and whether allowable costs are in accordance with applicable regulations. These audits can result in a determination that a rule or regulation has been violated or that adjustments are necessary to the amount of contract costs we believe are reimbursable by the agencies and the amount of our overhead costs allocated to the agencies.

If we violate a rule or regulation, fail to comply with a contractual or other requirement or do not satisfy an audit, a variety of penalties can be imposed on us including monetary damages and criminal and civil penalties. For example, in so-called “qui tam” actions brought by individuals or the government under the U.S. Federal False Claims Act or under similar state and local laws, treble damages can be awarded. In addition, any or all of our government contracts could be terminated, we could be suspended or debarred from all government contract work, or payment of our costs could be disallowed. The occurrence of any of these actions could have a material adverse impact on our business, financial condition and results of operations.

Many of our federal government contracts require us to have security clearances, which can be difficult and time consuming to obtain. If our employees or our facilities are unable to obtain or retain the necessary security clearances, our clients could terminate or not renew existing contracts or award us new contracts, which could have a material adverse impact on our business, financial condition and results of operations could be negatively impacted.

Our project execution activities may result in liability for faulty services.

If we fail to provide our services in accordance with applicable professional standards or contractual requirements, we could be exposed to significant monetary damages or even criminal violations. Our engineering practice, for example, involves professional judgments regarding the planning, design, development, construction, operations and management of industrial facilities and public infrastructure projects. While we do not generally accept liability for consequential damages in our contracts, and although we have adopted a range of insurance, risk management and risk avoidance programs designed to reduce potential liabilities, a catastrophic event at one of our project sites or completed projects resulting from the services we have performed could result in significant professional or product liability and warranty or other claims against us as well as reputational harm, especially if public safety is impacted. These liabilities could exceed our insurance limits or the fees we generate, may not be covered by insurance at all due to various exclusions in our coverage and could impact our ability to obtain insurance in the future. Further, even where coverage applies, the policies have deductibles, which result in our assumption of exposure for certain amounts with respect to any claim filed against us. In addition, clients or subcontractors who have agreed to indemnify us against any such liabilities or losses might refuse or be unable to pay us. An uninsured claim, either in part or in whole, as well as any claim covered by insurance but subject to a high deductible, if successful and of a material magnitude, could have a material adverse impact on our business, financial condition and results of operations.

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

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

With a workforce of approximately 52,000 people globally, we are also party to labor and employment claims in the normal course of business. Such claims could relate to allegations of harassment and discrimination, pay equity, denial of benefits, wage and hour violations, whistleblower protections, concerted protected activity, and other employment protections, and may be pursued on an individual or class action basis depending on applicable laws and regulations. Some of such claims may be insurable, while other such claims may not.

We maintain insurance coverage for various aspects of our business and operations. Our insurance programs have varying coverage limits as well as exclusions for matters such as fraud, and insurance companies may attempt to deny claims for which we seek coverage. In addition, we have elected to retain a portion of losses that may occur through the use of various deductibles, retentions and limits under these programs. As a result, we may be subject to future liability for which we are only partially insured, or completely uninsured.

Although in the past we have been generally able to cover our insurance needs, there can be no assurances that we can secure all necessary or appropriate insurance in the future, or that such insurance can be economically secured. For example, catastrophic events can result in decreased coverage limits, coverage that is more limited, or increased premium costs or higher deductibles. We monitor the financial health of the insurance companies from which we procure insurance, which is one of the factors we take into account when purchasing insurance. Our insurance is purchased from a number of the world's leading providers, often in layered insurance or quota share arrangements. If any of our third party insurers fail, abruptly cancel our coverage or otherwise cannot satisfy their insurance requirements to us, then our overall risk exposure and operational expenses could be increased and our business operations could be interrupted.

In addition, the nature of our business sometimes results in clients, subcontractors and vendors presenting claims to us for, among other things, recovery of costs related to certain projects. Similarly, we occasionally present change orders and claims to our clients, subcontractors and vendors for, among other things, additional costs exceeding the original contract price. If we fail to document properly the nature of our claims and change orders or are otherwise unsuccessful in negotiating reasonable settlements with our clients, subcontractors and vendors, we could incur cost overruns, reduced profits or, in some cases, a loss for a project. Further, these claims can be the subject of lengthy negotiations, arbitration or litigation proceedings, which could result in the investment of significant amounts of working capital pending the resolution of the relevant change orders and claims. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial results. Additionally, irrespective of how well we document the nature of our claims and change orders, the cost to prosecute and defend claims and change orders can be significant.

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

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

As is common in our industry, we perform certain contracts as a member of joint ventures, partnerships, and similar arrangements. This situation exposes us to a number of risks, including the risk that our partners may be unable to fulfill their obligations to us or our clients.

Further, we have limited ability to control the actions of our joint venture partners, including with respect to nonperformance, default, bankruptcy or legal or regulatory compliance. Our partners may be unable or unwilling to provide the required levels of financial support to the partnerships. If these circumstances occur, we may be liable for claims and losses attributable to the partner by operation of law or contract. These circumstances could also lead to disputes and litigation with our partners or clients, all of which could have a material adverse impact on our reputation, business, financial condition and results of operations.

We depend on the management effectiveness of our joint venture partners. Differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues, which could materially affect the business and operations of these ventures. In addition, in many of the countries in which we engage in joint ventures, it may be difficult to enforce our contractual rights under the applicable joint venture agreement. If we are not able to enforce our contractual rights, we may not be able to realize the benefits of the joint venture or we may be subject to additional liabilities.

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

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

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

Third-party subcontractors we hire perform much of the work performed under our contracts. We also rely on third-party equipment manufacturers or suppliers to provide much of the equipment and materials used for projects. If we are unable to hire qualified subcontractors or find qualified equipment manufacturers or suppliers, our ability to successfully complete a project could be impaired. If we are not able to locate qualified third-party subcontractors or the amount we are required to pay for subcontractors or equipment and supplies exceeds what we have estimated, especially in a lump sum or a fixed-price contract, we may suffer losses on these contracts. If a subcontractor, supplier, or manufacturer fails to provide services, supplies or equipment as required under a contract for any reason, we may be required to source these services, equipment or supplies to other third parties on a delayed basis or on less favorable terms, which could impact contract profitability. There is a risk that we may have disputes with our subcontractors relating to, among other things, the quality and timeliness of work performed, customer concerns about the subcontractor, or our failure to extend existing task orders or issue new task orders under a contract. In addition, faulty workmanship, equipment or materials could impact the overall project, resulting in claims against us for failure to meet required project specifications.

In an uncertain or downturn economic environment, third parties may find it difficult to obtain sufficient financing to help fund their operations. The inability to obtain financing could adversely affect a third party's ability to provide materials, equipment or services which could have a material adverse impact on our business, financial condition, and results of operations. In addition, a failure by a third party subcontractor, supplier or manufacturer to comply with applicable laws, regulations or client requirements could negatively impact our business and, for government clients, could result in fines, penalties, suspension or even debarment being imposed on us, which could have a material adverse impact on our business, financial condition, and results of operations.

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

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

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

We are subject to U.S. federal, state, local and foreign laws and regulations that affect our business. For example, our global operations require importing and exporting goods and technology across international borders which requires full compliance with both export regulatory laws and International Trafficking in Arms Regulations ("ITAR"). Although we have policies and procedures to comply with U.S. and foreign international trade laws, the violation of such laws could subject the Company and its employees to civil or criminal penalties, including substantial monetary fines, or other adverse actions including denial of import or export privileges or debarment from participation in U.S. government contracts, and could damage our reputation and our ability to do business.

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

The U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act of 2010, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws, including the requirements to maintain accurate information and internal controls. We operate in many parts of the world that have experienced governmental corruption to some degree and in certain circumstances; strict compliance with anti-bribery laws may conflict with local customs and practices. Despite our training and compliance programs, there is no assurance that our internal control policies and procedures will protect us from acts committed by our employees or agents. If we are found to be liable for FCPA or other violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from civil and criminal penalties or other sanctions, including contract cancellations or debarment and loss of reputation, any of which could have a material adverse impact on our business, financial condition and results of operations.

Our international operations are exposed to additional risks and uncertainties, including unfavorable political developments and weak foreign economies.

For fiscal 2019, approximately 29% of our revenue was earned from clients outside the U.S. Our business is dependent on the continued success of our international operations, and we expect our international operations to continue to account for a significant portion of our total revenues. Our international operations are subject to a variety of risks, including:

- Recessions and other economic crises in other regions, such as Europe, or specific foreign economies and the impact on our costs of doing business in those countries;
- Difficulties in staffing and managing foreign operations, including logistical and communication challenges;
- Unexpected changes in foreign government policies and regulatory requirements;
- Potential non-compliance with a wide variety of laws and regulations, including anti-corruption, export control and anti-boycott laws and similar non-U.S. laws and regulations;
- Potential non-compliance with regulations and evolving industry standards regarding consumer protection and data use and security, including the General Data Protection Regulation approved by the European Union;
- Lack of developed legal systems to enforce contractual rights;
- Expropriation and nationalization of our assets in a foreign country;
- Renegotiation or nullification of our existing contracts;
- The adoption of new, and the expansion of existing, trade or other restrictions;
- Embargoes, duties, tariffs or other trade restrictions, including sanctions;
- Changes in labor conditions;
- Acts of war, civil unrest, force majeure, and terrorism;
- The ability to finance efficiently our foreign operations;
- Social, political, and economic instability;
- Expropriation of property;
- Changes to tax policy;
- Currency exchange rate fluctuations;
- Limitations on the ability to repatriate foreign earnings; and
- U.S. government policy changes in relation to the foreign countries in which we operate.

The lack of a well-developed legal system in some of these countries may make it difficult to enforce our contractual rights. In addition, military action, geopolitical shifts or continued unrest, particularly in the Middle East, could impact the supply or pricing of oil, disrupt our operations in the region and elsewhere and increase our security costs. To the extent our international operations are affected by unexpected or adverse economic, political and other conditions, our business, financial condition and results of operations may be adversely affected.

We work in international locations where there are high security risks, which could result in harm to our employees or unanticipated cost.

Some of our services are performed in high-risk locations, where the country or location is subject to political, social or economic risks, or war, terrorism or civil unrest. In those locations where we have employees or operations, we may expend significant efforts and incur substantial security costs to maintain the safety of our personnel. Despite these activities, in these locations, we cannot guarantee the safety of our personnel and we may suffer future losses of employees and subcontractors. Acts of terrorism and threats of armed conflicts in or around various areas in which we operate could limit or disrupt markets and our operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of key employees, contractors or assets.

Systems and information technology interruption or failure and data security or privacy breaches could adversely impact our ability to operate or expose us to significant financial losses and reputational harm.

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

In addition, we face the threat to our computer systems of unauthorized access, computer hackers, computer viruses, malicious code, ransomware, phishing, organized cyber-attacks and other security problems and system disruptions, including possible unauthorized access to and disclosure of our and our clients’ proprietary or classified information. In addition, such tactics may also seek to cause payments due to or from the Company to be misdirected to fraudulent accounts, which may not be recoverable by the Company.

While we have security measures and technology in place to protect our and our clients’ proprietary or classified information, if these measures fail as a result of a cyber-attack, other third-party action, employee error, malfeasance or otherwise, and someone obtains unauthorized access to our or our clients’ information, our reputation could be damaged, our business may suffer and we could incur significant liability. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. As a result, we may be required to expend significant resources to protect against the threat of system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. Any of these events could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

In addition, new laws and regulations governing data privacy and the unauthorized disclosure of confidential information, including the European Union General Data Protection Regulation and the California Consumer Privacy Act, pose increasingly complex compliance challenges and potentially elevate costs, and any failure to comply with these laws and regulations could result in significant penalties and legal liability.

We continuously evaluate the need to upgrade and/or replace our systems and network infrastructure to protect our computing environment, to stay current on vendor supported products and to improve the efficiency of our systems and for other business reasons. The implementation of new systems and information technology could adversely impact our operations by imposing substantial capital expenditures, demands on management time and risks of delays or difficulties in transitioning to new systems. In addition, our systems implementations may not result in productivity improvements at the levels anticipated. Systems implementation disruption and any other information technology disruption, if not anticipated and appropriately mitigated, could have an adverse effect on our business.

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

We issue reports and opinions to clients based on our professional engineering expertise as well as our other professional credentials that subject us to professional standards, duties and obligations regulating the performance of our services. For example, we issue opinions and reports to government clients in connection with securities offerings. If a client or another third party alleges that our report or opinion is incorrect or it is improperly relied upon and we are held responsible, we could be subject to significant monetary damages. In addition, our reports and other work product may need to comply with professional standards, licensing requirements, securities regulations and other laws and rules governing the performance of professional services in the jurisdiction where the services are performed. We could be liable to third parties who use or rely upon our reports and other work product even if we are not contractually bound to those third parties. These events could in turn result in monetary damages and penalties.

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

Our technology and intellectual property provide us, in certain instances, with a competitive advantage. Although we protect our property through registration, licensing, contractual arrangements, security controls and similar mechanisms, we may not be able to successfully preserve our rights and they could be invalidated, circumvented, challenged or become obsolete. Trade secrets are generally difficult to protect. Our employees and contractors are subject to confidentiality obligations, but this protection may be inadequate to deter or prevent misappropriation of our confidential information and/or infringement of our intellectual property. In addition, the laws of some foreign countries in which we operate do not protect intellectual property rights to the same extent as the U.S. If we are unable to protect and maintain our intellectual property rights or if there are any successful intellectual property challenges or infringement proceedings against us, our ability to differentiate our service offerings could be reduced. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert leadership's attention away from other aspects of our business.

We also hold licenses from third parties which may be utilized in our business operations. If we are no longer able to license such technology on commercially reasonable terms or otherwise, our business and financial performance could be adversely affected.

If our intellectual property rights or work processes become obsolete, we may not be able to differentiate our service offerings and some of our competitors may be able to offer more attractive services to our customers. Our competitors may independently attempt to develop or obtain access to technologies that are similar or superior to our technologies.

Our clients or other third parties may also provide us with their technology and intellectual property. There is a risk we may not sufficiently protect our or their information from improper use or dissemination and, as a result, could be subject to claims and litigation and resulting liabilities, loss of contracts or other consequences that could have a material adverse impact on our business, financial condition and results of operations.

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

Our quarterly operating results may fluctuate significantly or fall below the expectations of securities analysts, which could have a material adverse impact on the price of our common stock. Fluctuations are caused by a number of factors, including:

- Legal proceedings, disputes and/or government investigations;
- Fluctuations in the spending patterns of our government and commercial customers;
- The number and significance of projects executed during a quarter;
- Unanticipated changes in contract performance, particularly with contracts that have funding limits;
- The timing of resolving change orders, requests for equitable adjustments, and other contract adjustments;
- Delays incurred in connection with a project;
- Changes in prices of commodities or other supplies;
- Changes in foreign currency exchange rates;
- Weather conditions that delay work at project sites;

- The timing of expenses incurred in connection with acquisitions or other corporate initiatives;
- The decision by the Board of Directors to begin or cease paying a dividend, and the expectation that if the Company pays dividends, it would declare dividends at the same or higher levels in the future;
- Natural disasters or other crises;
- Staff levels and utilization rates;
- Changes in prices of services offered by our competitors; and
- General economic and political conditions.

If we do not have adequate indemnification for our nuclear services, it could adversely affect our business, financial condition and results of operations.

The Price-Anderson Nuclear Industries Indemnity Act, commonly called the Price-Anderson Act ("PAA"), is a U.S. federal law, which, among other things, regulates radioactive materials and the nuclear energy industry, including liability and compensation in the event of nuclear related incidents. The PAA provides certain protections and indemnification to nuclear energy plant operators and U.S. Department of Energy ("DOE") contractors. The PAA protections and indemnification apply to us as part of our services to the U.S. nuclear energy industry and DOE for new facilities, maintenance, modification, decontamination and decommissioning of nuclear energy, weapons and research facilities.

We offer similar services in other jurisdictions outside the U.S. For those jurisdictions, varying levels of nuclear liability protection is provided by international treaties, and/or domestic laws, such as the Nuclear Liability and Compensation Act of Canada and the Nuclear Installations Act of the United Kingdom, insurance and/or assets of the nuclear installation operators (some of which are backed by governments) as well as under appropriate enforceable contractual indemnifications and hold-harmless provisions. These protections and indemnifications, however, may not cover all of our liability that could arise in the performance of these services. To the extent the PAA or other protections and indemnifications do not apply to our services, the cost of losses associated with liability not covered by the available protections and indemnifications, or by virtue of our loss of business because of these added costs could have a material adverse impact on our business, financial condition and results of operations.

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

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

- Recognition of contract revenue, costs, profit or losses in applying the principles of percentage of completion accounting;
- Estimated amounts for expected project losses, warranty costs, contract close-out or other costs;
- Recognition of recoveries under contract change orders or claims;
- Collectability of billed and unbilled accounts receivable and the need and amount of any allowance for doubtful accounts;
- Estimates of other liabilities, including litigation and insurance revenues/reserves and reserves necessary for self-insured risks;
- Accruals for estimated liabilities, including litigation reserves;
- Valuation of assets acquired, and liabilities, goodwill, and intangible assets assumed, in acquisitions and ongoing assessment of impairment;
- Valuation of stock-based compensation;
- The determination of liabilities under pension and other post-retirement benefit programs;
- Income tax provisions and related valuation allowances; and
- Valuation of investment in Worley stock.

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

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

Because we have grown in part through acquisitions, goodwill and intangible assets represent a substantial portion of our assets. Under U.S. GAAP, we are required to test goodwill carried in our Consolidated Balance Sheets for possible impairment on an annual basis based upon a fair value approach. As of September 27, 2019, we had $5.43 billion of goodwill, representing 47.4% of our total assets of $11.46 billion. We have chosen to perform our annual impairment reviews of goodwill at the beginning of the fourth quarter of our fiscal year. We also are required to test goodwill for impairment between annual tests if events occur or circumstances change that would more likely than not reduce our enterprise fair value below its book value. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in a reporting unit's market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of our business, potential government actions toward our facilities and other factors.

If our market capitalization drops significantly below the amount of net equity recorded on our balance sheet, it might indicate a decline in our fair value and would require us to further evaluate whether our goodwill has been impaired. If the fair value of our reporting units is less than their carrying value, we could be required to record an impairment charge. The amount of any impairment could be significant and could have a material adverse impact on our financial position and results of operations for the period in which the charge is taken. For a further discussion of goodwill impairment testing, please see Item 7- *Management's Discussion and Analysis of Financial Condition and Results of Operations* below.

There can be no assurance that we will pay dividends on our common stock.

Our Board of Directors initiated a quarterly cash dividend program in fiscal 2017 under which we have paid, and intend to continue paying, regular quarterly dividends. The declaration, amount and timing of such dividends are subject to capital availability and determinations by our Board of Directors that cash dividends are in the best interest of our stockholders and are in compliance with all respective laws and applicable agreements. Our ability to pay dividends will depend upon, among other factors, our cash balances and potential future capital requirements for strategic transactions, including acquisitions, debt service requirements, results of operations, financial condition and other factors that our Board of Directors may deem relevant. A reduction in or elimination of our dividend payments and/or our dividend program could have a material negative effect on our stock price.

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

We have various employee benefit plan obligations that require us to make contributions to satisfy, over time, our underfunded benefit obligations, which are generally determined by calculating the projected benefit obligations minus the fair value of plan assets. For example, as of September 27, 2019 and September 28, 2018, our defined benefit pension and post-retirement benefit plans were underfunded by $399.8 million and $339.3 million, respectively. See Note 12- *Pension and Other Postretirement Benefit Plans* in the Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K for additional disclosure. In the future, our benefit plan obligations may increase or decrease depending on changes in the levels of interest rates, pension plan asset performance and other factors. If we are required to contribute a significant amount of the deficit for underfunded benefit plans, our cash flows could be materially and adversely affected.

Negotiations with labor unions and possible work actions could disrupt operations and increase labor costs and operating expenses.

A certain portion of our work force has entered into collective bargaining agreements which on occasion may require renegotiation. The outcome of future negotiations relating to union representation or collective bargaining agreements may not be favorable to the Company in that they may increase our operating expenses and lower our net income as a result of higher wages or benefit expenses. In addition, negotiations with unions could divert management attention and disrupt operations, which may adversely affect our results of operations. If we are unable to negotiate acceptable collective bargaining agreements, we may have to address the threat of union-initiated work actions, including strikes. Depending on the nature of the threat or the type and duration of any work action, these actions could have a material adverse impact on our business, financial condition and results of operations.

Demand for our services is cyclical as the sectors and industries in which our clients operate are impacted by economic downturns, reductions in government or private spending and times of political uncertainty.

We provide full spectrum technical and professional solutions to clients operating in a number of sectors and industries, including programs for various national governments, including the U.S. federal government; aerospace; automotive; pharmaceuticals and biotechnology; infrastructure; environmental and nuclear; buildings; smart cities; power; water; transportation; telecom and other general industrial and consumer businesses and sectors. These sectors and industries and the resulting demand for our services have been, and we expect will continue to be, cyclical and subject to significant fluctuations due to a variety of factors beyond our control, including economic conditions and changes in client spending, particularly during periods of economic or political uncertainty.

Uncertain global economic and political conditions may negatively impact our clients' ability and willingness to fund their projects, including their ability to raise capital and pay, or timely pay, our invoices. They may also cause our clients to reduce their capital expenditures, alter the mix of services purchased, seek more favorable price and other contract terms and otherwise slow their spending on our services. For example, in the public sector, declines in state and local tax revenues as well as other economic declines may result in lower state and local government spending. In addition, under such conditions, many of our competitors may be more inclined to take greater or unusual risks or accept terms and conditions in contracts that we might not deem acceptable. These conditions may reduce the demand for our services, which may have a material adverse impact on our business, financial condition and results of operations.

Additionally, uncertain economic and political conditions may make it difficult for our clients, our vendors, and us to accurately forecast and plan future business activities. For example, recent changes to U.S. policies related to global trade and tariffs have resulted in uncertainty surrounding the future of the global economy as well as retaliatory trade measures implemented by other countries. The increasing cost of steel and aluminum may impact client spending. We cannot predict the outcome of these changing trade policies or other unanticipated political conditions, nor can we predict the timing, strength or duration of any economic recovery or downturn worldwide or in our clients' markets. In addition, our business has traditionally lagged recoveries in the general economy and, therefore, may not recover as quickly as the economy at large. Weak economic conditions, a failure to obtain expected benefits from any increased infrastructure spending, or a reduction in government spending could have a material adverse impact on our business, financial condition and results of operations. Furthermore, if a significant portion of our clients or projects are concentrated in a specific geographic area or industry, our business may be disproportionately affected by negative trends or economic downturns in those specific geographic areas or industries.

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

Our operations may be impacted by the United Kingdom's proposed exit from the European Union.

In June 2016, the U.K. held a referendum in which voters approved an exit from the E.U., commonly referred to as "Brexit." As a result of the U.K.'s exit from the E.U., there may be greater restrictions on imports and exports between the U.K. and E.U. countries and increased regulatory complexities. These changes may adversely affect our relationships with our existing and future customers, suppliers, employees, and subcontractors, or otherwise have an adverse effect on our business, financial condition and results of operations. The ongoing negotiations between the U.K. and the E.U. as to the terms upon which the U.K. will exit from the E.U. and the uncertainty as to their future trade agreement continues to create economic uncertainty, which may cause our customers to closely monitor their costs, terminate or reduce the scope of existing contracts, decrease or postpone currently planned contracts, or negotiate for more favorable deal terms, each of which may have a negative impact on our business, financial condition and results of operations.

We rely on cash provided by operations and liquidity under our credit facilities to fund our business. Negative conditions in the credit and financial markets and delays in receiving client payments could adversely affect our cost of borrowing and our business.

Although we finance much of our operations using cash provided by operations, at times we depend on the availability of credit to grow our business and to help fund business acquisitions. We are currently a borrower under several credit facilities. These facilities all contain customary covenants restricting, among other things, our ability to incur certain liens and indebtedness. We are also subject to certain financial covenants, including maintenance of a maximum consolidated leverage ratio. A breach of any covenant or our inability to comply with the required financial ratios could result in a default under one or more of our credit facilities and limit our ability to do further borrowing. Instability in the credit markets in the U.S. or abroad could cause the availability of credit to be relatively difficult or expensive to obtain at competitive rates, on commercially reasonable terms or in sufficient amounts. This situation could make it more difficult or more expensive for us to access funds, refinance our existing indebtedness, enter into agreements for new indebtedness, or obtain funding through the issuance of securities or such additional capital may not be available on terms acceptable to us, or at all. We may also enter into business acquisition agreements that require us to access credit, which if not available at the closing of the acquisition could result in a breach of the acquisition agreement and a resulting claim for damages by the sellers of such business. In addition, market conditions could negatively impact our clients' ability to fund their projects and, therefore, utilize our services, which could have a material adverse impact on our business, financial condition, and results of operations.

In addition, we are subject to the risk that the counterparties to our credit agreements may go bankrupt if they suffer catastrophic demand on their liquidity that will prevent them from fulfilling their contractual obligations to us. We also routinely enter into contracts with counterparties including vendors, suppliers and subcontractors that may be negatively impacted by events in the credit markets. If those counterparties are unable to perform their obligations to us or our clients, we may be required to provide additional services or make alternate arrangements on less favorable terms with other parties to ensure adequate performance and delivery of services to our clients. These circumstances could also lead to disputes and litigation with our partners or clients, which could have a material adverse impact on our reputation, business, financial condition and results of operations.

Some of our customers, suppliers and subcontractors depend on access to commercial financing and capital markets to fund their operations. Disruptions of the credit or capital markets could adversely affect our clients' ability to finance projects and could result in contract cancellations or suspensions, project delays and payment delays or defaults by our clients. In addition, clients may be unable to fund new projects, may choose to make fewer capital expenditures or otherwise slow their spending on our services or to seek contract terms more favorable to them. Our government clients may face budget deficits that prohibit them from funding proposed and existing projects or that cause them to exercise their right to terminate our contracts with little or no prior notice. In addition, any financial difficulties suffered by our subcontractors or suppliers could increase our cost or adversely impact project schedules. These disruptions could materially impact our backlog and have a material adverse impact on our business, financial condition and results of operations.

In addition, we typically bill our clients for our services in arrears and are, therefore, subject to our clients delaying or failing to pay our invoices after we have already committed resources to their projects. In weak economic environments, we may experience increased delays and failures due to, among other reasons, our clients' unwillingness to pay for alleged poor performance or to preserve their own working capital. If one or more clients delays in paying or fails to pay us a significant amount of our outstanding receivables, it could have a material adverse impact on our liquidity, financial condition and results of operations.

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

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

In line with industry practice, we are often required to provide performance or payment bonds or letters of credit to our customers. These instruments indemnify the customer should we fail to perform our obligations under the contract. If a bond or a letter of credit is required for a particular project and we are unable to obtain an appropriate bond or letter of credit, we cannot pursue that project. Historically, we have had adequate bonding and letter of credit capacity but, as is typically the case, the issuance of a bond is at the surety’s sole discretion and the issuance of a letter of credit is based on the Company's credit-worthiness. Because of an overall lack of worldwide bonding capacity, we may find it difficult to find sureties who will provide required levels of bonding or such bonding may only be available at significant additional cost. There can be no assurance that our bonding capacity will continue to be available to us on reasonable terms. In addition, future projects may require us to obtain letters of credit that extend beyond the term of our existing credit facilities. Our inability to obtain adequate bonding and, as a result, to bid on new contracts that require such bonding or letter of credit could have a material adverse impact on our business, financial condition and results of operations.

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

Rising inflation, interest rates, or construction costs could reduce the demand for our services. In addition, we bear all of the risk of rising inflation with respect to those contracts that are fixed-price. Because a significant portion of our revenues are earned from cost-reimbursable type contracts (approximately 76% during fiscal 2019), the effects of inflation on our financial condition and results of operations over the past few years have been generally minor. However, if we expand our business into markets and geographic areas where fixed-price and lump-sum work is more prevalent, inflation may have a larger impact on our results of operations in the future. Therefore, increases in inflation, interest rates or construction costs could have a material adverse impact on our business, financial condition and results of operations.

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

Our reported financial condition and results of operations are exposed to the effects (both positive and negative) that fluctuating exchange rates have on the process of translating the financial statements of our international operations, which are denominated in currencies other than the U.S. dollar, into the U.S. dollar. While we generally attempt to denominate our contracts in the currencies of our expenditures, we do enter into contracts that expose us to currency risk, particularly to the extent contract revenue is denominated in a currency different than the contract costs. We attempt to minimize our exposure from currency risks by obtaining escalation provisions for projects in inflationary economies or entering into derivative (hedging) instruments, when there is currency risk exposure that is not naturally mitigated via our contracts. These actions, however, may not always eliminate currency risk exposure. The governments of certain countries have or may in the future impose restrictive exchange controls on local currencies and it may not be possible for us to engage in effective hedging transactions to mitigate the risks associated with fluctuations in a particular currency. Based on fluctuations in currency, the U.S. dollar value of our backlog may from time to time increase or decrease significantly. We may also be exposed to limitations on our ability to reinvest earnings from operations in one country to fund the financing requirements of our operations in other countries.

Our effective tax rate may increase or decrease.

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

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

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

Our businesses could be materially and adversely affected by events outside of our control.

Extraordinary or force majeure events beyond our control, such as natural or man-made disasters, could negatively impact our ability to operate. As an example, from time to time we face unexpected severe weather conditions which may result in weather-related delays that are not always reimbursable under a fixed-price contract; evacuation of personnel and curtailment of services; increased labor and material costs in areas resulting from weather-related damage and subsequent increased demand for labor and materials for repairing and rebuilding; inability to deliver materials, equipment and personnel to job sites in accordance with contract schedules; and loss of productivity. We may remain obligated to perform our services after any such natural or man-made event, unless a force majeure clause or other contractual provision provides us with relief from our contractual obligations. If we are not able to react quickly to such events, or if a high concentration of our projects are in a specific geographic region that suffers from a natural or man-made catastrophe, our operations may be significantly affected, which could have a material adverse impact on our operations. In addition, if we cannot complete our contracts on time, we may be subject to potential liability claims by our clients which may reduce our profits.

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

Commodity prices can affect our customers in a number of ways. For example, for those customers that produce commodity products such as oil, gas, copper, or fertilizers, fluctuations in price can have a direct effect on their profitability and cash flow and, therefore, their willingness to continue to invest or make new capital investments. Furthermore, declines in commodity prices can negatively impact our business in regions whose economies are substantially dependent on commodity prices, such as the Middle East. To the extent commodity prices decline or fluctuate and our customers defer new investments or cancel or delay existing projects, the demand for our services decreases, which may have a material adverse impact on our business, financial condition and results of operations.

Commodity prices can also strongly affect the costs of projects. Rising commodity prices can negatively impact the potential returns on investments that are planned, as well as those in progress, and result in customers deferring new investments or canceling or delaying existing projects. Cancellations and delays have affected our past results and may continue to do so in significant and unpredictable ways and could have a material adverse impact on our business, financial condition and results of operations.

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

The success of our business is dependent upon our ability to hire, retain and utilize qualified personnel, including engineers, architects, designers, craft personnel and corporate leadership professionals who have the required experience and expertise at a reasonable cost. The market for these and other personnel is competitive. From time to time, it may be difficult to attract and retain qualified individuals with the expertise, and in the timeframe, demanded by our clients, or to replace such personnel when needed in a timely manner. In certain geographic areas, for example, we may not be able to satisfy the demand for our services because of our inability to successfully hire and retain qualified personnel. Furthermore, some of our personnel hold government granted clearance that may be required to obtain government projects. If we were to lose some or all of these personnel, they would be difficult to replace. Loss of the services of, or failure to recruit, qualified technical and leadership personnel could limit our ability to successfully complete existing projects and compete for new projects.

In addition, in the event that any of our key personnel retire or otherwise leave the Company, we need to have appropriate succession plans in place and to successfully implement such plans, which requires devoting time and resources toward identifying and integrating new personnel into leadership roles and other key positions. If we cannot attract and retain qualified personnel or effectively implement appropriate succession plans, it could have a material adverse impact on our business, financial condition and results of operations.

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

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

Our business strategy involves growth through, among other things, the acquisition of other companies. Acquiring companies, including CH2M HILL Companies, Ltd., which we acquired in December 2017 and KeyW, which we acquired in June 2019, presents a number of risks, including:

- Assumption of liabilities of an acquired business, including liabilities that were unknown at the time the acquisition was negotiated;
- Failure of the acquired business to comply with U.S. federal, state, local and foreign laws and regulations and/or contractual requirements with government clients;
- Valuation methodologies may not accurately capture the value of the acquired business;
- Failure to realize anticipated benefits, such as cost savings, synergies, business opportunities and growth opportunities;
- The loss of key customers or suppliers, including as a result of any actual or perceived conflicts of interest;
- Difficulties or delays in obtaining regulatory approvals, licenses and permits;
- Difficulties relating to combining previously separate entities into a single, integrated, and efficient business;
- The effects of diverting leadership’s attention from day-to-day operations to matters involving the integration of acquired companies;
- Potentially substantial transaction costs associated with business combinations;
- Potential impairment resulting from the overpayment for an acquisition or post-acquisition deterioration in an acquired business;
- Difficulties relating to assimilating the leadership, personnel, benefits, services, and systems of an acquired business and to assimilating marketing and other operational capabilities;
- Difficulties retaining key personnel of an acquired business;
- Increased burdens on our staff and on our administrative, internal control and operating systems, which may hinder our legal and regulatory compliance activities;
- Difficulties in applying and integrating our system of internal controls to an acquired business;

- Increased financial and accounting challenges and complexities in areas such as tax planning, treasury management, financial reporting and internal controls;
- The potential requirement for additional equity or debt financing, which may not be available, or if available, may not have favorable terms; and
- The risks discussed in this Item 1A. Risk Factors that may relate to the activities of the acquired business prior to the acquisition.

While we may obtain indemnification rights from the sellers of acquired businesses and/or insurance that could mitigate certain of these risks, such rights may be difficult to enforce, the losses may exceed any dedicated escrow funds and the indemnitors may not have the ability to financially support the indemnity, or the insurance coverage may be unavailable or insufficient to cover all losses.

If our leadership is unable to successfully integrate acquired companies or implement our growth strategy, our operating results could be harmed. In addition, even if the operations of an acquisition are integrated successfully, we may not realize the full benefits of an acquisition, including the synergies, cost savings, or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Moreover, we cannot assure that we will continue to successfully expand or that growth or expansion will result in profitability.

In addition, there is no assurance that we will continue to locate suitable acquisition targets or that we will be able to consummate any such transactions on terms and conditions acceptable to us. Existing cash balances and cash flow from operations, together with borrowing capacity under our credit facilities, may be insufficient to make acquisitions. Future acquisitions may require us to obtain additional equity or debt financing, which may not be available on attractive terms, or at all. Acquisitions may also bring us into businesses we have not previously conducted and expose us to additional business risks that are different than those we have traditionally experienced.

Acquisitions and divestitures create various business risks and uncertainties during the pendency of the transaction.

Consummation of any merger or divestiture is subject to the satisfaction of customary conditions, including one or more of the following: (i) due diligence and its associated time and cost commitments, (ii) board and shareholder approval, (iii) regulatory approvals, (iv) the absence of any legal restraint that would prevent the consummation of the transaction, (v) the absence of material adverse conditions which can prevent the consummation of the transaction, and (vi) compliance with covenants and the accuracy of representations and warranties contained in the transaction agreement, among others. One or more of these conditions may not be fulfilled and, accordingly, the transaction may not be consummated or may be significantly delayed. In such case, our ongoing business, financial condition and results of operations may be materially adversely affected and the market price of our common stock may decline, particularly to the extent that the market price reflects a market assumption that the transaction will be consummated or will be consummated within a particular timeframe.

Furthermore, most transactions require the Company to incur substantial expense associated with closing and if the transaction is not consummated, we will incur these expenses without realizing the expected benefits. The pursuit of the transaction will also require management attention and use of internal resources that would otherwise be focused on general business operations. In addition, customers’ uncertainty about the effect of the transaction may have an adverse effect on the ability to win customer contracts, or could cause existing clients to seek to change existing business relationships. Employee morale due to the uncertainties associated with the transaction could also be negatively affected. Any of the foregoing, or other risks arising in connection with a failure or delay in consummating a transaction, including the diversion of management attention or loss of other opportunities during the pendency of the transaction, could have a material adverse effect on our business, financial condition and results of operations.

In the event we issue stock as consideration for certain acquisitions we may make, we could dilute share ownership, and if we receive stock in connection with a divestiture, the value of stock is subject to fluctuation.

One method of acquiring companies or otherwise funding our corporate activities is through the issuance of additional equity securities. If we issue additional equity securities, such issuances could have the effect of diluting our earnings per share as well as our existing shareholders’ individual ownership percentages in the Company.

In addition, if we receive stock or other equity securities in connection with a sale or divestiture of a business, the value of such stock will fluctuate and/or be subject to trading restrictions. Stock price changes may result from, among other things, changes in the business, operations or prospects of the issuer prior to or following the transaction, litigation or regulatory considerations, general business, market, industry or economic conditions, the ability to sell all or a portion of the stock based on current market conditions, and other factors both within and beyond the control of the Company. In addition, if the stock received is valued in a currency other than U.S. dollars, the value of such stock will also fluctuate based on foreign currency rates. For example, in connection with the ECR sale, the Company received 58.2 million ordinary shares of Worley as a portion of the purchase price. Approximately 51.3 million of such shares are subject to a lock-up period that expires in December 2019. The value of such shares will fluctuate based on the trading price of the Worley shares on the Australian Securities Exchange and the exchange rate of the Australian dollar.

We may be held liable to Worley under the ECR sale agreement if we fail to perform certain services under the transition services agreement, and the performance of such services may negatively impact our business and operations.

We have entered into a transition services agreement ("TSA") with Worley in connection with the sale of our ECR business pursuant to which we will provide Worley, on an interim, transitional basis, various services, including, but not limited to, executive consultation services, employee benefits administration, human resources and payroll services, tax services, financial and accounting services, information technology services, regulatory services, project management services for certain client contracts, general administrative services and other support services. If we do not satisfactorily perform our obligations under the agreement, we may be required to re-perform such services at no additional cost. In addition, during the transition services period, our leadership and employees may be required to divert their attention away from our business in order to provide services to Worley, which could adversely affect our business.

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

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

- Only our Board of Directors can fill vacancies on the board;
- There are various restrictions on the ability of a shareholder to nominate a director for election; and
- Our Board of Directors can authorize the issuance of preferred shares.

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

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Our properties consist primarily of office space within general, commercial office buildings located in major cities primarily in the following countries: United States; Armenia; Australia; Canada; China; Egypt; France; Germany; Greenland; Hong Kong; India; Indonesia; Ireland; Italy; Kazakhstan; Korea (Republic of); Malaysia; The Netherlands; New Zealand; The Philippines; Poland; Qatar; Romania; Saudi Arabia; Singapore; Sweden; Switzerland; Taiwan (Province of China); Thailand; United Arab Emirates; United Kingdom and Vietnam. We also lease smaller offices located in certain other countries. Such space is used for operations (providing technical, professional, and other home office services), sales and administration. The total amount of space used by us for all of our operations is approximately 7.1 million square feet.

Item 3. LEGAL PROCEEDINGS

The information required by this Item 3 is included in Note 17 — *Contractual Guarantees, Litigation, Investigations and Insurance* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K and is incorporated herein by reference.

Item 4. MINE SAFETY DISCLOSURE

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) by the federal Mine Safety and Health Administration. Under the Mine Act, an independent contractor that performs services or construction of a mine is included within the definition of a mining operator. Although Jacobs no longer performs services or construction of mines due to the sale of ECR, during the prior periods presented within, the Company did perform such services from time to time prior to the sale of ECR. We do not act as the owner of any mines.

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95.

PART II

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

Market Information

Jacobs' common stock is listed on the NYSE and trades under the symbol JEC. Beginning on December 10, 2019 Jacobs' common stock will trade on the NYSE under the symbol J. We provided to the NYSE, without qualification, the required annual certification of our Chief Executive Officer regarding compliance with the NYSE's corporate governance listing standards. The following table sets forth the low and high sales prices of a share of our common stock during each of the fiscal quarters presented, based on the NYSE Composite Price History:

	Low Sales Price	High Sales Price
Fiscal 2019:		
First quarter	$ 55.24	$ 80.92
Second quarter	$ 57.30	$ 75.19
Third quarter	$ 73.87	$ 84.39
Fourth quarter	$ 79.67	$ 93.55
Fiscal 2018:		
First quarter	$ 57.21	$ 69.35
Second quarter	$ 55.42	$ 72.18
Third quarter	$ 55.21	$ 66.72
Fourth quarter	$ 62.79	$ 77.91

Shareholders

According to the records of our transfer agent, there were 3,437 shareholders of record as of November 11, 2019.

Share Repurchases

On July 23, 2015, the Board of Directors approved a program to repurchase up to $500.0 million of the Company's common stock, to expire on July 31, 2018. On July 19, 2018, the Company's Board of Directors authorized the continuation of this share repurchase program for an additional three years, to expire on July 31, 2021. As of September 27, 2019, no authorized amounts remain outstanding under this program. The following table summarizes the activity under this program during fiscal 2019:

Amount Authorized	Average Price Per Share (1)	Shares Repurchased	Total Shares Retired
$500,000,000	$61.74	4,005,007	4,005,007

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

On January 17, 2019, 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 16, 2022. On February 19, 2019, the Company launched accelerated share repurchase programs by advancing $250 million to two financial institutions in privately negotiated transactions (collectively, the "First 2019 ASR Program"). The specific number of shares that the Company repurchased under the First 2019 ASR Program was determined based generally on a discount to the volume-weighted average price per share of the Company's common stock during a calculation period completed on June 5, 2019. The purchase was recorded as a share retirement for purposes of calculating earnings per share.

On August 21, 2019, the Company launched a second accelerated share repurchase program by advancing $250 million to a financial institution in a privately negotiated transaction (the "Second 2019 ASR Program"). The specific number of shares that the Company ultimately will repurchase under the Second 2019 ASR Program will be determined based generally on a discount to the volume-weighted average price per share of the Company's common stock during a calculation period to be completed no later than December 2019. The purchase will be recorded as a share retirement for purposes of calculating earnings per share.

Subsequent to the launch of the First 2019 ASR Program, the Second 2019 ASR Program and other share repurchases, the Company has $393.7 million remaining under its $1.0 billion share repurchase authorization. The following table summarizes the activity under this program during fiscal 2019:

Amount Authorized	Average Price Per Share (1)	Shares Repurchased	Total Shares Retired
$1,000,000,000	$86.43	7,014,633	7,014,633

(1) Includes commissions paid and calculated at the average price per share since the repurchase program authorization date.

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 share repurchase program does not obligate the Company to purchase any shares. 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 and amount 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.

Dividends

On September 19, 2019, the Company's Board of Directors declared a quarterly dividend of $0.17 per share of the Company's common stock which was paid on November 1, 2019, to shareholders of record on the close of business on October 4, 2019. Future dividend declarations are subject to review and approval by the Company's Board of Directors. Dividends paid through September 27, 2019 and the preceding fiscal year are as follows:

Declaration Date	Record Date	Payment Date	Cash Amount (per share)
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
July 19, 2018	August 3, 2018	August 31, 2018	$0.15
May 3, 2018	May 18, 2018	June 15, 2018	$0.15
January 18, 2018	February 16, 2018	March 16, 2018	$0.15
September 27, 2017	October 13, 2017	November 10, 2017	$0.15

Unregistered Sales of Equity Securities.

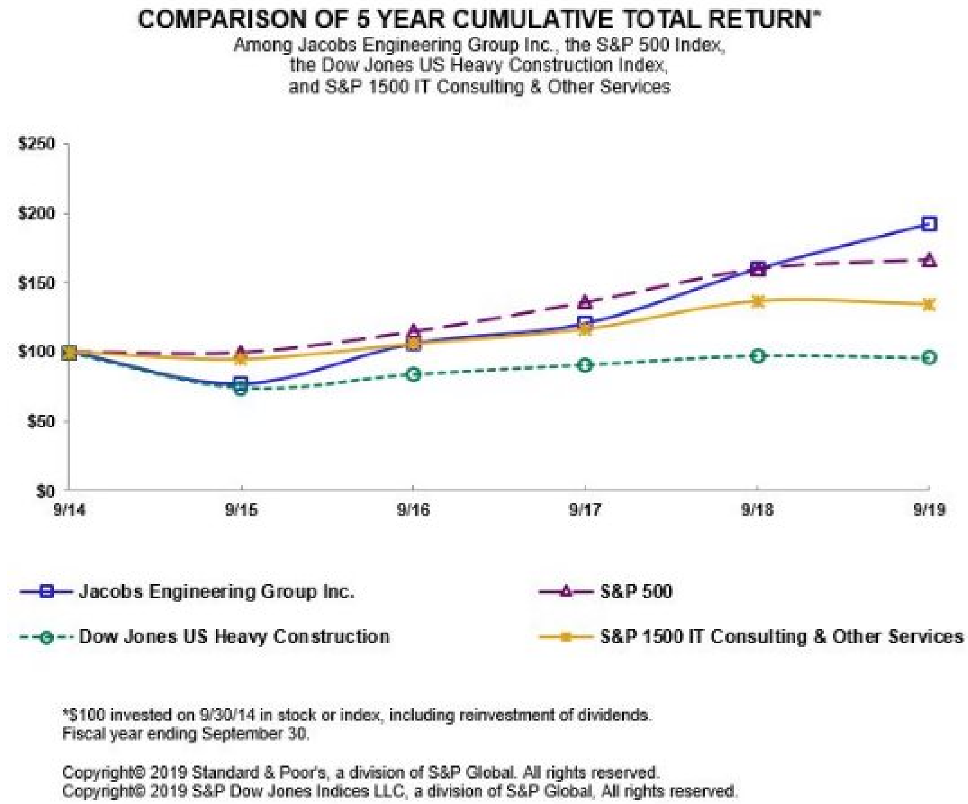
None.

Performance Graph

The following graph and table shows the changes over the five-year period ended September 27, 2019 in the value of $100 as of the close of market on September 30, 2014 in (1) the common stock of Jacobs Engineering Group Inc., (2) the Standard & Poor's 500 Stock Index, (3) the Dow Jones US Heavy Construction Group Index (the "Dow Construction Index") and (4) the Standard & Poor's 1500 IT Consulting & Other Services Index.

In the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2018, the Company utilized the Dow Construction Index as the third index for the performance graph included in that Annual Report. As a result of the divestiture of the Company's ECR business and the Company's strategic shift toward being a more technology focused solutions company, the Company believes that comparisons to the Standard & Poor's 1500 IT Consulting & Other Services Index are more representative of the performance of the Company's core business than comparisons to the Dow Construction Index. As required by SEC regulations, the performance graph below also includes the Dow Construction Index, but this index will not be included in future filings.

The values of each investment are based on share price appreciation, with reinvestment of all dividends, provided any were paid. The investments are assumed to have occurred at the beginning of the period presented. The stock performance included in this graph is not necessarily indicative of future stock price performance.



	2014	2015	2016	2017	2018	2019
Jacobs Engineering Group Inc.	100.00	76.67	105.94	120.35	159.82	192.44
S&P 500	100.00	99.39	114.72	136.07	160.44	167.27
Dow Jones US Heavy Construction	100.00	74.27	84.25	91.06	97.75	96.03
S&P 1500 IT Consulting & Other Services	100.00	94.66	105.86	116.50	136.93	134.60

Item 6. SELECTED FINANCIAL DATA

The following table presents selected financial data for each of the last five fiscal years. This selected financial data should be read in conjunction with the Consolidated Financial Statements and related notes beginning on page F-1 of this Annual Report on Form 10-K. On April 26, 2019, Jacobs completed the sale of its ECR business to Worley. 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 Consolidated Statements of Earnings as discontinued operations for all periods presented, except for fiscal 2015. The ECR business is not presented as discontinued operations for fiscal 2015 because such information is not available without unreasonable effort or expense on a basis that is consistent with the selected financial information for the years presented. Additionally, current and non-current assets and liabilities of the Disposal Group are reflected as held-for-sale in the Consolidated Balance Sheet as of September 28, 2018. Further, as of the year ended September 27, 2019, a portion of the ECR business remains held by Jacobs and continues to be classified as held for sale as of fiscal year 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. Dollar amounts are presented in thousands, except for per share information:

	2019 (a)	2018 (b)	2017 (c)	2016 (d)	2015 (e)
Results of Operations:					
Revenues	$ 12,737,868	$ 10,579,773	$ 6,330,126	$ 6,257,478	$ 12,114,832
Net Earnings (Loss) Attributable to Jacobs from Continuing Operations	$ 290,960	$ (4,185)	$ 170,167	$ 159,998	$ 302,971
Financial Position:					
Current ratio	1.34 to 1	1.45 to 1	1.56 to 1	1.61 to 1	1.58 to 1
Working capital	$ 1,038,062	$ 1,410,891	$ 1,069,953	$ 1,081,784	$ 1,141,512
Current assets	$ 4,111,768	$ 4,556,584	$ 2,996,180	$ 2,864,470	$ 3,122,678
Total assets	$ 11,462,711	$ 12,645,795	$ 7,380,859	$ 7,360,022	$ 7,785,926
Cash	$ 631,068	$ 634,870	$ 607,821	$ 507,169	$ 460,859
Long-term debt	$ 1,201,245	$ 2,144,167	$ 235,000	$ 385,330	$ 584,434
Total Jacobs stockholders' equity	$ 5,714,691	$ 5,854,345	$ 4,428,352	$ 4,265,276	$ 4,291,745
Return on average equity	5.03%	(0.08)%	3.91%	3.74%	6.92%
Backlog:	$ 22,569	$ 19,955	$ 13,147	$ 11,535	$ 18,807
Per Share Information:					
Basic Net Earnings (Loss) from Continuing Operations Per Share	$ 2.11	$ (0.03)	$ 1.41	$ 1.33	$ 2.42
Diluted Net Earnings (Loss) from Continuing Operations Per Share	$ 2.09	$ (0.03)	$ 1.40	$ 1.32	$ 2.40
Stockholders' equity	$ 41.05	$ 42.21	$ 36.78	$ 35.26	$ 34.85
Average Number of Shares of Common Stock and Common Stock Equivalents Outstanding (Diluted)	139,206	137,536	120,147	121,483	126,110
Common Shares Outstanding At Year End	132,879	142,218	120,386	120,951	123,153
Cash Dividends Declared Per Common Share	$ 0.68	$ 0.60	$ 0.60	$ —	$ —

(a) Includes costs of $243.7 million, or $1.75 per diluted share from continuing operations, related to the Company's restructuring and other initiatives during fiscal 2019. Includes after-tax CH2M transaction costs and adjustments of $2.4 million, after-tax transaction costs associated with the acquisition of KeyW of $9.8 million and after-tax transaction costs associated with the acquisition of John Wood Group's Nuclear Business of $3.9 million, for a total of $0.12 per diluted share from continuing operations. Also includes amortization of intangible assets of $59.0 million, or $0.42 per diluted share from continuing operations and $48.1 million or $0.34 per diluted share from continuing operations in fair value adjustments partly offset by dividend income related to our investment in Worley stock and certain foreign currency revaluations relating to ECR sale proceeds

(b) Includes costs of $112.8 million, or $0.81 per diluted share from continuing operations, related to the Company's restructuring and other initiatives during fiscal 2018. Also included in fiscal 2018 are after-tax charges of $60.7 million, or $0.44 per diluted share, in professional fees and related costs associated with the CH2M acquisition and pending ECR sale, $259.2 million, or $1.86 per diluted share from continuing operations, in charges related to tax reform and amortization of intangible assets of $51.5 million, or $0.37 per diluted share from continuing operations

(c) Includes costs of $65.0 million, or $0.54 per diluted share from continuing operations, related to the Company's restructuring and other initiatives during fiscal 2017. Also included in the fourth quarter of fiscal 2017 are after-tax charges of $10.6 million, or $0.09 per diluted share from continuing operations, respectively, in professional fees and related costs associated with the CH2M acquisition. Also includes amortization of intangible assets of $33.5 million, or $0.28 per diluted share from continuing operations

(d) Includes costs of $75.2 million, or $0.62 per diluted share from continuing operations, related to the Company's restructuring initiatives during fiscal 2016. Also included in the fourth quarter of fiscal 2016 are (i) a loss on sale of our French subsidiary of $17.1 million or $0.14 per diluted share from continuing operations; and (ii) a non-cash write-off on an equity investment of $10.4 million or $0.09 per diluted share from continuing operations. Also includes amortization of intangible assets of $47.6 million, or $0.28 per diluted share from continuing operations

(e) Includes costs of $107.9 million, or $0.86 per diluted share, related to the Company's restructuring initiatives during fiscal 2015. Also includes amortization of intangible assets of $49.4 million, or $0.27 per diluted share from continuing operations

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

Critical Accounting Policies and Estimates

In order to better understand the changes that occur to key elements of our financial condition, results of operations and cash flows, a reader of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be aware of the critical accounting policies we apply in preparing our consolidated financial statements.

The consolidated financial statements contained in this report were prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements and the financial statements of any business performing long-term professional services, engineering and construction-type contracts requires management to make certain estimates and judgments that affect both the entity's results of operations and the carrying values of its assets and liabilities. Although our significant accounting policies are described in Note 2 - *Significant Accounting Policies* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K, the following discussion is intended to highlight and describe those accounting policies that are especially critical to the preparation of our consolidated financial statements.

Revenue Accounting for Contracts

Engineering, Procurement & Construction Contracts and Service Contracts

On September 29, 2018, the Company adopted ASC Topic 606, *Revenue from Contracts with Customers,* including the subsequent ASUs that amended and clarified the related guidance. The Company recognizes engineering, procurement, and construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Upon adoption of ASC Topic 606, contracts which include engineering, procurement and construction services are generally accounted for as a single deliverable (a single performance obligation) and are no longer segmented between types of services. In some instances, the Company's services associated with a construction activity are limited only to specific tasks such as customer support, consulting or supervisory services. In these instances, the services are typically identified as separate performance obligations.

The Company recognizes revenue using the percentage-of-completion method, based primarily on contract costs incurred to date compared to total estimated contract costs. Estimated contract costs include the Company's latest estimates using judgments with respect to labor hours and costs, materials, and subcontractor costs. The percentage-of-completion method (an input method) is the most representative depiction of the Company's performance because it directly measures the value of the services transferred to the customer. Subcontractor materials, labor and equipment and, in certain cases, customer-furnished materials and labor and equipment are included in revenue and cost of revenue when management believes that the company is acting as a principal rather than as an agent (e.g., the company integrates the materials, labor and equipment into the deliverables promised to the customer or is otherwise primarily responsible for fulfillment and acceptability of the materials, labor and/or equipment). The Company recognizes revenue, but not profit, on certain uninstalled materials that are not specifically produced, fabricated, or constructed for a project. Revenue on these uninstalled materials is recognized when control is transferred. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined as assessed at the contract level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client. Project mobilization costs are generally charged to project costs as incurred when they are an integrated part of the performance obligation being transferred to the client. Under the typical payment terms of our engineering, procurement and construction contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms at periodic intervals (e.g., biweekly or monthly) and customer payments on are typically due within 30 to 60 days of billing, depending on the contract.

For service contracts, the Company recognizes revenue over time using the cost-to-cost percentage-of-completion method. Service contracts that include multiple performance obligations are segmented between types of services. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using an estimate of the stand-alone selling price of each distinct service in the contract. In some instances where the Company is standing ready to provide services, the Company recognizes revenue ratably over the service period. Under the typical payment terms of our service contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms, and customer payments are typically due within 30 to 60 days of billing, depending on the contract.

Direct costs of contracts include all costs incurred in connection with and directly for the benefit of client contracts, including depreciation and amortization relating to assets used in providing the services required by the related projects. The level of direct costs of contracts may fluctuate between reporting periods due to a variety of factors, including the amount of pass-through costs we incur during a period. On those projects where we are acting as principal for subcontract labor or third-party materials and equipment, we reflect the amounts of such items in both revenues and costs (and we refer to such costs as "pass-through costs").

Variable Consideration

The nature of the Company's contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e., the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount. Factors considered in determining whether revenue associated with claims (including change orders in dispute and unapproved change orders in regard to both scope and price) should be recognized include the following: (a) the contract or other evidence provides a legal basis for the claim, (b) additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the company's performance, (c) claim-related costs are identifiable and considered reasonable in view of the work performed, and (d) evidence supporting the claim is objective and verifiable. If the requirements for recognizing revenue for claims or unapproved change orders are met, revenue is recorded only when the costs associated with the claims or unapproved change orders have been incurred and only up to the amount of cost incurred. Back charges to suppliers or subcontractors are recognized as a reduction of cost when it is determined that recovery of such cost is probable and the amounts can be reliably estimated. Disputed back charges are recognized when the same requirements described above for claims accounting have been satisfied.

The Company generally provides limited warranties for work performed under its engineering and construction contracts. The warranty periods typically extend for a limited duration following substantial completion of the Company's work on the project. Historically, warranty claims have not resulted in material costs incurred for which the Company was not compensated for by the customer.

Practical Expedient

If the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the Company's performance completed to date (a service contract in which the company bills a fixed amount for each hour of service provided), the Company recognizes revenue in the amount to which it has a right to invoice for services performed.

The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

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. In general, at any given time, the equity of our joint ventures represents the undistributed profits earned on contracts the joint ventures hold with clients. Very few of our joint ventures have employees or third-party debt or credit facilities. The debt held by the joint ventures is non-recourse to the general credit of Jacobs.

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. See Note 17- *Contractual Guarantees, Litigation, Investigations and Insurance* for further discussion.

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 Company uses a qualitative approach to determine if the Company is the primary beneficiary of the VIE, which considers factors that indicate a party has the power to direct the activities that most significantly impact the joint venture's economic performance. These factors include the composition of the governing board, how board decisions are approved, the powers granted to the operational manager(s) and partner that holds that position(s), and to a certain extent, the partner's economic interest in the joint venture. The Company analyzes each joint venture initially to determine if it should be consolidated or unconsolidated.

- Consolidated if the Company is the primary beneficiary of a VIE, or holds the majority of voting interests of a non-VIE (and no significant participative rights are available to the other partners).
- Unconsolidated if the Company is not the primary beneficiary of a VIE, or does not hold the majority of voting interest of a non-VIE.

Share-Based Payments

We measure the value of services received from employees and directors in exchange for an award of an equity instrument based on the grant-date fair value of the award. The computed value is recognized as a non-cash cost on a straight-line basis over the period the individual provides services, which is typically the vesting period of the award with the exception of the value of awards containing an internal performance measure, such as EPS growth and ROIC, which is recognized on a straight-line basis over the vesting period subject to the probability of meeting the performance requirements and adjusted for the number of shares expected to be earned.

Accounting for Pension Plans

The accounting for pension plans requires the use of assumptions and estimates in order to calculate periodic pension cost and the value of the plans' assets and liabilities. These assumptions include discount rates, investment returns and projected salary increases, among others. The actuarial assumptions used in determining the funded statuses of the plans are provided in Note 12 - *Pension and Other Postretirement Benefit Plans* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

The expected rates of return on plan assets range from 2.3% to 7.5% for fiscal 2019 and fiscal 2020. We believe the range of rates selected for fiscal 2019 reflects the long-term returns expected on the plans' assets, considering recent market conditions, projected rates of inflation, the diversification of the plans' assets, and the expected real rates of market returns. The discount rates used to compute plan liabilities remained consistent year over year with a range of 1.3% to 8.1% in both fiscal 2018 and 2019. These assumptions represent the Company's best estimate of the rates at which its pension obligations could be effectively settled.

Changes in the actuarial assumptions often have a material effect on the values assigned to plan assets and liabilities, and the associated pension expense. For example, if the discount rate used to value the net pension benefit obligation ("PBO") at September 27, 2019 was higher by 0.5%, the PBO would have been lower at that date by approximately $197.6 million for non-U.S. plans, and by approximately $22.5 million for U.S. plans. If the expected return on plan assets was higher by 1.0%, the net periodic pension cost for fiscal 2019 would be lower by approximately $19.0 million for non-U.S. plans, and by approximately $3.6 million for U.S. plans. Differences between actuarial assumptions and actual performance (i.e., actuarial gains and losses) that are not recognized as a component of net periodic pension cost in the period in which such differences arise are recorded to accumulated other comprehensive income (loss) and are recognized as part of net periodic pension cost in future periods in accordance with U.S. GAAP. Management monitors trends in the marketplace within which our pension plans operate in an effort to assure the fairness of the actuarial assumptions used.

Contractual Guarantees, Litigation, Investigations, and Insurance

In the normal course of business, we 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 in which we are involved primarily 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.

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 the Company brings. We have also elected to retain a portion of losses and liabilities that occur through the use of 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. Our estimates of probable liabilities require us to make assumptions related to potential losses regarding our determination of amounts considered probable and estimable. 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.

Testing Goodwill for Possible Impairment

The goodwill carried on our Consolidated Balance Sheets is tested annually for possible impairment, and on an interim basis if indicators of possible impairment exist. For purposes of impairment testing, goodwill is assigned to the applicable reporting units based on the current reporting structure. In performing the annual impairment test, we evaluate our goodwill at the reporting unit level. The Company performs the annual goodwill impairment test for the reporting units at the beginning of the fourth quarter of its fiscal year.

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

We used an income approach to test our goodwill for possible impairment which requires us to make estimates and judgments. Under the income approach, fair value is determined by using the discounted cash flows of our reporting units. The Company's discount rate reflects a weighted average cost of capital ("WACC") for a peer group of companies representative of the Company's respective reporting units.

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

We have determined that the fair value of our reporting units substantially exceeded their respective carrying values for the Consolidated Balance Sheets presented.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

For the Fiscal Years Ended September 27, 2019, September 28, 2018 and September 29, 2017
(In thousands, except per share information)

	September 27, 2019	September 28, 2018	September 29, 2017
Revenues	$ 12,737,868	$ 10,579,773	$ 6,330,126
Direct cost of contracts	(10,260,840)	(8,421,223)	(5,070,091)
Gross profit	2,477,028	2,158,550	1,260,035
Selling, general and administrative expenses	(2,072,177)	(1,771,107)	(1,015,893)
Operating Profit	404,851	387,443	244,142
Other Income (Expense):			
Interest income	9,487	8,984	8,748
Interest expense	(83,847)	(76,760)	(12,035)
Miscellaneous income (expense), net	20,468	11,314	2,299
Total other (expense) income, net	(53,892)	(56,462)	(988)
Earnings from Continuing Operations Before Taxes	350,959	330,981	243,154
Income Tax Benefit (Expense) for Continuing Operations	(36,954)	(325,632)	(73,103)
Net Earnings of the Group from Continuing Operations	314,005	5,349	170,051
Net Earnings of the Group from Discontinued Operations	559,214	167,793	117,324
Net Earnings of the Group	873,219	173,142	287,375
Net (Earnings) Loss Attributable to Noncontrolling Interests from Continuing Operations	(23,045)	(9,534)	116
Net Earnings (Loss) Attributable to Jacobs from Continuing Operations	290,960	(4,185)	170,167
Net (Earnings) Loss Attributable to Noncontrolling Interests from Discontinued Operations	(2,195)	(177)	6,236
Net Earnings Attributable to Jacobs from Discontinued Operations	557,019	167,616	123,560
Net Earnings Attributable to Jacobs	$ 847,979	$ 163,431	$ 293,727
Net Earnings (Loss) Per Share:			
Basic Net Earnings (Loss) from Continuing Operations Per Share	$ 2.11	$ (0.03)	$ 1.41
Basic Net Earnings from Discontinued Operations Per Share	$ 4.03	$ 1.21	$ 1.02
Basic Earnings Per Share	$ 6.14	$ 1.18	$ 2.43
Diluted Net Earnings (Loss) from Continuing Operations Per Share	$ 2.09	$ (0.03)	$ 1.40
Diluted Net Earnings from Discontinued Operations Per Share	$ 4.00	$ 1.21	$ 1.02
Diluted Earnings Per Share	$ 6.08	$ 1.18	$ 2.42

2019 Overview

Net earnings attributable to Jacobs from continuing operations for fiscal 2019 were $291.0 million (or $2.09 per diluted share), an increase of $295.1 million, or 7,052.4%, from $(4.2) million (or $(0.03) per diluted share) for the corresponding period last year. Included in the Company's operating results for the current year were $243.7 million (or $1.75 per share) in after tax Restructuring and other charges and $16.1 million in KeyW, CH2M and other transaction costs. Also included in fiscal 2019 net earnings from continuing operations are $64.8 million in fair value losses associated with our investment in Worley stock, partly offset by dividend income from this investment and certain foreign currency revaluations relating to ECR sale proceeds. Our fiscal 2018 results included $112.8 million (or $0.81 per share) in after tax Restructuring and other charges, $60.7 million in CH2M transaction costs and $259.2 million in income tax charges associated with the Tax Cuts and Jobs Act ("the Act") enacted on December 22, 2017. Income tax expense for continuing operations for fiscal 2019 was $37.0 million, a decrease of $288.7 million, or 88.7%, from $325.6 million due mainly to the impacts from the provisional remeasurement of the deferred tax items and other impacts from U.S. Tax Reform in the prior year.

Net earnings attributable to Jacobs from discontinued operations for fiscal 2019 were $557.0 million (or $4.00 per diluted share), an increase of $389.4 million, or 232.3%, from $167.6 million (or $1.21 per diluted share) for the corresponding period last year. Included in the current year results from discontinued operations is the pre-tax gain on sale of the ECR business of $935.1 million, see Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business.*

On June 12, 2019, we acquired The KeyW Holding Corporation ("KeyW"), a U.S. based national security solutions provider to the intelligence, cyber, and counterterrorism communities. On December 15, 2017, we acquired CH2M HILL Companies, Ltd ("CH2M"), a provider of international engineering, construction and technical services. On August 20, 2019, Jacobs announced that it had entered into an agreement to acquire John Wood Group's Nuclear business for an enterprise value of £250 million (approx. $300 million) on a debt-free, cash-free basis. The transaction is expected to close by the end of fiscal 2020 second quarter.

Backlog at September 27, 2019 was $22.6 billion, up $2.6 billion, from $20.0 billion for the corresponding period last year. New prospects and new sales remain strong and the Company continues to have a positive outlook for many of the industry groups and sectors in which our clients operate.

Results of Operations

Fiscal 2019 Compared to Fiscal 2018

Revenues for the year ended September 27, 2019 were $12.74 billion, an increase of $2.16 billion, or 20.4%, from $10.58 billion for the corresponding period last year. The increase in revenues was due primarily to the CH2M acquisition included in fiscal 2019 for the full period, the KeyW acquisition included in the current year results since closing in mid-June and growth in our legacy Critical Mission Solutions and People & Places Solutions businesses.

Pass-through costs included in revenues for the year ended September 27, 2019 were $2.54 billion in comparison to $2.25 billion in the prior year. These year-over-year increases are due primarily to impacts from the CH2M acquisition included for the full year 2019. In general, pass-through costs are more significant on projects that have a higher content of field services activities. Pass-through costs are generally incurred at specific points during the life cycle of a project and are highly dependent on the needs of our individual clients and the nature of the clients' projects. However, because we have hundreds of projects which start at various times within a fiscal year, the effect of pass-through costs on the level of direct costs of contracts can vary between fiscal years without there being a fundamental or significant change to the underlying business.

Gross profit for the year ended September 27, 2019 was $2.48 billion, up $0.32 billion, or 14.8%, from $2.16 billion for the corresponding period in 2018. Our gross profit margins were 19.4% and 20.4% for the years ended September 27, 2019 and September 28, 2018, respectively. Revenue mix primarily drove the lower gross profit and margin for the year over year periods.

Selling, general & administrative expenses for the year ended September 27, 2019 were $2.07 billion, an increase of $0.30 billion, or 17.0%, from $1.77 billion for the corresponding period last year. The increase in SG&A expenses is due mainly to incremental SG&A expense from the CH2M and KeyW businesses acquired. Also, included in the current year results were $332.1 million of restructuring and other charges and $18.2 million of transaction costs, as well as higher personnel related costs year over year due in part to costs to service the Transition Services Agreement ("TSA") with Worley. In comparison, the prior year included $150.1 million of restructuring and other charges and $80.4 million of transaction costs.

Net interest expense for the year ended September 27, 2019 was $74.4 million, an increase of $6.6 million from $67.8 million for the corresponding period last year. The increase in net interest expense as compared to the corresponding period last year was due primarily to higher levels of debt outstanding in the current year and our fixed rate notes having been outstanding for the full year of fiscal 2019 and only five months in the prior year.

Miscellaneous income (expense), net for the year ended September 27, 2019 was $20.5 million, an increase of $9.2 million as compared to $11.3 million for the corresponding period last year. The increase was due primarily to the gain on the settlement of the CH2M retiree medical plan of $35.0 million, income from the TSA with Worley of $35.4 million, offset by $64.8 million, net, relating to ECR related fair value adjustments (unrealized losses) and dividend income related to our investment in Worley stock and certain foreign currency revaluations relating to ECR sale proceeds.

Net earnings of the group from discontinued operations was $559.2 million for the year ended September 27, 2019, an increase of $391.4 million from $167.8 million for the corresponding period last year. Included in the current year amount was the pre-tax gain on the sale of the ECR business of $935.1 million, offset in part by a charge for the final settlement of the Nui Phao legal matter. The prior fiscal year included a $21.0 million loss associated with the disposal of the Company's equity investment in its Guimar joint venture.

The Company's consolidated effective income tax rate is lower than the U.S. statutory rate of 21.0% primarily due to a $29.1 million benefit from foreign valuation allowance releases in the current year, $15.7 million of foreign tax and other credits generated in the current year and a reduction in the tax contingency reserves of $6.9 million. The decreases in tax expense were offset by a $36.7 million charge from the remeasurement of net deferred tax assets and other miscellaneous U.S. tax reform changes. The following table reconciles total income tax expense on continuing operations using the statutory U.S. federal income tax rate to the consolidated income tax expense on continuing operations shown in the accompanying Consolidated Statements of Earnings for the years ended September 27, 2019 and September 28, 2018 (dollars in thousands):

	For the Years Ended			
	September 27, 2019	%	September 28, 2018	%
Statutory amount	$ 73,701	21.0 %	$ 81,421	24.6 %
State taxes, net of the federal benefit	10,183	2.9 %	15,772	4.8 %
Exclusion of tax on non-controlling interests	(4,839)	(1.4)%	(2,389)	(0.7)%
Foreign:				
Difference in tax rates of foreign operations	1,083	0.3 %	2,815	0.9 %
Benefit from foreign valuation allowance release	(29,125)	(8.3)%	(5,088)	(1.5)%
Nontaxable income from foreign affiliate	—	— %	—	— %
U.S. tax cost (benefit) of foreign operations	(17,760)	(5.1)%	4,030	1.2 %
Tax differential on foreign earnings	(45,802)	(13.1)%	1,757	0.6 %
Foreign tax credits	(15,682)	(4.5)%	(21,735)	(6.6)%
Tax reform	36,674	10.4 %	155,756	47.1 %
Valuation allowance	(207)	(0.1)%	104,221	31.5 %
Uncertain tax positions	(6,883)	(2.0)%	(1,402)	(0.4)%
Other items:				
IRS §179D deduction	(2,957)	(0.8)%	(4,557)	(1.4)%
IRS §199D deduction	—	—	—	— %
Disallowed officer compensation	5,568	1.6 %	1,510	0.5 %
Stock compensation	(7,864)	(2.2)%	(2,158)	(0.7)%
Foreign partnership income/(loss)	—	— %	(3,678)	(1.1)%
Other items – net	(4,938)	(1.4)%	1,114	0.3 %
Total other items	(10,191)	(2.8)%	(7,769)	(2.4)%
Taxes on income from continuing operations	$ 36,954	10.5 %	$ 325,632	98.4 %

The Company's consolidated effective income tax rate for the year ended September 27, 2019 decreased to 10.5% from 98.4% for fiscal 2018. Key drivers for this year over year decrease in the effective tax rate include a reduction of $119.1 million associated with remeasurement of U.S. deferred tax items due to tax reform and a decrease in the amount charged for valuation allowance related to foreign tax credits of $104.4 million.

Fiscal 2018 Compared to Fiscal 2017

Revenues for the year ended September 28, 2018, were $10.58 billion, an increase of $4.25 billion, or 67.1%, from $6.33 billion for the corresponding period in 2017. The increase in revenues was due primarily to the CH2M acquisition, along with higher volumes in our legacy CMS and PPS businesses.

Pass-through costs included in revenues for the year ended September 28, 2018 were $2.25 billion in comparison to $1.50 billion in the corresponding period in 2017. In general, pass-through costs are more significant on projects that have a higher content of field services activities. Pass-through costs are generally incurred at specific points during the life cycle of a project and are highly dependent on the needs of our individual clients and the nature of the clients' projects. However, because we have hundreds of projects which start at various times within a fiscal year, the effect of pass-through costs on the level of direct costs of contracts can vary between fiscal years without there being a fundamental or significant change to the underlying business.

Gross profit for the year ended September 28, 2018 was $2.16 billion, an increase of $898.5 million, or 71.3% from $1.26 billion for the corresponding period in 2017. Our gross profit margins were 20.4% and 19.9% for the years ended September 28, 2018 and September 29, 2017, respectively. Our continuing strategic focus on realigning our portfolio to higher margin businesses and project execution, along with incremental benefits of the CH2M businesses acquired, drove improved gross profit and margins for the year over year periods.

Selling, general & administrative expenses for the year ended September 28, 2018 were $1.77 billion, an increase of $755.2 million, or 74.3%, from $1.02 billion for the corresponding period in 2017. The increase in SG&A expenses for the comparative annual periods was due mainly to the CH2M acquisition. Also, included in the 2018 results were $150.1 million of restructuring and other charges and $80.4 million of transaction costs compared to $97.5 million of restructuring and other charges and $17.1 million of transaction costs for fiscal 2017.

Net interest expense for the year ended September 28, 2018 was $67.8 million, an increase of $64.5 million from $3.3 million for the corresponding period in 2017. The increase in interest expense for the year ended September 28, 2018 as compared to the corresponding period in 2017 was due primarily to higher levels of average debt balances outstanding related to financing activities for the acquisition of CH2M, which was partially funded with term loan financing of $1.5 billion and revolving credit line borrowings of $850 million.

Miscellaneous income (expense), net for the year ended September 28, 2018 was $11.3 million, an increase as compared to $2.3 million for the corresponding period in 2017. The increases were due primarily to unfavorable year over year impacts from unrealized gains and losses from foreign exchange.

Net earnings of the group from discontinued operations was $167.8 million for the year ended September 28, 2018, an increase of $50.5 million from $117.3 million for the corresponding period in 2017. Included in fiscal 2018 was the $21.0 million loss associated with the disposal of the Company's equity investment in its Guimar joint venture and in fiscal 2017, $10.9 million associated mainly with the Company's divestiture of its equity investment in Neste Jacobs Oy.

The Company's consolidated effective income tax rate was generally higher than the U.S. statutory rate of 24.6% primarily due to the impacts related to U.S. Tax Reform and the integration of CH2M's tax attributes. The following table reconciles total income tax expense on continuing operations using the statutory U.S. federal income tax rate to the consolidated income tax expense on continuing operations shown in the accompanying Consolidated Statements of Earnings for the years ended September 28, 2018 and September 29, 2017 (dollars in thousands):

	For the Years Ended			
	September 28, 2018	**%**	**September 29, 2017**	**%**
Statutory amount	$ 81,421	24.6 %	$ 85,104	35.0 %
State taxes, net of the federal benefit	15,772	4.8 %	6,983	2.9 %
Exclusion of tax on non-controlling interests	(2,389)	(0.7)%	2,223	0.9 %
Foreign:				
Difference in tax rates of foreign operations	2,815	0.9 %	(880)	(0.4)%
Benefit from foreign valuation allowance release	(5,088)	(1.5)%	(3,085)	(1.3)%
Nontaxable income from foreign affiliate	—	— %	(1,320)	(0.5)%
U.S. tax cost (benefit) of foreign operations	4,030	1.2 %	10,147	4.2 %
Tax differential on foreign earnings	1,757	0.6 %	4,862	2.0 %
Foreign tax credits	(21,735)	(6.6)%	(16,337)	(6.7)%
Tax reform	155,756	47.1 %	—	—
Valuation allowance	104,221	31.5 %	—	—
Uncertain tax positions	(1,402)	(0.4)%	(5,624)	(2.3)%
Other items:				
IRS §179D deduction	(4,557)	(1.4)%	(2,613)	(1.1)%
IRS §199D deduction	—	— %	(1,647)	(0.7)%
Disallowed officer compensation	1,510	0.5 %	1,255	0.5 %
Stock compensation	(2,158)	(0.7)%	(1,783)	(0.7)%
Foreign partnership income/(loss)	(3,678)	(1.1)%	(725)	(0.3)%
Other items – net	1,114	0.3 %	1,405	0.6 %
Total other items	(7,769)	(2.4)%	(4,108)	(1.7)%
Taxes on income from continuing operations	$ 325,632	98.4 %	$ 73,103	30.1 %

The Company's consolidated effective income tax rate for continuing operations for the year ended September 28, 2018 increased to 98.4% from 30.1% for fiscal 2017. Key drivers for this year over year increase include the reduction in the U.S. statutory tax rate in fiscal year 2018 causing a detriment for provisional remeasurement of the deferred tax items in the U.S. of $139.8 million, as well as a charge for valuation allowance related to foreign tax credits of $104.2 million. In addition, there was an increase due to the difference in foreign tax rates compared to the new U.S. statutory rate of $19.8 million. These detriments were partially offset by a $4.5 million benefit related to internal revenue service code section 179D, a nonrecurring benefit of $2.8 million related to tax accounting method changes and a $5.7 million federal hurricane credit.

Segment Financial Information

The following tables present total revenues and segment operating profit 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 and Restructuring and other charges and transaction and integration costs (in thousands). Prior period information has been recast to reflect the current period presentation.

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Revenues from External Customers:			
Critical Mission Solutions	$ 4,551,162	$ 3,725,365	$ 2,467,501
People & Places Solutions	8,186,706	6,854,408	3,862,625
Total	$ 12,737,868	$ 10,579,773	$ 6,330,126

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Segment Operating Profit:			
Critical Mission Solutions (1)	$ 310,043	$ 255,718	$ 197,196
People & Places Solutions (2)	714,394	527,900	265,928
Total Segment Operating Profit	1,024,437	783,618	463,124
Other Corporate Expenses (3)	(264,351)	(161,788)	(110,234)
Restructuring and Other Charges	(337,066)	(153,951)	(91,648)
Transaction Costs	(18,169)	(80,436)	(17,100)
Total U.S. GAAP Operating Profit	404,851	387,443	244,142
Total Other (Expense) Income, net (4)	(53,892)	(56,462)	(988)
Earnings from Continuing Operations Before Taxes	$ 350,959	$ 330,981	$ 243,154

(1) Includes $15.0 million in charges during the year ended September 28, 2018 associated with a legal matter.

(2) Includes $25.0 million in charges associated with a certain project for the year ended September 27, 2019. Excludes $23.8 in restructuring and other charges for the year ended September 29, 2017. See Note 9, *Restructuring and Other Charges*.

(3) 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 $14.8 million, $25.6 million and $29.1 million for the years ended September 27, 2019, September 28, 2018 and September 29, 2017, respectively. Other corporate expenses also include intangibles amortization of $79.1 million, $68.1 million and $46.1 million for the years ended September 27, 2019, September 28, 2018 and September 29, 2017, respectively.

(4) Includes gain on the settlement of the CH2M retiree medical plans of $35.0 million and the amortization of deferred financing fees related to the CH2M acquisition of $3.2 million and $1.8 million for the years ended September 27, 2019 and September 28, 2018 respectively. Also includes revenues under the Company's TSA agreement with Worley of $35.4 million offset by $64.8 million for fair value adjustments (unrealized losses) and dividend income related to our investment in Worley stock and certain foreign currency revaluations relating to ECR sale proceeds for the year ended September 27, 2019.

In evaluating the Company's performance by operating segment, the CODM reviews various metrics and statistical data for each Line Of Business ("LOB") but focuses primarily on revenues and operating profit. As discussed above, segment operating profit includes not only local SG&A expenses but the SG&A expenses of the Company's support groups that have been allocated to the segments. In addition, the Company attributes each LOB's specific incentive compensation plan costs to the LOBs. The revenues of the People & Places Solutions LOB are more affected by pass-through revenues than the Critical Mission Solutions LOB. The methods for recognizing revenue, incentive fees, project losses and change orders are consistent among the LOBs.

Critical Mission Solutions

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Revenue	$ 4,551,162	$ 3,725,365	$ 2,467,501
Operating Profit	$ 310,043	$ 255,718	$ 197,196

Fiscal 2019 vs. 2018

Critical Mission Solutions (CMS) segment revenues for the year ended September 27, 2019 were $4.55 billion, up $825.8 million, or 22.2%, from $3.73 billion for the corresponding period last year. The increase in revenues were due in large part to nuclear services sector revenue resulting from the CH2M acquisition included for the full year of fiscal 2019 and also incremental revenues from the KeyW acquisition. Also, our CMS revenues were positively impacted by year over year revenue volume growth across the legacy portfolio, highlighted by increased spending by customers in the U.S. government business. Impacts on revenues from unfavorable foreign currency were approximately $29.7 million for fiscal year 2019.

Operating profit for the segment was $310.0 million for the year ended September 27, 2019, up $54.3 million, or 21.2%, from $255.7 million for the corresponding period last year. In addition to incremental operating profit benefits from the CH2M and KeyW acquisitions, the increase from the prior year was primarily attributable to continued growth in profits from our U.S. governmental business. SG&A for the CMS segment increased for fiscal 2019 attributable mainly to incremental SG&A associated with the CH2M and KeyW acquisitions. Fiscal 2018 included charges of $15.0 million associated with a legal matter.

Fiscal 2018 vs. 2017

CMS segment revenues for the year ended September 28, 2018 were $3.73 billion, up $1.26 billion, or 51.0%, from $2.47 billion for the corresponding period in 2017. The increase in revenues were due in large part to nuclear services revenue resulting from the CH2M acquisition. Also, our CMS revenues were positively impacted by year over year revenue volume growth across the legacy portfolio, highlighted by increased spending by customers in the U.S. government business and CMS' nuclear and defense unit in the U.K. Impacts on revenues from favorable foreign currency were approximately $23.8 million for fiscal year 2018.

Operating profit for the CMS segment was $255.7 million for the year ended September 28, 2018, up $58.5 million, or 29.7%, from $197.2 million for the corresponding period in 2017. In addition to incremental operating profit benefits from the CH2M acquisition, the increase from the prior year was primarily attributable to continued growth in profits from our U.S. governmental business sector and improvements in our nuclear and defense unit in the U.K. and fee income with our U.K. joint venture. SG&A for the CMS segment increased for fiscal 2018 attributable mainly to incremental SG&A associated with the CH2M acquisition during the fiscal 2018 and additional charges of $15.0 million associated with a legal matter incurred during fiscal 2018.

People & Places Solutions

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Revenue	$ 8,186,706	$ 6,854,408	$ 3,862,625
Operating Profit	$ 714,394	$ 527,900	$ 265,928

Fiscal 2019 vs. 2018

Revenues for the People & Places Solutions (PPS) segment for the year ended September 27, 2019 were $8.19 billion, up $1.34 billion, or 19.6%, from $6.85 billion for the corresponding period last year. The increase in revenues was due in part to favorable impacts resulting from the CH2M acquisition included for the full year of fiscal 2019 together with revenue increases across all our businesses given the strong investment by customers in Life Sciences, Electronics, Water and Transport Infrastructure sectors. Impacts on revenues from unfavorable foreign currency were approximately $57.8 million for fiscal 2019.

Operating profit for the segment for the year ended September 27, 2019 was $714.4 million, an increase of $186.5 million, or 35.3%, from $527.9 million for the comparative period in 2018. The increase in operating profit was in part due to favorable impacts from the CH2M acquisition, together with positive impacts from the higher year over year revenues for the segment. Included in fiscal 2019 results was a $25.0 million charge associated with a project. SG&A for the PPS segment increased for fiscal 2019, with this increase being attributable mainly to incremental SG&A associated with the CH2M acquisition in December of fiscal 2018.

Fiscal 2018 vs. 2017

Revenues for the PPS segment for the year ended September 28, 2018 were $6.85 billion, an increase of $2.99 billion, or 77.5%, from $3.86 billion for the corresponding period in 2017. The increase in revenues was due in part to favorable impacts from the CH2M acquisition of approximately $2.22 billion together with revenue increases across all our businesses with strong investment in Life Sciences, Electronics, Water and Transport Infrastructure sectors. Impacts on revenues from favorable foreign currency were approximately $59.6 million for fiscal 2018.

Operating profit for the segment for the year ended September 28, 2018 was $527.9 million, up $262.0 million, or 98.5%, compared to $265.9 million for the corresponding period in 2017. The increase in operating profit was in part due to favorable impacts from the CH2M acquisition, together with positive impacts from the higher year over year revenues for the segment. SG&A for the PPS segment increased for fiscal 2018, with this increase being attributable mainly to incremental SG&A associated with the CH2M acquisition in December of fiscal 2018.

Other Corporate Expenses

Other corporate expenses were $264.4 million, $161.8 million and $110.2 million for the years ended September 27, 2019, September 28, 2018 and September 29, 2017. These increases were due primarily to higher professional service fees, personnel related costs, amortization of intangible assets acquired and approximately $70.2 million of year-to-date other current year cost allocation realignments that occurred in the first quarter of fiscal 2019 in conjunction with the CH2M acquisition, partially offset by savings in other corporate expenses, including those associated with the CH2M Restructuring. Prior periods have not been restated for the cost allocation realignments.

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 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.

Restructuring and Other Charges

For discussion regarding restructuring and other charges, see Note 9- *Restructuring and Other Charges* to the Consolidated Financial Statements.

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 it 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.

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 a number of fiscal quarters (and sometimes over fiscal years).

Please refer to Item 1A- *Risk Factors*, above, for a discussion of other factors that may cause backlog to ultimately convert into revenues at different amounts.

The following table summarizes our backlog for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in millions):

	September 27, 2019	**September 28, 2018**	**September 29, 2017**
Critical Mission Solutions	$ 8,460	$ 7,130	$ 5,557
People & Places Solutions	14,109	12,825	7,590
Total	$ 22,569	$ 19,955	$ 13,147

The increase in backlog in Critical Mission Solutions for the years presented were primarily the result of new awards from the U.S. federal government and the KeyW acquisition in fiscal year 2019.

The increase in backlog in People & Places Solutions for the years presented were primarily the result of new awards in Australia and the U.S., in addition to the CH2M acquisition in fiscal 2018.

Backlog relating to work to be performed either directly or indirectly for the U.S. federal government and its agencies totaled approximately $8.8 billion (or 39.1% of total backlog), $6.8 billion (or 34.1% of total backlog) and $4.6 billion (or 34.9% of total backlog) at September 27, 2019, September 28, 2018 and September 29, 2017, respectively. Most of our federal government contracts require that services be provided beyond one year. In general, these contracts must be funded annually (i.e., the amounts to be spent under the contract must be appropriated by the U.S. Congress to the procuring agency, and then the agency must allot these sums to the specific contracts).

We estimate that approximately $8.66 billion, or 38.4%, of total backlog at September 27, 2019 will be realized as revenues within the next fiscal year.

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 September 27, 2019, our principal sources of liquidity consisted of $631.1 million in cash and cash equivalents, $1.94 billion of available borrowing capacity under our $2.25 billion restated revolving credit agreement (the "New Credit Agreement") and cash flows from operating activities. Additional information regarding the New Credit Agreement is set forth in Note 10 - *Borrowings* in Notes to Consolidated Financial Statements of this Annual Report on Form 10-K. We finance much of our operations and growth through cash generated by our operations.

At September 27, 2019, our cash and cash equivalents were $631.1 million, a decrease of $3.8 million from $634.9 million at September 28, 2018. This decrease was due to cash flows provided by investing activities of $2.2 billion and exchange rate effects on cash of $20.8 million, offset by unfavorable cash flows from financing activities of $2.0 billion and cash used for operations of $366.4 million.

Our cash flow used for operations of $366.4 million during fiscal 2019 was comparatively lower than the $481.2 million in cash flow from operations for the corresponding period in fiscal 2018, due primarily to higher uses of cash in working capital (including cash paid for taxes relating to the ECR sale) compared to the previous period, offset in part by higher net earnings after add back of non-cash adjustments (including those related to the ECR sale) compared to the prior period. Also, the current fiscal year included acquisition costs related to KeyW and the prior fiscal year included acquisition costs incurred in connection with the CH2M acquisition.

Our cash provided by investing activities for fiscal 2019 of $2.2 billion was comparatively higher than the $1.6 billion cash used in investing activities for the corresponding period in fiscal 2018. The change is primarily attributable to cash provided by the ECR sale offset slightly by the cash used for the KeyW acquisition in the current year and cash used for the CH2M acquisition in the prior year. Also, additions to property and equipment increased from the comparative period and in the current period we received $64.7 million in proceeds from the sale of a portion of our Worley stock investment.

Our cash used for financing activities of $2.0 billion in fiscal 2019 resulted mainly from net repayments of borrowings of $1.0 billion, primarily related to repayments with cash received from the ECR sale, and common stock repurchases of $853.7 million. Cash provided by financing activities was $1.14 billion for the prior fiscal year, provided mainly from the proceeds on borrowings to fund the CH2M acquisition. Additionally, the Company paid $106.4 million in dividends to shareholders and noncontrolling interests during the current fiscal year, compared to $86.6 million in dividends paid in the prior fiscal year period.

At September 27, 2019, the Company had approximately $224.9 million in cash and cash equivalents held in the U.S. and $406.2 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 beginning on page F-1 of this Annual Report on Form 10-K), there are no material impediments to repatriating these funds to the U.S.

The Company had $262.2 million in letters of credit outstanding at September 27, 2019. Of this amount, $2.3 million was issued under the New Credit Agreement and $259.9 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.

In 2019, the Company repurchased $853.6 million in shares. At the end of fiscal 2019, the Company has $393.7 million remaining under its $1.0 billion share repurchase authorization.

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 convertible debt of $22.6 million and first and second lien notes which totaled approximately $275.8 million. Immediately following the effective time of the acquisition, the Company repaid KeyW’s first and second lien notes. In July, the Company repaid KeyW's outstanding convertible debt of $22.6 million. The Company has recorded its preliminary purchase accounting 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 September 27, 2019.

Contractual Obligations

The following table sets forth certain information about our contractual obligations as of September 27, 2019 (in thousands):

	Payments Due by Fiscal Period				
	Total	1 Year or Less	1 - 3 Years	3 - 5 Years	More than 5 Years
Debt obligations	$ 1,403,780	$ 200,000	$ 400,000	$ 303,780	$ 500,000
Interest (1)	224,119	50,230	63,357	54,011	56,521
Operating leases	1,113,581	190,287	323,469	247,631	352,194
Unfunded portion of defined benefit pension plans (2)	399,822	32,619	69,204	74,852	223,147
Obligations under nonqualified deferred compensation plans (3)	204,635	38,752	82,217	83,666	—
Purchase obligations (4)	3,070,634	2,245,609	825,025	—	—
Total	$ 6,416,571	$ 2,757,497	$ 1,763,272	$ 763,940	$ 1,131,862

(1) Determined based on borrowings outstanding at the end of fiscal 2019 using the interest rates in effect at that time and, for our outstanding long-term debt, concluding with the expiration date of the debt facilities, as defined below.

(2) Assumes that future contributions will be consistent with amounts contributed in fiscal 2019, allowing for certain growth based on rates of inflation and salary increases, but limited to the amount recorded as of September 27, 2019. Actual contributions will depend on a variety of factors, including amounts required by local laws and regulations, and other funding requirements.

(3) Assumes that future payments will be consistent with amounts paid in fiscal 2019. Due to the non-qualified nature of the plans, and the fact that benefits are based in part on years of service, the payments included in the schedule were limited to the amount recorded as of September 27, 2019.

(4) Represents those liabilities estimated to be under firm contractual commitments as of September 27, 2019; primarily accounts payable, accrued payroll and accrued dividends.

Effects of Inflation and Changing Prices

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

Off-Balance Sheet Arrangements

We are party to financial instruments with off-balance sheet risk in the form of guarantees not reflected in our balance sheet that arise in the normal course of business. However, such off-balance sheet arrangements are not reasonably likely to have a material adverse effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or resources. See Note 16- *Commitments and Contingencies and Derivative Financial Instruments* of Notes to Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

New Accounting Pronouncements

Lease Accounting

In February 2016, the FASB issued ASU 2016-02 *Leases*. ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for public entity financial statements for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted, including adoption in an interim period. The new guidance currently requires a modified retrospective transition approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. ASU 2016-02 was further clarified and amended within ASU 2017-13, ASU 2018-01, ASU 2018-10 and ASU 2018-11 which included provisions that would provide us with the option to adopt the provisions of the new guidance using a modified retrospective transition approach, without adjusting the comparative periods presented. The Company is evaluating the impact of the new guidance on its consolidated financial statements and expects to use the modified retrospective transition approach without adjusting the comparative periods presented and expects a significant increase to the balance sheet in its assets for the lease right of use asset and a significant increase to the balance sheet in its liabilities for the lease obligation.

Other Pronouncements

In the first quarter of fiscal 2019, the Company adopted ASU 2016-01, *Financial Instruments - Overall - Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and to recognize any changes in fair value in net income unless the investments qualify for a practicability exception. The adoption of ASU 2016-01 in the first quarter did not impact the Company’s financial position, results of operations or cash flows. However, as described in Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business*, the Company received ordinary shares of Worley during the third quarter of 2019 which are measured at fair value through net income in accordance with ASU 2016-01.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 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 becomes effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Company is evaluating the impact of the new guidance on its consolidated financial statements. It is not expected that the updated guidance will 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 (Topic 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.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

Please see the Note 10- *Borrowings* in Notes to Consolidated Financial Statements beginning on Page F-1 of this Annual report on Form 10-K, which is incorporated herein by reference, for a discussion of the New Credit Agreement, Term Loan Facility and Note Purchase Agreement.

Our Term Loan Facility, New Credit Agreement and certain other debt obligations are subject to variable rate interest which could be adversely affected by an increase in interest rates. As of September 27, 2019, we had an aggregate of $703.8 million in outstanding borrowings under our Term Loan Facility and our New Credit Agreement. Interest on amounts borrowed under these agreements is subject to adjustment based on the Company’s Consolidated Leverage Ratio (as defined in the credit agreements governing the Term Loan Facility and New Credit Agreement). Depending on the Company’s Consolidated Leverage Ratio, borrowings under the Term Loan Facility bear interest at 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% and borrowings under the New Credit Agreement 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 year ended September 27, 2019, our weighted average floating rate borrowings were approximately $1.6 billion. If floating interest rates had increased by 1.00%, our interest expense for the year ended September 27, 2019 would have increased by approximately $16.6 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 in order 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as defined by Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of September 27, 2019, the end of the period covered by this Annual Report on Form 10-K (the “Evaluation Date”). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were functioning effectively as of the Evaluation Date to provide reasonable assurance that the information required to be disclosed by the Company in reports filed or submitted 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 Chief Executive Officer and Chief 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 9% of total assets as of September 27, 2019, and 1% of revenues for the fiscal year ended on September 27, 2019.

Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining for the Company adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Management, with the participation of its Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of the Company’s internal control over financial reporting as of the Evaluation Date based on the framework established in *“Internal Control—Integrated Framework,”* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management has concluded that the Company’s internal control over financial reporting as of the Evaluation Date was effective. As permitted by SEC guidance for newly acquired businesses, management’s assessment of the Company’s internal control over financial reporting did not include an assessment of internal control over financial reporting of KeyW. KeyW accounted for approximately 9% of total assets as of September 27, 2019, and 1% of revenues for the fiscal year ended on September 27, 2019.

The Company's independent registered public accounting firm, Ernst & Young LLP, that audited the Company's consolidated financial statements included in this Annual Report on Form 10-K, also audited the effectiveness of our internal control over financial reporting as of September 27, 2019, as stated in their report included in this Annual Report on Form 10-K.

Remediation of Previously Identified Material Weakness

In the Company's fiscal 2018 Form 10-K, management previously identified the following material weakness as of September 28, 2018: A material weakness related to internal control deficiencies over the accounting for income taxes in connection with a business combination, specifically related to the ineffective design and operating effectiveness of controls over the completeness and accuracy of deferred taxes and the evaluation of the recoverability of deferred taxes associated with the CH2M acquisition. The material weakness did not result in any material misstatements to the Company’s previously issued financial statements, nor in the financial statements included in this Form 10-K.

The Company's management is committed to maintaining a strong internal control environment. In response to the identified material weakness, management, with the oversight of the Audit Committee of the Board of Directors, took comprehensive actions to remediate the material weakness in internal control over financial reporting, including implementing additional specific enhanced control procedures for the review, analysis and reporting of its deferred income tax accounts, including control procedures relating to the recoverability of deferred taxes associated with acquired businesses in a business combination. The Company has successfully completed the remediation efforts with the completion of the KeyW acquisition. The remediation efforts both addressed the identified material weakness and also enhanced our overall financial control environment.

Changes in Internal Control

Other than the changes resulting from the remediation activities described above, there were no changes in the Company’s internal control over financial reporting during the Company’s fiscal quarter ended September 27, 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Limitations on Effectiveness of Controls

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

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers, Promoters and Control Persons

The information required by Paragraph (a), and Paragraphs (c) through (g) of Item 401 of Regulation S-K (except for information required by Paragraph (e) of that Item to the extent the required information pertains to our executive officers) and Item 405 of Regulation S-K is set forth under the captions “Members of the Board of Directors,” “Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year and is incorporated herein by reference. The information required by Paragraph (b) of Item 401 of Regulation S-K, as well as the information required by Paragraph (e) of that Item to the extent the required information pertains to our executive officers, is set forth in Part I, Item 1 of this Annual Report on Form 10-K under the heading “Executive Officers of the Registrant.”

Code of Ethics

We have adopted a code of ethics for our Chief Executive Officer and senior financial officers; a code of business conduct and ethics for members of our Board of Directors and corporate governance guidelines. The full text of these codes of ethics and corporate governance guidelines are available at our website at www.jacobs.com. In the event we make any amendment to, or grant any waiver from, a provision of the code of ethics that applies to the principal executive officer, principal financial officer or principal accounting officer that requires disclosure under applicable SEC rules, we will disclose such amendment or waiver and the reasons therefor on our website. We will provide any person without charge a copy of any of the aforementioned codes of ethics upon receipt of a written request. Requests should be addressed to: Jacobs Engineering Group Inc., 1999 Bryan Street, Suite 1200, Dallas, Texas 75201, Attention: Corporate Secretary.

Corporate Governance

The information required by Items 407(d)(4) and (d)(5) of Regulation S-K is set forth under the caption “Corporate Governance” in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year and is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item is set forth under the captions “Corporate Governance,” “Compensation Committee Report,” “Compensation Discussion and Analysis” and “Executive Compensation” in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year and is incorporated herein by reference.

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

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

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item is set forth under the captions “Members of The Board of Directors,” “Corporate Governance,” and “Certain Relationships and Related Transactions” in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year and is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is set forth under the captions “Report of the Audit Committee” and “Audit and Non-Audit Fees” in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year and is incorporated herein by reference.

PART IV

EXHIBITS AND FINANCIAL STATEMENTS

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

(1) The Company's Consolidated Financial Statements at September 27, 2019 and September 28, 2018 and for each of the three years in the period ended September 27, 2019, and the notes thereto, together with the report of the independent auditors on those Consolidated Financial Statements are hereby filed as part of this report, beginning on page F-1.

(2) Financial statement schedules – no financial statement schedules are presented as the required information is either not applicable, or is included in the consolidated financial statements or notes thereto.

(3) See Exhibit Index below.

(b) Exhibit Index:

2.1	Agreement and Plan of Merger among The KeyW Holding Corporation, Jacobs Engineering Group Inc. and Atom Acquisition Sub, Inc., dated April 21, 2019. Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K on April 22, 2019 and incorporated herein by reference.
2.2	Amended and Restated Stock and Asset Purchase Agreement, dated as of April 26, 2019, by and between Jacobs Engineering Group Inc. and WorleyParsons Limited. Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K on April 29, 2019 and incorporated herein by reference.
3.1	Amended and Restated Certificate of Incorporation of Jacobs Engineering Group Inc. Filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on January 28, 2014 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Jacobs Engineering Group Inc., dated December 18, 2017. Filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on December 18, 2017 and incorporated herein by reference.
4.1	See Sections 5 through 18 of Exhibit 3.1.
4.2	See Article II, Section 3.03 of Article III, Article VI and Sections 8.04 and 8.06 of Article VIII of Exhibit 3.2.
4.3	See Exhibit 10.4.
4.4	Second Supplemental Indenture, dated as of June 12, 2019, by and between The KeyW Holding Corporation and Wilmington Trust, National Association, as trustee. Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K on June 12, 2019 and incorporated herein by reference.
10.1	Second Amended and Restated Credit Agreement, dated March 27, 2019, by and among Jacobs Engineering Group Inc., certain of its subsidiaries party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on March 28, 2019 and incorporated herein by reference.
10.2	Credit Agreement, dated as of September 28, 2017, among Jacobs Engineering Group Inc. and the lenders thereto, and BNP Paribas, as administrative agent. Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on September 29, 2017 and incorporated herein by reference.
10.3	First Amendment to Credit Agreement, dated as of November 30, 2018, among Jacobs Engineering Group Inc., the lenders party thereto and BNP Paribas, as administrative agent. Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on December 4, 2018 and incorporated herein by reference.
10.4	Note Purchase Agreement, dated March 12, 2018, by and between Jacobs Engineering Group Inc. and the Purchasers identified therein. Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K on March 13, 2018, and incorporated herein by reference.
10.5	First Amendment to the Note Purchase Agreement, dated May 11, 2018, by and among Jacobs Engineering Group Inc. and the Purchasers identified therein. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on May 15, 2018 and incorporated herein by reference.

10.6#	Offer Letter by and between Jacobs Engineering Group Inc. and Steven J. Demetriou, dated July 10, 2015. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on July 16, 2015 and incorporated herein by reference.
10.7#	Offer Letter by and between Jacobs Engineering Group Inc. and Kevin C. Berryman, effective November 12, 2014. Filed as Exhibit 99.1 to Amendment No. 1 to the Registrant's Current Report on Form 8-K/A on November 17, 2014 and incorporated herein by reference.
10.8#	Offer letter by and between Jacobs Engineering Group Inc. and Robert V. Pragada, dated January 28, 2016. Filed as Exhibit 10.61 to the Registrant's fiscal 2016 Annual Report on Form 10-K and incorporated herein by reference.
10.9#	Offer letter by and between Jacobs Engineering Group Inc. and Michael Tyler dated May 28, 2013. Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2013 and incorporated herein by reference
10.10#	Offer letter by and between Jacobs Engineering Group Inc. and William Benton Allen, Jr. dated October 4, 2016. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on October 14, 2016 and incorporated herein by reference.
10.11#	Offer Letter by and between Jacobs Engineering Group Inc. and Dawne Hickton, effective June 3, 2019. Filed as Exhibit 10.2 to the Registrant's Current Report on Form 10-Q on August 5, 2019 and incorporated herein by reference.
10.12#	Retirement Transition Agreement by and between Jacobs Engineering Group Inc. and Terence Hagen, dated as of June 6, 2019. Filed as Exhibit 10.3 to the Registrant's Current Report on Form 10-Q on August 5, 2019 and incorporated herein by reference.
10.13#	Retirement Transition Agreement by and between Jacobs Engineering Group Inc. and Gary Mandel, dated November 20, 2018. Filed as Exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the fiscal year 2019 filed on November 21, 2019 and incorporated herein by reference
10.17#	First Amendment to Retirement Transition Agreement by and between Jacobs Engineering Group Inc. and Gary Mandel, dated April 25, 2019. Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2019 filed on May 7, 2019 and incorporated herein by reference.
10.18#	Form of Indemnification Agreement entered into between Jacobs Engineering Group Inc. and certain of its officers and directors. Filed as Exhibit10.1 to the Registrant's Quarterly Report on Form 10-Q for the third quarter of fiscal 2012 and incorporated herein by reference.
10.19#	Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan (as amended and restated on January 19, 2017). Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on January 24, 2017 and incorporated herein by reference.
10.20#	Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan (as amended and restated on January 19, 2017). Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on January 24, 2017 and incorporated herein by reference.
10.21#	Jacobs Engineering Group Inc. Executive Deferral Plan, effective January 1, 2018. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on October 2, 2017 and incorporated herein by reference.
10.22#	Jacobs Engineering Group Inc. Directors Deferral Plan, effective January 1, 2018. Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on October 2, 2017 and incorporated herein by reference.
10.23#	Jacobs Engineering Group Inc. Management Incentive Plan, as amended and restated effective November 19, 2015. Filed as an exhibit to the Registrant's fiscal 2015 Annual Report on Form 10-K and incorporated herein by reference.
10.24#	Jacobs Engineering Group Inc. 1999 Stock Incentive Plan, as amended and restated, effective January 18, 2018. Filed as Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 and incorporated herein by reference.
10.25#	Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan, as amended and restated. Filed as Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 and incorporated herein by reference.
10.26#	Jacobs Engineering Group Inc. Executive Severance Plan, effective May 2, 2018. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on May 4, 2018 and incorporated herein by reference.

10.27#	Form of Restricted Stock Unit Agreement (with dividend equivalent rights) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.39 to the Registrant's fiscal 2017 Annual Report on Form 10-K and incorporated herein by reference.
10.28#	Form of Restricted Stock Unit Agreement (Performance Shares – Earnings Per Share Growth – 2017 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.45 to the Registrant's fiscal 2017 Annual Report on Form 10-K and incorporated herein by reference.
10.29#	Form of Restricted Stock Unit Agreement (Performance Shares – ROIC – 2017 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.46 to the Registrant's fiscal 2017 Annual Report on Form 10-K and incorporated herein by reference.
10.30#	Form of Restricted Stock Unit Agreement (Cash Settled Non-US Employees) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.48 to the Registrant's fiscal 2015 Annual Report on Form 10-K and incorporated herein by reference.
10.31#	Form of Restricted Stock Unit Award Agreement (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Outside Directors Stock Plan). Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the second quarter of fiscal 2017 and incorporated herein by reference.
10.32#	Form of Restricted Stock Unit Agreement (Performance Shares - Earnings Per Share Growth - 2018 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 and incorporated herein by reference.
10.33#	Form of Restricted Stock Unit Agreement (Performance Shares - ROIC - 2018 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 and incorporated herein by reference.
10.34#	Form of Restricted Stock Unit Agreement (Performance Shares - Earnings Per Share Growth - 2019 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 filed February 6, 2019 and incorporated herein by reference.
10.35#	Form of Restricted Stock Unit Agreement (Performance Shares - ROIC - 2019 Award) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 filed February 6, 2019 and incorporated herein by reference.
10.36#	Form of Restricted Stock Unit Agreement (Time-Based Vesting) (awarded pursuant to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan). Filed as Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 and incorporated herein by reference.
10.37#	Form of Restricted Stock Unit Agreement (awarded pursuant to the Jacobs Engineering Group, Inc. 1999 Outside Director Stock Plan). Filed as Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the first quarter of fiscal 2018 and incorporated herein by reference.
10.38	Transition Services Agreement, dated as of April 26, 2019, by and between Jacobs Engineering Group Inc. and WorleyParsons Limited. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on April 29, 2019 and incorporated herein by reference.
21†	List of Subsidiaries of Jacobs Engineering Group Inc.
23†	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1†	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1†	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.
32.2†	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.

95†	Mine Safety Disclosure.
101.INS†	XBRL Instance Document
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document
10.4†	XBRL Coverpage interactive data file

† Being filed herewith.

Management contract or compensatory plan or arrangement.

SIGNATURES

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

			JACOBS ENGINEERING GROUP INC.
Dated:	November 25, 2019	By:	/S/ Steven J. Demetriou
			Steven J. Demetriou
			Chair of the Board and Chief Executive Officer (Principal Executive Officer)

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

Signature	Title	Date
/S/ Steven J. Demetriou Steven J. Demetriou	Chair of the Board and Chief Executive Officer (Principal Executive Officer)	November 25, 2019
/S/ Joseph R. Bronson Joseph R. Bronson	Director	November 25, 2019
/S/ Barbara L. Loughran Barbara L. Loughran	Director	November 25, 2019
/S/ Robert C. Davidson, Jr. Robert C. Davidson, Jr.	Director	November 25, 2019
/S/ Ralph E. Eberhart Ralph E. Eberhart	Director	November 25, 2019
/S/ Georgette D. Kiser Georgette D. Kiser	Director	November 25, 2019
/S/ Linda Fayne Levinson Linda Fayne Levinson	Director	November 25, 2019
/S/ Robert A. McNamara Robert A. McNamara	Director	November 25, 2019
/S/ Peter J. Robertson Peter J. Robertson	Director	November 25, 2019
/S/ Christopher M.T. Thompson Christopher M.T. Thompson	Director	November 25, 2019
/S/ Barry Williams Barry Williams	Director	November 25, 2019
/S/ Kevin C. Berryman Kevin C. Berryman	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	November 25, 2019
/S/ William B. Allen William B. Allen	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	November 25, 2019

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

September 27, 2019

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

September 27, 2019

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

	September 27, 2019	September 28, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 631,068	$ 634,870
Receivables and contract assets	2,840,209	2,513,934
Prepaid expenses and other	639,539	171,096
Current assets held for sale	952	1,236,684
Total current assets	4,111,768	4,556,584
Property, Equipment and Improvements, net	308,143	257,859
Other Noncurrent Assets:		
Goodwill	5,432,544	4,795,856
Intangibles, net	665,076	572,952
Miscellaneous	918,202	760,854
Noncurrent assets held for sale	26,978	1,701,690
Total other noncurrent assets	7,042,800	7,831,352
	$ 11,462,711	$ 12,645,795
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	$ 199,901	$ 3,172
Accounts payable	1,072,645	776,189
Accrued liabilities	1,384,379	1,167,002
Contract liabilities	414,208	442,760
Current liabilities held for sale	2,573	756,570
Total current liabilities	3,073,706	3,145,693
Long-term Debt	1,201,245	2,144,167
Other Deferred Liabilities	1,419,005	1,260,977
Noncurrent liabilities held for sale	97	150,604
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 - 132,879,395 shares and 142,217,933 shares as of September 27, 2019 and September 28, 2018, respectively	132,879	142,218
Additional paid-in capital	2,559,450	2,708,839
Retained earnings	3,939,174	3,809,991
Accumulated other comprehensive loss	(916,812)	(806,703)
Total Jacobs stockholders' equity	5,714,691	5,854,345
Noncontrolling interests	53,967	90,009
Total Group stockholders' equity	5,768,658	5,944,354
	$ 11,462,711	$ 12,645,795

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
For the Fiscal Years Ended September 27, 2019, September 28, 2018 and September 29, 2017
(In thousands, except per share information)

	September 27, 2019	September 28, 2018	September 29, 2017
Revenues	$ 12,737,868	$ 10,579,773	$ 6,330,126
Direct cost of contracts	(10,260,840)	(8,421,223)	(5,070,091)
Gross profit	2,477,028	2,158,550	1,260,035
Selling, general and administrative expenses	(2,072,177)	(1,771,107)	(1,015,893)
Operating Profit	404,851	387,443	244,142
Other Income (Expense):			
Interest income	9,487	8,984	8,748
Interest expense	(83,847)	(76,760)	(12,035)
Miscellaneous income (expense), net	20,468	11,314	2,299
Total other (expense) income, net	(53,892)	(56,462)	(988)
Earnings from Continuing Operations Before Taxes	350,959	330,981	243,154
Income Tax Benefit (Expense) for Continuing Operations	(36,954)	(325,632)	(73,103)
Net Earnings of the Group from Continuing Operations	314,005	5,349	170,051
Net Earnings of the Group from Discontinued Operations	559,214	167,793	117,324
Net Earnings of the Group	873,219	173,142	287,375
Net (Earnings) Loss Attributable to Noncontrolling Interests from Continuing Operations	(23,045)	(9,534)	116
Net Earnings (Loss) Attributable to Jacobs from Continuing Operations	290,960	(4,185)	170,167
Net (Earnings) Loss Attributable to Noncontrolling Interests from Discontinued Operations	(2,195)	(177)	6,236
Net Earnings Attributable to Jacobs from Discontinued Operations	557,019	167,616	123,560
Net Earnings Attributable to Jacobs	$ 847,979	$ 163,431	$ 293,727
Net Earnings (Loss) Per Share:			
Basic Net Earnings (Loss) from Continuing Operations Per Share	$ 2.11	$ (0.03)	$ 1.41
Basic Net Earnings from Discontinued Operations Per Share	$ 4.03	$ 1.21	$ 1.02
Basic Earnings Per Share	$ 6.14	$ 1.18	$ 2.43
Diluted Net Earnings (Loss) from Continuing Operations Per Share	$ 2.09	$ (0.03)	$ 1.40
Diluted Net Earnings from Discontinued Operations Per Share	$ 4.00	$ 1.21	$ 1.02
Diluted Earnings Per Share	$ 6.08	$ 1.18	$ 2.42

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Fiscal Years Ended September 27, 2019, September 28, 2018 and September 29, 2017
(In thousands)

	September 27, 2019	September 28, 2018	September 29, 2017
Net Earnings of the Group	$ 873,219	$ 173,142	$ 287,375
Other Comprehensive Income (Loss):			
Foreign currency translation adjustment	15,972	(109,877)	(140,527)
Gain (loss) on cash flow hedges	1,369	118	(1,350)
Change in pension and retiree medical plan liabilities	(157,632)	(27,231)	123,427
Other comprehensive income (loss) before taxes	(140,291)	(136,990)	(18,450)
Income Tax (Expense) Benefit:			
Cash flow hedges	(568)	859	(90)
Change in pension and retiree medical plan liabilities	30,750	(17,058)	(24,380)
Income Tax (Expense) Benefit:	30,182	(16,199)	(24,470)
Net other comprehensive income (loss)	(110,109)	(153,189)	(42,920)
Net Comprehensive Income (Loss) of the Group	763,110	19,953	244,455
Net (Earnings) Loss Attributable to Noncontrolling Interests	(25,240)	(9,711)	6,352
Net Comprehensive Income (Loss) Attributable to Jacobs	$ 737,870	$ 10,242	$ 250,807

See the accompanying Notes to Consolidated Financial Statements including the Company's note on Accumulated Other Comprehensive Income for a presentation of amounts reclassified to net income during the period.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Fiscal Years Ended September 27, 2019, September 28, 2018 and September 29, 2017
(In thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comp-rehensive Income (Loss)	Total Jacobs Stock-holders' Equity	Non-controlling Interests	Total Group Stock-holders' Equity
Balances at September 30, 2016	**$ 120,951**	**$ 1,168,272**	**$ 3,586,647**	**$ (610,594)**	**$ 4,265,276**	**$ 64,906**	**$ 4,330,182**
Net earnings	—	—	293,727	—	293,727	(6,352)	287,375
Foreign currency translation adjustments	—	—	—	(140,527)	(140,527)	—	(140,527)
Pension liability, net of deferred taxes of $24,380	—	—	—	99,047	99,047	—	99,047
Loss on derivatives, net of deferred taxes of $90	—	—	—	(1,440)	(1,440)	—	(1,440)
Noncontrolling interest acquired / consolidated	—	—	—	—	—	445	445
Dividends	—	—	(72,765)	—	(72,765)	—	(72,765)
Distributions to noncontrolling interests	—	—	(4,559)	—	(4,559)	—	(4,559)
Issuances of equity securities, net of deferred taxes of $1,015	1,468	99,117	—	—	100,585	—	100,585
Repurchases of equity securities	(2,033)	(27,607)	(81,352)	—	(110,992)	—	(110,992)
Balances at September 29, 2017	**$ 120,386**	**$ 1,239,782**	**$ 3,721,698**	**$ (653,514)**	**$ 4,428,352**	**$ 58,999**	**$ 4,487,351**
Net earnings	—	—	163,431	—	163,431	9,711	173,142
Foreign currency translation adjustments	—	—	—	(109,877)	(109,877)	—	(109,877)
Pension and retiree medical plan liability, net of deferred taxes of $17,058	—	—	10,160	(44,289)	(34,129)	—	(34,129)
Gain on derivatives, net of deferred taxes of $(859)	—	—	—	977	977	—	977
Noncontrolling interest acquired / consolidated	—	3,456	—	—	3,456	33,690	37,146
Dividends	—	—	(85,608)	—	(85,608)	—	(85,608)
Distributions to noncontrolling interests	—	—	7,705	—	7,705	(12,391)	(4,686)
Stock based compensation	—	81,196	(1,954)	—	79,242	—	79,242
Issuances of equity securities	21,881	1,385,316	(3,420)	—	1,403,777	—	1,403,777
Repurchases of equity securities	(49)	(911)	(2,021)	—	(2,981)	—	(2,981)
Balances at September 28, 2018	**$ 142,218**	**$ 2,708,839**	**$ 3,809,991**	**$ (806,703)**	**$ 5,854,345**	**$ 90,009**	**$ 5,944,354**
Net earnings	—	—	847,979	—	847,979	25,240	873,219
Disposition of ECR business, net of deferred taxes of $5,402	—	—	—	112,764	112,764	(45,727)	67,037
Adoption of ASC 606, net of deferred taxes of ($10,285)	—	—	(37,209)	—	(37,209)	—	(37,209)
Foreign currency translation adjustments	—	—	—	(84,456)	(84,456)	—	(84,456)
Pension and retiree medical plan liability, net of deferred taxes of $25,348	—	—	—	(139,218)	(139,218)	—	(139,218)
Gain on derivatives, net of deferred taxes of $568	—	—	—	801	801	—	801
Noncontrolling interest acquired / consolidated	—	(1,113)	—	—	(1,113)	—	(1,113)
Dividends	—	—	(92,980)	—	(92,980)	—	(92,980)
Distributions to noncontrolling interests	—	—	—	—	—	(15,555)	(15,555)
Stock based compensation	—	69,128	9	—	69,137	—	69,137
Issuances of equity securities including shares withheld for taxes	1,681	43,508	(6,872)	—	38,317	—	38,317
Repurchases of equity securities	(11,020)	(260,912)	(581,744)	—	(853,676)	—	(853,676)
Balances at September 27, 2019	**$ 132,879**	**$ 2,559,450**	**$ 3,939,174**	**$ (916,812)**	**$ 5,714,691**	**$ 53,967**	**$ 5,768,658**

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 27, 2019, September 28, 2018 and September 29, 2017
(In thousands)

	September 27, 2019	September 28, 2018	September 29, 2017
Cash Flows from Operating Activities:			
Net earnings (loss) attributable to the Group	$ 873,219	$ 173,142	$ 287,375
Adjustments to reconcile net earnings to net cash flows (used for) provided by operations:			
Depreciation and amortization:			
Property, equipment and improvements	90,171	117,856	76,418
Intangible assets	79,098	80,731	46,095
Gain on sale of ECR business	(935,110)	—	—
(Gain) Loss on disposal of other businesses and investments	9,608	20,967	(10,058)
(Gain) Loss on investment in equity securities	78,108	—	—
Stock based compensation	69,137	79,242	38,764
Tax deficiency from stock based compensation	—	—	(2,877)
Equity in (earnings) loss of operating ventures, net	(8,784)	(2,639)	(7,788)
(Gain) Loss on disposals of assets, net	6,222	17,491	14,876
(Gain) Loss on pension and retiree medical plan changes	(33,087)	5,414	(9,955)
Deferred income taxes	(105,939)	288,126	36,663
Changes in assets and liabilities, excluding the effects of businesses acquired:			
Receivables and contract assets	(401,770)	(435,198)	75,441
Prepaid expenses and other current assets	(13,117)	(19,134)	(23,755)
Accounts payable	295,146	183,057	153,961
Income taxes payable	(294,995)	68,970	4,264
Accrued liabilities	(305,716)	(37,746)	(56,279)
Contract liabilities	333,876	6,268	(31,976)
Other deferred liabilities	(106,256)	(79,280)	(33,547)
Other, net	3,753	13,885	17,259
Net cash (used for) provided by operating activities	(366,436)	481,152	574,881
Cash Flows from Investing Activities:			
Additions to property and equipment	(135,977)	(94,884)	(118,060)
Disposals of property and equipment and other assets	7,177	3,293	2,387
Distributions of capital from (contributions to) equity investees	(8,761)	(5,416)	31,701
Acquisitions of businesses, net of cash acquired	(575,110)	(1,488,336)	(150,190)
Disposals of investment in equity securities	64,708	—	—
Proceeds (payments) related to sales of businesses	2,801,425	7,736	(2,036)
Purchases of noncontrolling interests	(1,113)	—	—
Net cash provided by (used for) investing activities	2,152,349	(1,577,607)	(236,198)
Cash Flows from Financing Activities:			
Proceeds from long-term borrowings	2,782,193	5,784,355	1,694,023
Repayments of long-term borrowings	(3,996,970)	(4,572,182)	(1,846,797)
Proceeds from short-term borrowings	200,001	712	1,347
Repayments of short-term borrowings	(28,566)	(3,391)	(702)
Debt issuance costs	(3,915)	—	—
Proceeds from issuances of common stock	64,958	53,584	62,645
Common stock repurchases	(853,676)	(2,981)	(97,180)
Excess tax benefits from stock based compensation	—	—	2,877
Taxes paid on vested restricted stock	(26,641)	(31,108)	—
Cash dividends, including to noncontrolling interests	(106,396)	(86,569)	(58,793)
Net cash (used for) provided by financing activities	(1,969,012)	1,142,420	(242,580)
Effect of Exchange Rate Changes	20,809	(26,758)	22,332
Net (Decrease) Increase in Cash and Cash Equivalents	(162,290)	19,207	118,435
Cash and Cash Equivalents at the Beginning of the Period	793,358	774,151	655,716
Cash and Cash Equivalents at the End of the Period	631,068	793,358	774,151
Less Cash and Cash Equivalents included in Assets held for Sale	—	(158,488)	(166,330)
Cash and Cash Equivalents of Continuing Operations at the End of the Period	$ 631,068	$ 634,870	$ 607,821

See the accompanying Notes to Consolidated Financial Statements.

1. Description of Business and Basis of Presentation

Description of Business

Jacobs is a leading global professional services company that designs and deploys technology-centric solutions to solve many of the world's most complex challenges. We operate in two lines of business: Critical Mission Solutions (formerly Aerospace, Technology and Nuclear), and People & Places Solutions (formerly known as Buildings, Infrastructure and Advanced Facilities). These lines of business are changing names to better reflect outcome-focused solutions for their customers and these name changes have no impact on reported financial statements, line of business leadership or customer relationships.

We provide a broad range of technical, professional and construction services including engineering, design and architectural services; construction and construction management services; operations and maintenance services; and process, scientific and systems consulting services. We provide our services through offices and subsidiaries located primarily in North America, Europe, the Middle East, India, Australia, New Zealand and Asia. We provide our services under cost-reimbursable and fixed-price contracts, with our fixed-price contracts comprised mainly of professional services arrangements and in some limited cases, construction. The percentage of revenues realized from each of these types of contracts for the fiscal years ended September 27, 2019, September 28, 2018 and September 29, 2017 was as follows:

	For the Years Ended		
	September 27, 2019	**September 28, 2018**	**September 29, 2017**
Cost-reimbursable	76%	74%	76%
Fixed-price	24%	26%	24%

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

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and include the accounts of Jacobs Engineering Group Inc. and its subsidiaries and affiliates which it controls. All intercompany accounts and transactions have been eliminated in consolidation.

The Company's fiscal year ends on the Friday closest to September 30 (determined on the basis of the number of workdays) and, accordingly, an additional week of activity is added every five-to-six years. Fiscal 2015 included, and fiscal 2020 will include, an extra week of activity.

Effective the beginning of fiscal first quarter 2019, the Company adopted ASC Topic 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 11- *Revenue Accounting for Contracts and Adoption of ASC Topic 606*.

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 convertible debt of $22.6 million and first and second lien notes which totaled approximately $275.8 million. Immediately following the effective time of the acquisition, the Company repaid KeyW's first and second lien notes. In July 2019, the Company repaid KeyW's outstanding convertible debt of $22.6 million. 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 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 Consolidated Balance Sheet as of September 28, 2018. Further, as of the year ended September 27, 2019, a portion of the ECR business remains held by Jacobs and continues to be classified as held for sale as of fiscal year 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.

On December 15, 2017, the Company completed the acquisition of CH2M HILL Companies, Ltd. ("CH2M"), an international provider of engineering, construction, and technical services, by acquiring 100% of the outstanding shares of CH2M common stock and preferred stock. The Company paid total consideration of approximately $1.8 billion in cash (excluding $315.2 million of cash acquired) and issued approximately $1.4 billion of Jacobs' common stock, or 20.7 million shares, to the former stockholders and certain equity award holders of CH2M. In connection with the acquisition, the Company also assumed CH2M's revolving credit facility and second lien notes, including a $20.0 million prepayment penalty, which totaled approximately $700 million of long-term debt. Immediately following the effective time of the acquisition, the Company repaid CH2M's revolving credit facility and second lien notes including the related prepayment penalty. The Company has finalized its purchase accounting processes associated with the acquisition, which is summarized in Note 5- *Business Combinations*.

2. Significant Accounting Policies

Revenue Accounting for Contracts

Engineering, Procurement & Construction Contracts and Service Contracts

On September 29, 2018, the Company adopted ASC Topic 606, *Revenue from Contracts with Customers,* including the subsequent ASUs that amended and clarified the related guidance. The Company recognizes engineering, procurement, and construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Upon adoption of ASC Topic 606, contracts which include engineering, procurement and construction services are generally accounted for as a single deliverable (a single performance obligation) and are no longer segmented between types of services. In some instances, the Company's services associated with a construction activity are limited to specific tasks such as customer support, consulting or supervisory services. In these instances, the services are typically identified as separate performance obligations.

The Company recognizes revenue using the percentage-of-completion method, based primarily on contract costs incurred to date compared to total estimated contract costs. The percentage-of-completion method (an input method) is the most representative depiction of the Company's performance because it directly measures the value of the services transferred to the customer. Subcontractor materials, labor and equipment and, in certain cases, customer-furnished materials and labor and equipment are included in revenue and cost of revenue when management believes that the company is acting as a principal rather than as an agent (e.g., the company integrates the materials, labor and equipment into the deliverables promised to the customer or is otherwise primarily responsible for fulfillment and acceptability of the materials, labor and/or equipment). The Company recognizes revenue, but not profit, on certain uninstalled materials that are not specifically produced, fabricated, or constructed for a project. Revenue on these uninstalled materials is recognized when control is transferred. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined as assessed at the contract level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client. Project mobilization costs are generally charged to project costs as incurred when they are an integrated part of the performance obligation being transferred to the client. Under the typical payment terms of our engineering, procurement and construction contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms at periodic intervals (e.g., biweekly or monthly) and customer payments are typically due within 30 to 60 days of billing, depending on the contract.

For service contracts, the Company recognizes revenue over time using the cost-to-cost percentage-of-completion method. Service contracts that include multiple performance obligations are segmented between types of services. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using an estimate of the stand-alone selling price of each distinct service in the contract. In some instances where the Company is standing ready to provide services, the Company recognizes revenue ratably over the service period. Under the typical payment terms of our service contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms, and customer payments are typically due within 30 to 60 days of billing, depending on the contract.

Direct costs of contracts include all costs incurred in connection with and directly for the benefit of client contracts, including depreciation and amortization relating to assets used in providing the services required by the related projects. The level of direct costs of contracts may fluctuate between reporting periods due to a variety of factors, including the amount of pass-through costs we incur during a period. On those projects where we are acting as principal for subcontract labor or third-party materials and equipment, we reflect the amounts of such items in both revenues and costs (and we refer to such costs as “pass-through costs”).

Back charges to suppliers or subcontractors are recognized as a reduction of cost when it is determined that recovery of such cost is probable and the amounts can be reliably estimated. Disputed back charges are recognized when the same requirements described above have been satisfied.

Variable Consideration

The nature of the Company’s contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e., the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount. Factors considered in determining whether revenue associated with claims (including change orders in dispute and unapproved change orders in regard to both scope and price) should be recognized include the following: (a) the contract or other evidence provides a legal basis for the claim, (b) additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the company’s performance, (c) claim-related costs are identifiable and considered reasonable in view of the work performed, and (d) evidence supporting the claim is objective and verifiable. If the requirements for recognizing revenue for claims or unapproved change orders are met, revenue is recorded only when the costs associated with the claims or unapproved change orders have been incurred and only up to the amount of cost incurred.

The Company generally provides limited warranties for work performed under its engineering and construction contracts. The warranty periods typically extend for a limited duration following substantial completion of the Company’s work on the project. Historically, warranty claims have not resulted in material costs incurred for which the Company was not compensated for by the customer.

Practical Expedient

If the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the Company’s performance completed to date (a service contract in which the company bills a fixed amount for each hour of service provided), the Company recognizes revenue in the amount to which it has a right to invoice for services performed.

The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

See Note 11- *Revenue Accounting for Contracts and Adoption of ASC Topic 606* for further discussion.

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. In general, at any given time, the equity of our joint ventures represents the undistributed profits earned on contracts the joint ventures hold with clients. Very few of our joint ventures have employees or third-party debt or credit facilities. The debt held by the joint ventures is non-recourse to the general credit of Jacobs.

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. See Note 17- *Contractual Guarantees, Litigation, Investigations and Insurance* for further discussion.

Most 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 Company uses a qualitative approach to determine if the Company is the primary beneficiary of the VIE, which considers factors that indicate a party has the power to direct the activities that most significantly impact the joint venture's economic performance. These factors include the composition of the governing board, how board decisions are approved, the powers granted to the operational manager(s) and partner that holds that position(s), and to a certain extent, the partner's economic interest in the joint venture. The Company analyzes each joint venture initially to determine if it should be consolidated or unconsolidated.

- Consolidated if the Company is the primary beneficiary of a VIE, or holds the majority of voting interests of a non-VIE (and no significant participative rights are available to the other partners).
- Unconsolidated if the Company is not the primary beneficiary of a VIE, or does not hold the majority of voting interest of a non-VIE.

See Note 8- *Joint Ventures and VIEs* for further discussion.

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.

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 10- *Borrowings* for a discussion of the fair value of long-term debt.

Certain other assets and liabilities, such as forward contracts and interest rate swap agreements we purchased as cash-flow hedges discussed in Note 16- *Commitments and Contingencies and Derivative Financial Instruments* and the Company's investment in Worley ordinary shares discussed in Note 7- *Sale of Energy, Chemicals and Resources* are required to be carried in our Consolidated Financial Statements at Fair Value.

The fair value of the Company's reporting units (used for purposes of determining whether there is an indication of possible impairment of the carrying value of goodwill) is determined using an income approach. Both approaches require us to make certain estimates and judgments. Under the income approach, fair value is determined by using the discounted cash flows of our reporting units. Under the market approach, the fair values of our reporting units are determined by reference to guideline companies that are reasonably comparable to our reporting units; the fair values are estimated based on the valuation multiples of the invested capital associated with the guideline companies. In assessing whether there is an indication that the carrying value of goodwill has been impaired, we utilize the results of both valuation techniques and consider the range of fair values indicated.

With respect to equity-based compensation (i.e., share-based payments), we estimate the fair value of stock options granted to employees and directors using the Black-Scholes option-pricing model. Like all option-pricing models, the Black-Scholes model requires the use of subjective assumptions including (i) the expected volatility of the market price of the underlying stock, and (ii) the expected term of the award, among others. Accordingly, changes in assumptions and any subsequent adjustments to those assumptions can cause different fair values to be assigned to our future stock option awards. For restricted stock awards (including restricted stock units) containing market conditions, compensation expense is based on the fair value of such awards using a Monte Carlo simulation. For restricted stock awards (including restricted stock units) containing service and performance conditions, compensation expense is based on the closing stock price on the date of grant.

The fair values of the assets owned by the various pension plans that the Company sponsors are determined based on the type of asset, consistent with U.S. GAAP. Equity securities are valued by using market observable data such as quoted prices. Publicly traded corporate equity securities are valued at the last reported sale price on the last business day of the year. Securities not traded on the last business day are valued at the last reported bid price. Fixed income investment funds categorized as Level 2 are valued by the trustee using pricing models that use verifiable observable market data (e.g., interest rates and yield curves observable at commonly quoted intervals), bids provided by brokers or dealers, or quoted prices of securities with similar characteristics. Real estate consists primarily of common or collective trusts, with underlying investments in real estate. These investments are valued using the best information available, including quoted market price, market prices for similar assets when available, internal cash flow estimates discounted at an appropriate interest rate, or independent appraisals, as appropriate. Management values insurance contracts and hedge funds using actuarial assumptions and certain values reported by fund managers.

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

Cash Equivalents

We consider all highly liquid investments with original maturities of less than three months to be cash equivalents. Cash equivalents at September 27, 2019 and September 28, 2018 consisted primarily of money market mutual funds and overnight bank deposits.

Receivables, Contract Assets and Contract Liabilities

Receivables include amounts billed, net and unbilled receivables. 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.

Contract liabilities represent amounts billed to clients in excess of revenue recognized to date. We anticipate that substantially all such amounts will be earned over the next twelve months.

Property, Equipment, and Improvements

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

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquired business over the fair value of the net tangible and intangible assets acquired. Goodwill and intangible assets with indefinite lives are not amortized; instead, on an annual basis we test goodwill and intangible assets with indefinite lives for possible impairment. Intangible assets with finite lives are amortized on a straight-line basis over the useful lives of those assets.

Interim testing for impairment is performed if indicators of potential impairment exist. For purposes of impairment testing, goodwill is assigned to the applicable reporting units based on the current reporting structure. We have determined that our operating segments are also our reporting units based on management’s conclusion that the components comprising each of our operating segments share similar economic characteristics and meet the aggregation criteria in accordance with ASC 350.

When testing goodwill for impairment quantitatively, the Company first compares the fair value of each reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, a second step is performed to measure the amount of potential impairment. In the second step, the Company compared the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized. During 2019, we completed our annual goodwill impairment test and quantitatively determined that none of our goodwill was impaired. We have determined that the fair value of our reporting units substantially exceeded their respective carrying values for the Consolidated Balance Sheets presented.

Foreign Currencies

In preparing our Consolidated Financial Statements, it is necessary to translate the financial statements of our subsidiaries operating outside the U.S., which are denominated in currencies other than the U.S. dollar, into the U.S. dollar. In accordance with U.S. GAAP, revenues and expenses of operations outside the U.S. are translated into U.S. dollars using weighted-average exchange rates for the applicable periods being translated while the assets and liabilities of operations outside the U.S. are generally translated into U.S. dollars using period-end exchange rates. The net effect of foreign currency translation adjustments is included in stockholders’ equity as a component of accumulated other comprehensive income (loss) in the accompanying Consolidated Balance Sheets.

Share-Based Payments

We measure the value of services received from employees and directors in exchange for an award of an equity instrument based on the grant-date fair value of the award. The computed value is recognized as a non-cash cost on a straight-line basis over the period the individual provides services, which is typically the vesting period of the award with the exception of awards containing an internal performance measure, such as Earnings Per Share growth and Return on Invested Capital, which is recognized on a straight-line basis over the vesting period subject to the probability of meeting the performance requirements and adjusted for the number of shares expected to be earned. The cost of these awards is recorded in selling, general and administrative expense in the accompanying Consolidated Statements of Earnings.

Concentrations of Credit Risk

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

Pensions

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

We use a corridor approach to amortize actuarial gains and losses. Under this approach, net gains or losses in excess of ten percent of the larger of the pension benefit obligation or the market-related value of the assets are amortized on a straight-line basis. The period of amortization is the average remaining service of active participants who are expected to receive benefits under certain plans and the average remaining future lifetime of plan participants for certain plans.

We measure our defined benefit plan assets and obligations as of the end of the month closest to their fiscal year end, which is September 30, 2019 as the alternative measurement date in accordance with FASB guidance ASU 2015-04, Compensation Retirement Benefit (Topic 715): *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Asset*. This guidance allows employers with fiscal year ends that do not coincide with a calendar month end to make an accounting policy election to measure defined benefit plan assets and obligations as of the end of the month closest to their fiscal year end.

Income Taxes

We determine our consolidated income tax expense using the asset and liability method prescribed by U.S. GAAP. Under this method, deferred tax assets and liabilities are recognized for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Such deferred tax assets and liabilities are adjusted, as appropriate, to reflect changes in tax rates expected to be in effect when the temporary differences reverse. If and when we determine that a deferred tax asset will not be realized for its full amount, we will recognize and record a valuation allowance with a corresponding charge to earnings. Judgment is required in determining our provision for income taxes. In the normal course of business, we may engage in numerous transactions every day for which the ultimate tax outcome (including the period in which the transaction will ultimately be included in taxable income or deducted as an expense) is uncertain. Additionally, we file income, franchise, gross receipts and similar tax returns in many jurisdictions. Our tax returns are subject to audit and investigation by the Internal Revenue Service, most states in the U.S., and by various government agencies representing many jurisdictions outside the U.S.

Contractual Guarantees, Litigation, Investigations and Insurance

In the normal course of business we are subject to certain contractual guarantees and litigation. We record in the Consolidated Balance Sheets amounts representing our estimated liability relating to such guarantees, litigation and insurance claims. Guarantees are accounted for in accordance with ASC 460-10, *Guarantees*, at fair value at the inception of the guarantee. We perform an analysis to determine the level of reserves to establish for both insurance-related claims that are known and have been asserted against us as well as for insurance-related claims that are believed to have been incurred based on actuarial analysis, but have not yet been reported to our claims administrators as of the respective balance sheet dates. We include any adjustments to such insurance reserves in our Consolidated Statements of Earnings. In addition, as a contractor providing services to various agencies of the U.S. federal government, we are subject to many levels of audits, investigations, and claims by, or on behalf of, the U.S. federal government with respect to contract performance, pricing, costs, cost allocations and procurement practices. We adjust revenues based upon the amounts we expect to realize considering the effects of any client audits or governmental investigations.

Business Combinations

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

During the third fiscal quarter of 2019, the Company acquired KeyW. During the first fiscal quarter of 2018, the Company acquired CH2M HILL Companies, Ltd. ("CH2M"). During the fourth fiscal quarter of 2017, the Company acquired Blue Canopy LLC. During the second fiscal quarter of 2017, the Company acquired Aquenta Consulting Pty Ltd. Other than the KeyW and CH2M acquisitions discussed in Note 5- *Business Combinations*, these acquisitions were not material to the Company's consolidated results for fiscal 2019, 2018 or 2017.

Use of Estimates and Assumptions

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

New Accounting Pronouncements

Lease Accounting

In February 2016, the FASB issued ASU 2016-02 *Leases*. ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for public entity financial statements for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted, including adoption in an interim period. The new guidance currently requires a modified retrospective transition approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. ASU 2016-02 was further clarified and amended within ASU 2017-13, ASU 2018-01, ASU 2018-10 and ASU 2018-11 which included provisions that would provide us with the option to adopt the provisions of the new guidance using a modified retrospective transition approach, without adjusting the comparative periods presented. The Company is evaluating the impact of the new guidance on its consolidated financial statements and expects to use the modified retrospective transition approach without adjusting the comparative periods presented and expects a significant increase to the balance sheet in its assets for the lease right of use asset and a significant increase to the balance sheet in its liabilities for the lease obligation.

Other Pronouncements

In the first quarter of fiscal 2019, the Company adopted ASU 2016-01, *Financial Instruments - Overall - Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and to recognize any changes in fair value in net income unless the investments qualify for a practicability exception. The adoption of ASU 2016-01 in the first quarter did not impact the Company's financial position, results of operations or cash flows. However, as described in Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business*, the Company received ordinary shares of Worley during the third quarter of 2019 which are measured at fair value through net income in accordance with ASU 2016-01.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 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 becomes effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Company is evaluating the impact of the new guidance on its consolidated financial statements. It is not expected that the updated guidance will 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 (Topic 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.

3. Employee Stock Purchase and Stock Option Plans

Employee Stock Purchase Plans

Under the 1989 ESPP and the GESPP, eligible employees who elect to participate in these plans are granted the right to purchase shares of the common stock of Jacobs at a discount that is limited to 5% of the per-share market value on the day shares are sold to employees. The following table summarizes the stock issuance activity under the 1989 ESPP and the GESPP for the fiscal years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Aggregate Purchase Price Paid for Shares Sold:			
Under the 1989 ESPP	$ 24,824,232	$ 21,590,858	$ 21,084,657
Under the GESPP	2,471,193	2,240,609	2,105,834
Total	$ 27,295,425	$ 23,831,467	$ 23,190,491
Aggregate Number of Shares Sold:			
Under the 1989 ESPP	354,580	357,899	403,652
Under the GESPP	34,843	36,405	39,648
Total	389,423	394,304	443,300

On January 19, 2017, the Company's stockholders approved an increase in the number of shares authorized by 4,350,000 shares for the 1989 ESPP and by 150,000 shares for the GESPP.

At September 27, 2019, there remains 3,833,375 shares reserved for issuance under the 1989 ESPP and 103,732 shares reserved for issuance under the GESPP.

Stock Incentive Plans

We also sponsor the 1999 Stock Incentive Plan, as amended and restated (the "SIP") and the 1999 Outside Director Stock Plan, as amended and restated (the "ODSP"). The 1999 SIP provides for the issuance of incentive stock options, non-qualified stock options, share appreciation rights ("SARs"), restricted stock and restricted stock units to employees. The 1999 ODSP provides for awards of shares of common stock, restricted stock, restricted stock units and grants of non-qualified stock options to our outside (i.e., nonemployee) directors. The following table sets forth certain information about the 1999 Plans:

	1999 SIP	1999 ODSP	Total
Number of shares authorized	29,850,000	1,100,000	30,950,000
Number of remaining shares reserved for issuance at September 27, 2019	5,719,617	427,002	6,146,619
Number of shares relating to outstanding stock options at September 27, 2019	755,856	170,750	926,606
Number of shares available for future awards:			
At September 27, 2019	4,963,761	256,252	5,220,013
At September 28, 2018	5,335,741	295,630	5,631,371

Effective September 28, 2012, all grants of shares under the 1999 SIP are issued on a fungible basis. An award other than an option or SAR are granted on a 1.92-to-1.00 basis ("Fungible"). An award of an option or SAR are granted on a 1-to-1 basis ("Not Fungible").

The following table presents the fair value of shares (of restricted stock and restricted stock units) vested for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Restricted Stock and Restricted Stock Units (service condition)	$ 37,864	$ 64,121	$ 34,466
Restricted Stock Units (service, market, and performance conditions at target)	17,124	2,626	4,183
Total	$ 54,988	$ 66,747	$ 38,649

At September 27, 2019, the amount of compensation cost relating to non-vested awards not yet recognized in the financial statements is approximately $77.2 million. The majority of these unrecognized compensation costs will be recognized by the first quarter of fiscal 2021. The weighted average remaining contractual term of options currently exercisable is 2.1 years.

Stock Options

The following table summarizes the stock option activity for the years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	Number of Stock Options		Weighted Average Exercise Price
Outstanding at September 30, 2016	3,577,512	$	45.69
Granted	—	$	—
Exercised	(906,648)	$	43.79
Cancelled or expired	(154,039)	$	48.79
Outstanding at September 29, 2017	2,516,825	$	46.19
Granted	—	$	—
Exercised	(636,019)	$	46.93
Cancelled or expired	(114,047)	$	52.26
Outstanding at September 28, 2018	1,766,759	$	45.53
Granted	—	$	—
Exercised	(828,529)	$	45.63
Cancelled or expired	(11,624)	$	42.10
Outstanding at September 27, 2019	926,606	$	45.48

Cash received from the exercise of stock options, net of tax remitted, during the year ended September 27, 2019 was $37.8 million.

Stock options outstanding at September 27, 2019 consisted entirely of non-qualified stock options. The following table presents the total intrinsic value of stock options exercised for the fiscal years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

For the Years Ended		
September 27, 2019	September 28, 2018	September 29, 2017
$27,720	$13,931	$14,713

The total intrinsic value of stock options exercisable at September 27, 2019 was approximately $38.7 million. The following table presents certain other information regarding our 1999 SIP and 1999 OSDP for the fiscal years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	September 27, 2019	September 28, 2018	September 29, 2017
At fiscal year end:			
Range of exercise prices for options exercisable	$32.51–$60.43	$32.51–$60.43	$32.51–$80.63
Number of options exercisable	860,114	1,557,900	1,992,022
For the fiscal year:			
Range of prices relating to options exercised	$36.88–$60.43	$35.93–$61.26	$37.03–$55.53
Estimated weighted average fair values of options granted	$ —	$ —	$ —

The following table presents certain information regarding stock options outstanding and stock options exercisable at September 27, 2019:

	September 27, 2019				
	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Life (years)	Weighted Average Price	Number	Weighted Average Exercise Price
$32.51 - $37.03	60,500	2.65	$ 36.99	60,500	$ 36.99
$37.43 - $46.09	607,119	4.76	$ 42.90	540,627	$ 43.02
$47.11 - $55.13	227,612	3.46	$ 52.54	227,612	$ 52.54
$60.08 - $80.63	31,375	4.31	$ 60.36	31,375	$ 60.36
	926,606	4.29	$ 45.48	860,114	$ 45.75

The 1999 ODSP and the 1999 SIP allow participants to satisfy the exercise price of stock options by tendering shares of Jacobs common stock that have been owned by the participants for at least six months. Shares so tendered are retired and canceled, and are shown as repurchases of common stock in the accompanying Consolidated Statements of Stockholders' Equity. The weighted average remaining contractual term of options currently exercisable is 4.15 years.

Restricted Stock

The following table presents the number of shares of restricted stock and restricted stock units issued as common stock under the 1999 SIP for the years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Restricted stock	—	—	—
Restricted stock units (service condition)	318,056	1,087,724	496,951
Restricted stock units (service, market and performance conditions)	240,068	254,784	237,058

The amount of restricted stock units issued for awards with performance and market conditions in the above table are issued based on performance against the target amount. The number of shares ultimately issued, which could be greater or less than target, will be based on achieving specific performance conditions related to the awards.

The following table presents the number and weighted average grant-date fair value of restricted stock and restricted stock units at September 27, 2019:

	Number of Shares	Weighted Average Grant-Date Fair Value
Outstanding at September 28, 2018	2,329,535	$ 56.11
Granted	710,718	$ 73.12
Vested	(1,093,926)	$ 51.54
Canceled	(223,290)	$ 57.87
Outstanding at September 27, 2019	1,723,037	$ 65.80

The following table presents the number of shares of restricted stock and restricted stock units canceled and withheld for taxes under the 1999 SIP for the years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Restricted stock	105,301	284,254	365,481
Restricted stock units (service condition)	295,122	336,516	128,536
Restricted stock units (service, market and performance conditions)	183,654	95,063	86,742

The amount of unvested restricted stock units canceled for awards with service and performance conditions in the above table is based on the service period achieved and performance against the target amount.

The restrictions attached to restricted stock and restricted stock units generally relate to the recipient's ability to sell or otherwise transfer the stock or stock units. There are also restrictions that subject the stock and stock units to forfeiture back to the Company until earned by the recipient through continued employment or service.

The following table provides the number of shares of restricted stock units outstanding at September 27, 2019 under the 1999 SIP. No shares of restricted stock were issued under the 1999 ODSP during such periods.

	September 27, 2019
	Total
Restricted stock	95,626
Restricted stock units (service condition)	833,091
Restricted stock units (service, market and performance conditions)	668,252

The following table presents the number of shares of restricted stock and restricted stock units issued under the 1999 ODSP for the years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Restricted stock units (service condition)	26,372	21,620	21,123

The following table provides the number of shares of restricted stock and restricted stock units outstanding at September 27, 2019 under the 1999 ODSP:

	September 27, 2019
Restricted stock	34,000
Restricted stock units (service condition)	92,068

All shares granted under the 1999 ODSP are issued on a 1.92-to-1.00 basis.

4. Earnings Per Share and Certain Related Information

Basic and Diluted Earnings Per Share

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 years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 30, 2017
Numerator for Basic and Diluted EPS:			
Net earnings (loss) attributable to Jacobs from continuing operations	$ 290,960	$ (4,185)	$ 170,167
Net earnings (loss) from continuing operations allocated to participating securities	(415)	—	(1,783)
Net earnings (loss) from continuing operations allocated to common stock for EPS calculation	$ 290,545	$ (4,185)	$ 168,384
Net earnings (loss) attributable to Jacobs from discontinued operations	$ 557,019	$ 167,616	$ 123,560
Net earnings (loss) from discontinued operations allocated to participating securities	(795)	(808)	(1,294)
Net earnings (loss) from discontinued operations allocated to common stock for EPS calculation	$ 556,224	$ 166,808	$ 122,266
Net earnings allocated to common stock for EPS calculation	$ 846,769	$ 162,623	$ 290,650
Denominator for Basic and Diluted EPS:			
Weighted average basic shares	138,104	138,182	120,689
Shares allocated to participating securities	(197)	(646)	(1,319)
Shares used for calculating basic EPS attributable to common stock	137,907	137,536	119,370
Effect of dilutive securities:			
Stock compensation plans (1)	1,299	—	777
Shares used for calculating diluted EPS attributable to common stock	139,206	137,536	120,147
Net Earnings Per Share:			
Basic Net Earnings (Loss) from Continuing Operations Per Share	$ 2.11	$ (0.03)	$ 1.41
Basic Net Earnings from Discontinued Operations Per Share	$ 4.03	$ 1.21	$ 1.02
Basic EPS	$ 6.14	$ 1.18	$ 2.43
Diluted Net Earnings (Loss) from Continuing Operations Per Share	$ 2.09	$ (0.03)	$ 1.40
Diluted Net Earnings from Discontinued Operations Per Share	$ 4.00	$ 1.21	$ 1.02
Diluted EPS	$ 6.08	$ 1.18	$ 2.42

(1) For the fiscal 2018 period, because net earnings (loss) from continuing operations was a loss, the effect of antidilutive securities of 1,176 was excluded from the denominator in calculating diluted EPS.

Share Repurchases

On July 23, 2015, the Company's Board of Directors authorized a share repurchase program of up to $500 million of the Company's common stock, to expire on July 31, 2018. On July 19, 2018, the Company's Board of Directors authorized the continuation of this share repurchase program for an additional three years, to expire on July 31, 2021. As of September 27, 2019, no authorized amounts remain outstanding under this program. The following table summarizes the activity under this program during fiscal 2019:

Amount Authorized	Average Price Per Share (1)	Shares Repurchased	Total Shares Retired
$500,000,000	$61.74	4,005,007	4,005,007

(1) Includes commissions paid and calculated at the average price per share since the repurchase program authorization date.

On January 17, 2019, 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 16, 2022. On February 19, 2019, the Company launched accelerated share repurchase programs by advancing $250 million to two financial institutions in privately negotiated transactions (collectively, the "First 2019 ASR Program"). The specific number of shares that the Company repurchased under the First 2019 ASR Program was determined based generally on a discount to the volume-weighted average price per share of the Company's common stock during a calculation period completed on June 5, 2019. The purchase was recorded as a share retirement for purposes of calculating earnings per share.

On August 21, 2019, the Company launched a second accelerated share repurchase program by advancing $250 million to a financial institution in a privately negotiated transaction (the "Second 2019 ASR Program"). The specific number of shares that the Company ultimately will repurchase under the Second 2019 ASR Program will be determined based generally on a discount to the volume-weighted average price per share of the Company's common stock during a calculation period to be completed no later than December 2019. The purchase will be recorded as a share retirement for purposes of calculating earnings per share.

Subsequent to the launch of the First 2019 ASR Program, the Second 2019 ASR Program and other share repurchases, the Company has $393.7 million remaining under its $1.0 billion share repurchase authorization. The following table summarizes the activity under this program during fiscal 2019:

Amount Authorized	Average Price Per Share (1)	Shares Repurchased	Total Shares Retired
$1,000,000,000	$86.43	7,014,633	7,014,633

(1) Includes commissions paid and calculated at the average price per share since the repurchase program authorization date.

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 share repurchase program does not obligate the Company to purchase any shares. 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 and amount 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.

Common and Preferred Stock

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

Dividends

On September 19, 2019, the Company's Board of Directors declared a quarterly dividend of $0.17 per share of the Company's common stock which was paid on November 1, 2019, to shareholders of record on the close of business on October 4, 2019. Future dividend declarations are subject to review and approval by the Company's Board of Directors. Dividends paid through September 27, 2019 and the preceding fiscal year are as follows:

Declaration Date	Record Date	Payment Date	Cash Amount (per share)
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
July 19, 2018	August 3, 2018	August 31, 2018	$0.15
May 3, 2018	May 18, 2018	June 15, 2018	$0.15
January 18, 2018	February 16, 2018	March 16, 2018	$0.15
September 27, 2017	October 13, 2017	November 10, 2017	$0.15

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 $298.4 million. As of July 2019, the Company has repaid all of KeyW's debt.

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		36.7
Goodwill		611.8
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. $136.0 million of the goodwill recognized 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 will result in adjustments to certain assets and liabilities, including the residual amount allocated to goodwill.

During the three months ended September 27, 2019, the Company updated certain provisional amounts reflected in the preliminary purchase price allocation, as summarized in the estimated fair values of KeyW assets acquired and liabilities assumed above. Specifically, the carrying amount of the intangible assets discussed above were decreased by $9.3 million, all other assets excluding goodwill increased by $7.4 million and total liabilities increased by $7.5 million. These updates led to a $9.4 million increase in goodwill. These measurement period adjustments are recognized in the reporting period in which the adjustments are determined and calculated as if the accounting had been completed at the acquisition date.

Identified intangible assets 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.

From the acquisition date of June 12, 2019 through September 27, 2019, KeyW contributed approximately $136.3 million in revenue and $17.7 million in pre-tax loss included in the accompanying Consolidated Statement of Earnings. Included in these results were approximately $12.9 million in pre-tax transaction costs which related primarily to professional services and other transaction related expenses.

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):

	For the Years Ended	
	September 27, 2019	September 28, 2018
Revenues	$ 13,068.7	$ 11,087.2
Net earnings of the Group from Continuing Operations	$ 326.0	$ 2.8
Net earnings (loss) attributable to Jacobs from continuing operations	$ 303.0	$ (6.7)
Net earnings (loss) attributable to Jacobs from continuing operations per share:		
Basic earnings (loss) from continuing operations per share	$ 2.19	$ (0.05)
Diluted earnings (loss) from continuing operations per share	$ 2.17	$ (0.05)

Included in the table above are the unaudited pro forma operating results of continuing operations. Additionally, charges relating to transaction expenses, severance expense and other items are removed from the year ended September 27, 2019 and are reflected in the prior fiscal year due to the assumed timing of the transaction. Also, income tax expense (benefit) for the fiscal year pro forma periods ended September 27, 2019 and September 28, 2018 were $41.3 million and $305.7 million, respectively.

CH2M

On December 15, 2017, the Company completed the acquisition of CH2M HILL Companies, Ltd. ("CH2M"), an international provider of engineering, construction and technical services, by acquiring 100% of the outstanding shares of CH2M common stock and preferred stock. The purpose of the acquisition was to further diversify the Company's presence in the water, nuclear and environmental remediation sectors and to further the Company's profitable growth strategy. The Company paid total consideration of approximately $1.8 billion in cash (excluding $315.2 million of cash acquired) and issued approximately $1.4 billion of Jacobs' common stock, or 20.7 million shares, to the former stockholders and certain equity award holders of CH2M. In connection with the acquisition, the Company also assumed CH2M's revolving credit facility and second lien notes, including a $20.0 million prepayment penalty, which totaled approximately $700 million of long-term debt. Immediately following the effective time of the acquisition, the Company repaid CH2M's revolving credit facility and second lien notes including the related prepayment penalty.

The following summarizes the estimated fair values of CH2M assets acquired and liabilities assumed as of the acquisition date (in millions):

Assets		
Cash and cash equivalents	$	315.2
Receivables		1,120.6
Prepaid expenses and other		72.7
Property, equipment and improvements, net		175.1
Goodwill		3,165.5
Identifiable intangible assets:		
Customer relationships, contracts and backlog		412.3
Lease intangible assets		4.4
Total identifiable intangible assets		416.7
Miscellaneous		530.8
Total Assets	$	5,796.6
Liabilities		
Notes payable	$	2.2
Accounts payable		309.6
Accrued liabilities		787.4
Contract liabilities		260.8
Identifiable intangible liabilities:		
Lease intangible liabilities		9.6
Long-term debt		706.0
Other deferred liabilities		659.0
Total Liabilities	$	2,734.6
Noncontrolling interests		(37.3)
Net assets acquired	$	3,024.7

Goodwill recognized results from a substantial assembled workforce, which does not qualify for separate recognition, as well as expected future synergies from combining operations. None of the goodwill recognized is expected to be deductible for tax purposes. During the first quarter of fiscal 2019, the Company completed its final assessment of the fair values of the acquired assets and liabilities of CH2M. Accrued liabilities and other deferred liabilities include approximately $404.7 million related to estimates for various legal and other pre-acquisition contingent liabilities accounted for under ASC 450. See Note 17- *Contractual Guarantees, Litigation, Investigations and Insurance* relating to CH2M contingencies.

Since the preliminary estimates reported in the fiscal 2018 Form 10-K, the Company updated certain amounts reflected in the final purchase price allocation due to additional information that became available during the measurement period, including results of preliminary mediation discussions, recommendations from external advisors and claims for damages filed against Jacobs related to pre-acquisition contingencies, as summarized in the fair values of CH2M assets acquired and liabilities assumed as set forth above. Measurement period adjustments are recognized in the reporting period in which the adjustments are determined and calculated as if the accounting had been completed at the acquisition date. With respect to measurement period adjustments recognized in the first quarter of 2019, receivables decreased $4.0 million and accrued liabilities and other deferred liabilities decreased $11.5 million, respectively, primarily related to provisional estimates related to various legal and other pre-acquisition contingent liabilities. Further, miscellaneous long-term assets increased $20.7 million largely due to the deferred tax impact of these valuation adjustments. Subsequently, during the fourth quarter of 2019, the Company identified and corrected income tax errors related to the purchase price allocation resulting to an increase in accrued liabilities of $51.8 million, and a decrease in miscellaneous long-term assets of $12.8 million, with an offset to goodwill. As a result of the total adjustments to the purchase price allocation in fiscal 2019, goodwill increased $36.4 million.

Customer relationships, contracts and backlog represent the fair value of existing contracts, the underlying customer relationships and backlog of consolidated subsidiaries and have lives ranging from 9 to 11 years (weighted average life of approximately 10 years). Other intangible assets and liabilities primarily consist of the fair value of office leases and have a weighted average life of approximately 10 years.

Fair value measurements relating to the CH2M acquisition are made using Level 3 inputs including discounted cash flow techniques. Fair value is estimated using inputs primarily from 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 reflect the level of risk associated with receiving future cash flows. The estimated fair value of land has been determined using the market approach, which arrives at an indication of value by comparing the site being valued to sites that have been recently acquired in arm’s-length transactions. Personal property assets with an active and identifiable secondary market are valued using the market approach. Buildings and land improvements are valued using the cost approach using a direct cost model built on estimates of replacement cost. 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.

From the acquisition date of December 15, 2017 through September 28, 2018, CH2M consolidated, including both continuing and discontinued operations, contributed approximately $3.8 billion in revenue and $185.9 million in pretax income included in the accompanying consolidated statement of earnings. Included in these results were approximately $99.3 million in pre-tax restructuring and transaction costs.

Transaction costs associated with the CH2M acquisition in the accompanying consolidated statements of earnings for the year ended September 28, 2018 are comprised of the following (in millions):

	For the Year Ended September 28, 2018	
Personnel costs	$	50.2
Professional services and other expenses		27.5
Total	$	77.7

Personnel costs above include change of control payments and related severance costs.

The following presents summarized unaudited pro forma operating results assuming that the Company had acquired CH2M at October 1, 2016. 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). Additionally, these pro forma operating results have not been recast for the sale of our ECR business.

		For the Year Ended September 28, 2018
Revenues	$	16,012.4
Net earnings	$	196.3
Net earnings (loss) attributable to Jacobs	$	184.5
Net earnings (loss) attributable to Jacobs per share:		
Basic earnings (loss) per share	$	1.28
Diluted earnings (loss) per share	$	1.27

Included in the unaudited pro forma operating results are charges relating to transaction expenses, severance expense and other items that are removed from the year ended September 28, 2018 and are reflected in the year ended September 29, 2017 due to the assumed timing of the transaction. Also, income tax expense (benefit) for the twelve- month pro forma period ended September 28, 2018 was $409.7 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 (approx. $300 million) on a debt-free, cash-free basis. The transaction is expected to close by the end of fiscal 2020 second quarter.

6. Goodwill and Intangibles

As a result of the refinement of the segment realignment this year, see Note 19- *Segment Information*, a portion of the historical carrying value of goodwill for the former Aerospace, Technology, Environmental and Nuclear segment was allocated to the People & Places Solutions segment on a relative fair value basis to reflect the movement of the Global Environmental Solutions ("GES") business between segments. Additionally, because of the sale of the Energy, Chemicals and Resources ("ECR") line of business (see Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business*) which is now reflected as discontinued operations, the goodwill balance associated with ECR has been reclassified to noncurrent assets held for sale on the Consolidated Balance Sheet for the year ended September 28, 2018. The carrying value of goodwill associated with continuing operations and appearing in the accompanying Consolidated Balance Sheets for the year ended September 27, 2019 was as follows (in millions):

		Critical Mission Solutions		People & Places Solutions		Total
Balance September 28, 2018	$	1,581	$	3,215	$	4,796
Acquired		612		—		612
Post-Acquisition Adjustments relating to prior year acquisition		17		34		51
Foreign Exchange Impact		(8)		(18)		(26)
Balance September 27, 2019	$	2,202	$	3,231	$	5,433

The following table provides a roll-forward of the Company's acquired intangibles in the accompanying Consolidated Balance Sheets for the year ended September 27, 2019 (in thousands):

		Customer Relationships, Contracts and Backlog		Developed Technology		Trade Names		Lease Intangible Assets		Total
Balances, September 28, 2018	$	568,323	$	—	$	2,102	$	2,527	$	572,952
Acquired		137,000		42,000		—		—		179,000
Disposal		—		—		—		(883)		(883)
Amortization		(76,565)		(1,167)		(920)		(446)		(79,098)
Foreign currency translation		(6,366)		—		1		(530)		(6,895)
Balance at September 27, 2019	$	622,392	$	40,833	$	1,183	$	668	$	665,076
Weighted Average Amortization Period (years)		8		12		9		2		8

In addition, we acquired $4.7 million in lease intangible liabilities in connection with the CH2M and KeyW acquisitions, of which $4.0 million remain unamortized at September 27, 2019.

The weighted average amortization period includes the effects of foreign currency translation.

The following table presents estimated amortization expense of intangible assets for fiscal 2019 and for the succeeding years. The amounts below include preliminary amortization estimates for the KeyW opening balance sheet fair values that are still preliminary and are subject to change.

Fiscal Year	(in millions)
2020	$ 86.6
2021	82.8
2022	81.7
2023	81.4
2024	81.4
Thereafter	247.2
Total	$ 661.1

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”).

On April 26, 2019, the Company and Worley entered into an Amended and Restated Stock and Asset Purchase Agreement (the “A&R Purchase Agreement”), pursuant to which the previously executed purchase agreement dated October 21, 2018 was amended in connection with the closing of the ECR sale. Among other things, the amendments in the A&R Purchase Agreement modified the lock-up period for share consideration to apply to 9.9% of Worley’s ordinary shares and extended the end date of the lock-up period to eight weeks following the ECR Business IT Migration Date (as defined in the related Transition Services Agreement ("TSA")) in the event such date had not occurred on or prior to October 1, 2019. Subsequent to year end, the ECR Business IT Migration Date occurred, and as a result, the eight-week lock up period is expected to end in December 2019.

Gain on Sale and Deferred Gain

As a result of the ECR sale, the Company recognized a pre-tax gain of $935.1 million which is included in Net Earnings of the Group from Discontinued Operations on the consolidated statement of earnings for the fiscal year ended September 27, 2019.

Upon closing the ECR sale, the Company retained a noncontrolling interest (with significant influence) in PPS-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. 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.

In addition to consideration received for the sale of the ECR 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 is considered to be a separate element of the ECR business sale transaction, and accordingly, we have 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 fiscal year 2020, the deferred proceeds will be 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 A&R Purchase Agreement, 51.4 million of the shares are considered "restricted" during a lock-up period expected to expire in December 2019. During the lock-up period, Jacobs may 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 current 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. The 51.4 million ordinary shares considered "restricted" are recorded within Prepaid expenses and other at their estimated fair value, which is $451.1 million as of September 27, 2019. Quoted market prices are available for these securities in an active market and therefore categorized as a Level 1 input. During the year ended September 27, 2019 Jacobs received dividend income related to the equity investment in the amount of $5.2 million.

Transition Services Agreement

Upon closing of the sale, the Company entered into a 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 began immediately following the 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. Since inception of the TSA agreement, the Company has recognized costs recorded in SG&A expense incurred to perform the TSA, offset by $35.4 million in TSA related income for such services that is reported in miscellaneous income (expense) in continuing operations for the year ended September 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 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 Consolidated Balance Sheet as of September 28, 2018. Further, as of the year ended September 27, 2019, a portion of the ECR business remains held by Jacobs as described above and continues to be classified as held for sale for the 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):

	For the Years Ended (1)		
	September 27, 2019	September 28, 2018	September 29, 2017
Revenues	$ 2,725,699	$ 4,404,873	$ 3,692,662
Direct cost of contracts	(2,338,113)	(3,756,263)	(3,191,747)
Gross profit	387,586	648,610	500,915
Selling, general and administrative expenses	(320,264)	(412,282)	(366,284)
Operating Profit (Loss)	67,322	236,328	134,631
Gain on sale of ECR business	935,110	—	—
Other (expense) income, net (2)	(47,390)	(12,604)	15,432
Earnings Before Taxes from Discontinued Operations	955,042	223,724	150,063
Income Tax Expense	(395,828)	(55,931)	(32,739)
Net Earnings of the Group from Discontinued Operations	$ 559,214	$ 167,793	$ 117,324

(1) The ECR business was sold April 26, 2019, therefore the year ended September 27, 2019 includes only seven months of results.

(2) For the year ended September 27, 2019, other (expense) income, net includes $35.0 million in interest expense relating to the Nui Phao settlement, $6.0 million in foreign currency revaluations, $9.6 million in loss on the sale of a joint venture which is offset by $4.4 million in miscellaneous income. For the year ended September 28, 2018, other expense (income), net was comprised of an approximate $21.0 million loss on the sale of the Guimar joint venture, offset by $8.4 million in miscellaneous income.

Selling, general and administrative expenses includes $95.0 million and total other (expense) income, net includes $35.0 million for the year ended September 27, 2019 recorded in connection with charges recognized related to the Nui Phao ("NPMC") legal matter described in Note 17- *Contractual Guarantees, Litigation, Investigations and Insurance*.

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

	September 27, 2019 (1)	September 28, 2018
Cash and cash equivalents	$ —	$ 158,488
Receivables and contract assets	871	1,040,996
Prepaid expenses and other	81	37,200
Current assets held for sale	$ 952	$ 1,236,684
Property, Equipment and Improvements, net	$ 1,643	$ 199,847
Goodwill	24,896	1,308,000
Intangibles, net	—	83,005
Miscellaneous	439	110,838
Noncurrent assets held for sale	$ 26,978	$ 1,701,690
Notes payable	$ —	$ 1,782
Accounts payable	—	351,482
Accrued liabilities	2,495	321,627
Contract liabilities	78	81,679
Current liabilities held for sale	$ 2,573	$ 756,570
Long-term Debt	$ —	$ 2,710
Other Deferred Liabilities	97	147,894
Noncurrent liabilities held for sale	$ 97	$ 150,604

(1) The September 27, 2019 held for sale balances above pertain to certain ECR entities that will be conveyed at a later date. Please refer to the *Gain on Sale and Deferred Gain* section above for more information.

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

	For the Years Ended	
	September 27, 2019	September 28, 2018
Depreciation and amortization:		
Property, equipment and improvements	$ 2,110	$ 26,627
Intangible assets	$ 614	$ 13,327
Additions to property and equipment	$ (9,204)	$ (19,669)
Stock based compensation	$ 10,852	$ 10,838

The decrease in depreciation and amortization period over period is due to the cessation of such charges under assets held-for-sale accounting rules.

8. Joint Ventures and VIEs

For consolidated joint ventures, the entire amount of the revenue recognized for 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 sheet. There are no consolidated VIEs that have debt or credit facilities. Summary financial information of consolidated VIEs is as follows (in millions):

	September 27, 2019	September 28, 2018
Current assets	$ 192.6	$ 161.9
Non-Current assets	—	0.3
Total assets	$ 192.6	$ 162.2
Current liabilities	$ 138.5	$ 85.7
Non-current liabilities	—	—
Total liabilities	$ 138.5	$ 85.7

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Revenue	$ 571.6	$ 481.4	$ 72.5
Direct cost of contracts	(526.7)	(452.9)	(71.8)
Gross profit	$ 44.9	$ 28.5	$ 0.7
Net earnings	$ 45.2	$ 28.4	$ 0.7

Unconsolidated joint ventures are accounted for under the equity method or proportionate consolidation. 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 $61.1 million and $63.7 million as of September 27, 2019, respectively and $85.1 million and $75.9 million as of September 28, 2018, respectively. For those joint ventures accounted for under the equity method, the Company's investment balances for the joint venture is 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 their 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 September 27, 2019, the Company’s equity method investments exceeded its share of venture net assets by $71.8 million. Our investments in equity method joint ventures on the Consolidated Balance Sheets as of September 27, 2019 and September 28, 2018 was a net asset of $157.9 million and $150.1 million, respectively. During the years ended September 27, 2019, September 28, 2018, and September 29, 2017, we recognized income from equity method joint ventures of $48.5 million, $47.9 million, and $38.1 million, respectively.

Summary financial information of unconsolidated joint ventures accounted for under the equity method, as derived from their unaudited financial statements, is as follows (in millions):

	September 27, 2019	September 28, 2018
Current assets	$ 1,443.5	$ 1,509.8
Non-Current assets	29.9	32.8
Total assets	$ 1,473.4	$ 1,542.6
Current liabilities	$ 692.1	$ 832.9
Non-current liabilities	473.6	664.0
Total liabilities	1,165.7	1,496.9
Joint ventures' equity	307.7	45.7
Total liabilities & joint venture equity	$ 1,473.4	$ 1,542.6

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Revenue	$ 3,533.1	$ 3,165.0	$ 1,853.7
Direct cost of contracts	(3,176.2)	(2,902.5)	(1,706.6)
Gross profit	$ 356.9	$ 262.5	$ 147.1
Net earnings	$ 227.0	$ 221.1	$ 130.3

Accounts receivable from unconsolidated joint ventures accounted for under the equity method is $19.5 million and $11.1 million as of September 27, 2019 and September 28, 2018, respectively.

In July 2019, the Company sold 10% of its share of the equity method investment in Jasara, a Saudi Arabia joint venture. The Company sold the participation percentage for $1.2 million and recognized a $0.4 million gain on the sale.

9. 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 plans associated with the pending acquisition of CH2M, which closed on December 15, 2017. The restructuring activities and related costs under these plans 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 integration management efforts. Following the closing of the CH2M acquisition, these activities have continued through fiscal 2019 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.

During fiscal 2015, the Company began implementing a series of initiatives intended to improve operational efficiency, reduce costs and better position itself to drive growth of the business in the future. We referred to these initiatives, in the aggregate, as the “2015 Restructuring”. During fiscal 2017, the Company entered into strategic business restructuring activities associated with realignment of its Europe, United Kingdom ("U.K.") and Middle East regional operations in our PPS segment. These activities were completed in fiscal 2017.

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 year ended September 27, 2019, the CH2M acquisition for the year ended September 28, 2018 and the 2015 Restructuring and realignment of the Company's Europe, U.K. and Middle East regional operations for the year ended September 29, 2017 (in thousands):

	September 27, 2019	September 28, 2018	September 29, 2017
Critical Mission Solutions	$ 17,989	$ 20,254	2,356
People & Places Solutions	108,835	56,238	47,743
Corporate (1)	184,646	77,148	42,781
Continuing Operations	311,470	153,640	92,880
Energy, Chemicals and Resources (included in Discontinued Operations)	(138)	37,166	42,558
Total	$ 311,332	$ 190,806	$ 135,438

(1) Includes $35.0 million in pre-tax gains associated with the Company's CH2M retiree medical plan settlement during the year ended September 27, 2019.

The activity in the Company's accrual for the Restructuring and other charges, other than the 2015 Restructuring and the realignment of the Company's Europe, U.K. and Middle East regional operations, as these are no longer active programs, for the year ended September 27, 2019 is as follows (in thousands):

Balance at Balance at September 28, 2018	$ 102,297
ECR Sale Transfer	(6,884)
Net Charges (1)	311,470
Payments & Usage	(244,181)
Balance at September 27, 2019	$ 162,702

(1) Includes $35.0 million in pre-tax gains associated with the Company's CH2M retiree medical plan settlement during the year ended September 27, 2019.

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 year ended September 27, 2019, the CH2M acquisition for the year ended September 28, 2018 and the 2015 Restructuring and realignment of the Company's Europe, U.K. and Middle East regional operations for the year ended September 29, 2017 (in thousands):

	September 27, 2019	September 28, 2018	September 29, 2017
Lease Abandonments	$ 99,976	$ 61,526	$ 40,575
Involuntary Terminations	33,742	29,056	34,797
Outside Services	133,148	35,987	4,236
Other (1)	44,604	27,071	13,272
Total	$ 311,470	$ 153,640	$ 92,880

(1) Includes $35.0 million in pre-tax gains associated with the Company's CH2M retiree medical plan settlement during the year ended September 27, 2019.

Cumulative amounts incurred to date for Restructuring and other charges by each major type of cost, other than the 2015 Restructuring and the realignment of the Company's Europe, U.K. and Middle East regional operations, as these are no longer active programs, as of September 27, 2019 are as follows (in thousands):

Lease Abandonments	$ 161,501
Involuntary Terminations	75,678
Outside Services	169,135
Other (1)	71,428
Total	$ 477,742

(1) Includes $35.0 million in pre-tax gains associated with the Company's CH2M retiree medical plan settlement during the year ended September 27, 2019.

10. Borrowings

Short-Term Debt

At September 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 term loan are deferred financing fees of $0.1 million.

On June 12, 2019, Jacobs entered into a $200.0 million bilateral term loan facility. This 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 September 27, 2019.

Long-term Debt

The following table presents certain information regarding the Company's long-term debt at September 27, 2019 and September 28, 2018 (dollars in thousands):

	Interest Rate	Maturity	September 27, 2019	September 28, 2018
New Credit Agreement	LIBOR + applicable margin (1)	March 2024	$ 303,780	$ —
Revolving Credit Facility	LIBOR + applicable margin (2)	February 2020	—	149,129
Term Loan Facility	LIBOR + applicable margin (3)	December 2020	400,000	1,500,000
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			(2,535)	(4,998)
Other	Varies	Varies	—	36
Total Long-term debt, net			$ 1,201,245	$ 2,144,167

(1) Depending on the Company's Consolidated Leverage Ratio (as defined in the credit agreement governing the New Credit Agreement (defined below)), borrowings under the New Credit Agreement 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 rate, including applicable margin, at September 27, 2019 was approximately 1.00%.

(2) Depending on the Company's Consolidated Leverage Ratio (as defined in the credit agreement governing the Revolving Credit Facility), borrowings under the Revolving Credit 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 rates, including applicable margin, at September 28, 2018 were approximately 1.38% to 3.47%.

(3) Depending on the Company's Consolidated Leverage Ratio (as defined in the credit agreement governing the Term Loan Facility), 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, including applicable margin, at September 27, 2019 and September 28, 2018 was approximately 3.05% and 3.71%, respectively.

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 “Revolving Credit Facility”) with a syndicate of large U.S. and international banks and financial institutions. On March 27, 2019, the Company entered into a second amended and restated credit agreement (the "New Credit Agreement") which amended and restated the 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 (i) increase the Consolidated Leverage Ratio test until the closing of the ECR sale and (ii) eliminate the net worth covenant upon the removal of the same covenant from the Company’s existing Note Purchase Agreement (defined below). The Company was in compliance with the covenants under the New Credit Agreement at September 27, 2019.

The New Credit Agreement 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 New Credit Agreement. The New Credit Agreement 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. Amounts outstanding under the 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. On November 30, 2018, the Company entered into a First Amendment to the Term Loan Facility, which provides for, among other things, the amendment of certain provisions of the Term Loan Facility to permit the ECR Disposition. The Term Loan Facility contains affirmative, negative and financial covenants customary for financings of this type, including, among other things, limitations on certain other indebtedness, investments, liens, acquisitions, dispositions fundamental changes and transactions with affiliates. In addition, the Term Loan Facility contains customary events of default. The Company was in compliance with the covenants under the Term Loan Facility at September 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 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 indebtedness, liens, mergers, dispositions and transactions with affiliates. In addition, the Note Purchase Agreement contains customary events of default. The Company was in compliance with the covenants under the Note Purchase Agreement at September 27, 2019.

We believe the carrying value of the New Credit Agreement, 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 $532.9 million at September 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 New Credit Agreement, leaving $1.94 billion of available borrowing capacity under the New Credit Agreement at September 27, 2019. In addition, the Company had issued $259.9 million under separate, committed and uncommitted letter-of-credit facilities for total issued letters of credit of $262.2 million at September 27, 2019.

The following table presents the amount of interest paid by the Company during September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

For the Years Ended		
September 27, 2019	**September 28, 2018**	**September 29, 2017**
$81,582	$68,467	$12,862

11. Revenue Accounting for Contracts and Adoption of ASC Topic 606

On September 29, 2018, the Company adopted ASC Topic 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). As a result, the Company recorded a cumulative effect adjustment of $37.2 million which is net of $10.3 million of tax. The entry decreased retained earnings related to continuing operations by $21.2 million (net of tax) and retained earnings related to discontinued operations by $16.0 million (net of tax) as of September 29, 2018. Additionally, the following cumulative effect adjustments were recorded:

Continuing operations

- An increase to Deferred Income Tax Assets included within miscellaneous assets of $5.4 million;
- An increase to Contract liabilities of $15.2 million;
- A decrease to Receivables of $11.4 million;

Discontinued operations

- An increase to Current liabilities held for sale of $0.6 million;
- A decrease to Current assets held for sale of $15.4 million;

The decrease in retained earnings primarily resulted from a change in the manner in which the Company determines the performance obligations for its projects. Prior to the adoption of ASC 606, the Company typically segmented contracts that contained multiple services by service type - for instance, engineering, procurement and construction services - for purposes of revenue and margin recognition. Under ASC 606, multiple-service contracts where the Company is responsible for providing a single deliverable (e.g. a constructed asset) will be treated as a single performance obligation for purposes of revenue recognition and thus no longer will be segmented if the individual service types are not identified as distinct performance obligations under the contract. Typically, this will occur when the Company is contracted to perform both engineering and construction on a project.

The following table presents how the adoption of ASC Topic 606 affected certain line items in the Consolidated Statements of Earnings:

	Year Ended September 27, 2019		
(in thousands)	Recognition Under Previous Guidance	Impact of the Adoption of ASC Topic 606	Recognition Under ASC Topic 606
Revenues	$ 12,714,710	$ 23,158	$ 12,737,868
Direct costs of contracts	(10,260,840)	—	(10,260,840)
Gross profit	2,453,870	23,158	2,477,028
Selling, general and administrative expenses	(2,072,177)	—	(2,072,177)
Operating Profit	381,693	23,158	404,851
Earnings from Continuing Operations Before Taxes	327,801	23,158	350,959
Income tax expense for Continuing Operations	(32,308)	(4,646)	(36,954)
Net Earnings of the Group from Continuing Operations	295,493	18,512	314,005
Net Earnings of the Group from Discontinued Operations	554,464	4,750	559,214
Net Earnings of the Group	849,957	23,262	873,219
Net Earnings Attributable to Jacobs from Continuing Operations	272,448	18,512	290,960
Net Earnings Attributable to Jacobs from Discontinued Operations	552,269	4,750	557,019
Net Earnings Attributable to Jacobs	$ 824,717	$ 23,262	$ 847,979

The following table presents how the adoption of ASC Topic 606 affected certain line items in the Consolidated Balance Sheets:

	September 27, 2019		
(in thousands)	Recognition Under Previous Guidance	Impact of the Adoption of ASC Topic 606	Recognition Under ASC Topic 606
Receivables and contract assets (previously presented as Receivables)	$ 2,839,813	$ 396	$ 2,840,209
Current assets held for sale	$ 952	$ —	$ 952
Miscellaneous noncurrent assets	$ 917,448	$ 754	$ 918,202
Contract Liabilities (previously presented as Billings in excess of costs)	$ 410,464	$ 3,744	$ 414,208
Current liabilities held for sale	$ 2,573	$ —	$ 2,573

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. Our contracts are with many different customers in numerous industries. Refer to Note 19- *Segment Information* for additional information on how we disaggregate our revenues by reportable segment and for a disaggregation of our revenue by geographic area.

Contract Liabilities

Contract liabilities represent amounts billed to clients in excess of revenue recognized to date. Amounts classified as “Billings in excess of costs” on the Consolidated Balance Sheets of our 2018 Form 10-K have been renamed to “Contract liabilities” on the Consolidated Balance Sheets.

The increase in contract liabilities was a result of normal business activity and not materially impacted by any other factors. Revenue recognized for the year ended September 27, 2019 that was included in the contract liability balance on September 28, 2018 was $350.3 million.

Remaining Performance Obligations

The Company's remaining performance obligations as of September 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 $13.4 billion in remaining performance obligations as of September 27, 2019. The Company expects to recognize 48.0% of our remaining performance obligations within the next twelve months and the remaining 52.0% 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.

12. Pension and Other Postretirement Benefit Plans

Company-Only Sponsored Plans

We sponsor various defined benefit pension and other post retirement plans covering employees of certain U.S. and international subsidiaries. The pension plans provide pension benefits that are based on the employee's compensation and years of service. Our funding policy varies by country and plan according to applicable local funding requirements and plan-specific funding agreements.

The accounting for pension and other post-retirement benefit plans requires the use of assumptions and estimates in order to calculate periodic benefit cost and the value of the plans' assets and benefit obligations. These assumptions include discount rates, investment returns, and projected salary increases, among others. The discount rates used in valuing the plans' benefit obligations were determined with reference to high quality corporate and government bonds that are appropriately matched to the duration of each plan's obligations. The expected long-term rate of return on plan assets is generally based on using country-specific simulation models which select a single outcome for expected return based on the target asset allocation. The expected long-term rates of return used in the valuation are the annual average returns generated by these assumptions over a 20-year period for each asset class based on the expected long-term rate of return of the underlying assets.

As a result of the ECR sale, ECR-related pension assets and liabilities that have been sold are reported as discontinued operations in accordance with ASC 210-05, *Discontinued Operations*. However, the 2018 Non-U.S Plans balances have not been restated to exclude ECR pension plan activity, rather activity for the two years is shown in the appropriate rows and the balances as of the sale date are shown in the Disposition of ECR Plans rows below.

The following table sets forth the changes in the plans' combined net benefit obligation (segregated between plans existing within and outside the U.S.) for the years ended September 27, 2019 and September 28, 2018 (in thousands):

	U.S. Plans		Non-U.S. Plans[1]	
	September 27, 2019	**September 28, 2018**	**September 27, 2019**	**September 28, 2018**
Net benefit obligation at the beginning of the year	$ 448,402	$ 169,942	$ 2,149,246	$ 1,306,807
Service cost	2,784	4,765	7,171	8,269
Interest cost	16,697	13,778	52,627	49,324
Participants' contributions	243	839	367	451
Actuarial (gains)/losses	52,720	(30,730)	314,889	(43,595)
Benefits paid	(30,648)	(27,914)	(72,453)	(75,711)
Curtailments/settlements/plan amendments	(39,388)	(9,434)	30,124	(6,136)
Acquisition of CH2M Plans	—	327,156	—	924,233
Disposition of ECR Plans	—	—	(99,504)	—
Effect of exchange rate changes and other, net	(2,270)	—	(124,338)	(14,396)
Net benefit obligation at the end of the year	$ 448,540	$ 448,402	$ 2,258,129	$ 2,149,246

The following table sets forth the changes in the combined Fair Value of the plans' assets (segregated between plans existing within and outside the U.S.) for the years ended September 27, 2019 and September 28, 2018 (in thousands):

	U.S. Plans		Non-U.S. Plans[(1)]	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Fair value of plan assets at the beginning of the year	$ 390,829	$ 147,788	$ 1,867,481	$ 1,076,928
Actual return on plan assets	31,140	9,891	280,785	(19,883)
Employer contributions	10,668	58,097	32,063	31,556
Participants' contributions	243	839	367	451
Gross benefits paid	(30,648)	(27,914)	(72,453)	(75,711)
Curtailments/settlements/plan amendments	(9,751)	(9,434)	(5,814)	(5,496)
Acquisition of CH2M Plans	—	211,562	—	869,414
Disposition of ECR Plans	—	—	(76,111)	—
Effect of exchange rate changes and other, net	(2,271)	—	(109,681)	(9,778)
Fair value of plan assets at the end of the year	$ 390,210	$ 390,829	$ 1,916,637	$ 1,867,481

During fiscal 2019, the Company incurred combined curtailment and settlement gains on our defined benefit plans of approximately $33.1 million primarily related to our CH2M retiree medical (further discussed below) and Ireland. During fiscal 2018, the Company incurred combined curtailment and settlement losses on its defined benefit plans of approximately $5.4 million primarily related to its Sverdrup and Ireland pension plans.

The following table reconciles the combined funded statuses of the plans recognized in the accompanying Consolidated Balance Sheets at September 27, 2019 and September 28, 2018 (segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Plans		Non-U.S. Plans [(1)]	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Net benefit obligation at the end of the year	$ 448,540	$ 448,402	$ 2,258,129	$ 2,149,246
Fair value of plan assets at the end of the year	390,210	390,829	1,916,637	1,867,481
Under funded amount recognized at the end of the year	$ 58,330	$ 57,573	$ 341,492	$ 281,765

The following table presents the accumulated benefit obligation at September 27, 2019 and September 28, 2018 (segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Plans		Non-U.S. Plans [(1)]	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Accumulated benefit obligation at the end of the year	$ 447,609	$ 447,549	$ 2,244,710	$ 2,123,839

The following table presents the amounts recognized in the accompanying Consolidated Balance Sheets at September 27, 2019 and September 28, 2018 (segregated between plans existing within and outside the U.S.) (in thousands):

	U.S. Plans		Non-U.S. Plans (1)	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Prepaid benefit cost included in noncurrent assets	$ —	$ —	$ 2,939	$ 19,736
Accrued benefit cost included in current liabilities	85	2,548	4,177	3,671
Accrued benefit cost included in noncurrent liabilities	58,245	55,025	340,254	297,830
Net amount recognized at the end of the year	$ 58,330	$ 57,573	$ 341,492	$ 281,765

The following table presents the significant actuarial assumptions used in determining the funded statuses and the following year's benefit cost of the Company's U.S. plans for the years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Discount rates	2.8% to 3.1%	3.9% to 4.2%	3.5%
Rates of compensation increases	3.5%	3.5%	—%
Return on Assets	5.1%	5.8% to 5.9%	7.5%

The following table presents the significant actuarial assumptions used in determining the funded statuses and the following year's benefit cost of the Company's non-U.S. plans for the years ended September 27, 2019, September 28, 2018 and September 29, 2017:

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Discount rates	0.2% to 7.1%	1.3% to 8.1%	1.3% to 7.0%
Rates of compensation increases	3.7% to 7.5%	3.8% to 7.5%	5.5% to 7.5%
Expected long-term rates of return on assets	2.3% to 7.5%	3.8% to 7.5%	5.3% to 8.5%

The following table presents certain amounts relating to our U.S. plans recognized in accumulated other comprehensive (gain) loss at September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	September 27, 2019	September 28, 2018	September 29, 2017
Arising during the period:			
Net actuarial (gain) loss	$ 36,108	$ (7,514)	$ (11,372)
Reclassification adjustments:			
Net actuarial losses	(2,282)	(2,913)	(2,431)
Total	$ 33,826	$ (10,427)	$ (13,803)

The following table presents certain amounts relating to our non-U.S. plans recognized in accumulated other comprehensive (gain) loss at September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	September 27, 2019	September 28, 2018	September 29, 2017
Arising during the period:			
Net actuarial (gain) loss	$ 83,368	$ 59,827	$ (76,860)
Net (gain) loss on Sale of ECR	(12,520)	—	—
Prior service cost (benefit)	29,829	215	119
Total	100,677	60,042	(76,741)
Reclassification adjustments:			
Net actuarial losses	(6,546)	(5,507)	(8,732)
Prior service cost	(1,075)	181	229
Total	(7,621)	(5,326)	(8,503)
Total	$ 93,056	$ 54,716	$ (85,244)

The following table presents certain amounts relating to our plans recorded in accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost at September 27, 2019 and September 28, 2018 (segregated between U.S. and non-U.S. plans) (in thousands):

	U.S. Plans		Non-U.S. Plans	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Net actuarial loss	$ 71,083	$ 37,255	$ 365,661	$ 273,312
Prior service cost	—	—	28,346	(700)
Total	$ 71,083	$ 37,255	$ 394,007	$ 272,612

The following table presents the amount of accumulated comprehensive income that will be amortized against earnings as part of our net periodic benefit cost in fiscal 2020 based on 2019 exchange rates (segregated between U.S. and non-U.S. plans) (in thousands):

	U.S. Plans	Non-U.S. Plans
Unrecognized net actuarial loss	$ 3,546	$ 7,500
Unrecognized prior service cost	—	1,392
Accumulated comprehensive loss to be recorded against earnings	$ 3,546	$ 8,892

We consider various factors in developing the estimates for the expected, long-term rates of return on plan assets. These factors include the projected, long-term rates of returns on the various types of assets in which the plans invest, as well as historical returns. In general, investment allocations are determined by each plan's trustees and/or investment committees. The objectives of the plans' investment policies are to (i) maximize returns while preserving capital; (ii) provide returns sufficient to meet the current and long-term obligations of the plan as the obligations become due; and (iii) maintain a diversified portfolio of assets so as to reduce the risk associated with having a disproportionate amount of the plans' total assets invested in any one type of asset, issuer or geography. None of our pension plans hold Jacobs common stock directly (although some plans may hold shares indirectly through investments in mutual funds). The plans' weighted average asset allocations at September 27, 2019 and September 28, 2018 (the measurement dates used in valuing the plans' assets and liabilities) were as follows:

	U.S. Plans		Non-U.S. Pans	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Equity securities	3%	27%	20%	24%
Debt securities	58%	39%	52%	49%
Real estate investments	—%	—%	7%	8%
Other	39%	34%	21%	19%

The following table presents the Fair Value of the Company’s Domestic U.S. plan assets at September 27, 2019, segregated by level of Fair Value measurement inputs within the Fair Value hierarchy promulgated by U.S. GAAP (in thousands):

	September 27, 2019				
	Fair Value, Determined Using Fair Value Measurement Inputs				
	Level 1	Level 2	Level 3	Investments measured at Net Asset Value	Total
Domestic equities	$ 10,890	$ —	$ —	$ —	$ 10,890
Overseas equities	—	—	—	—	—
Domestic bonds	65,490	134,594	—	—	200,084
Overseas bonds	—	20,020	—	—	20,020
Cash and equivalents	28,972	—	—	—	28,972
Mutual funds	130,244	—	—	—	130,244
Hedge funds	—	—	—	—	—
Total	$ 235,596	$ 154,614	$ —	$ —	$ 390,210

The following table presents the Fair Value of the Company’s non-U.S. plan assets at September 27, 2019, segregated by level of Fair Value measurement inputs within the Fair Value hierarchy promulgated by U.S. GAAP (in thousands):

	September 27, 2019				
	Fair Value, Determined Using Fair Value Measurement Inputs				
	Level 1	Level 2	Level 3	Investments measured at Net Asset Value	Total
Domestic equities	$ —	$ 17,255	$ —	$ 19,413	$ 36,668
Overseas equities	—	182,600	—	50,127	232,727
Domestic bonds	—	306,225	—	34,408	340,633
Overseas bonds	—	728,616	—	39,292	767,908
Cash and equivalents	37,811	(16)	—		37,795
Real estate	—	24,735	97,539	15,198	137,472
Insurance contracts	—	4,478	72,788		77,266
Derivatives	—	—	—		—
Hedge funds	—	—	130,200	7,156	137,356
Mutual funds	—	148,812	—	—	148,812
Total	$ 37,811	$ 1,412,705	$ 300,527	$ 165,594	$ 1,916,637

The following table presents the Fair Value of the Company's U.S. plan assets at September 28, 2018, segregated by level of Fair Value measurement inputs within the Fair Value hierarchy promulgated by U.S. GAAP (in thousands):

	September 28, 2018				
	Fair Value, Determined Using Fair Value Measurement Inputs				
	Level 1	Level 2	Level 3	Investments measured at Net Asset Value	Total
Domestic equities	$ 13,861	$ 63,937	$ —	$ —	$ 77,798
Overseas equities	26,699	—	—	—	26,699
Domestic bonds	84,894	58,229	—	—	143,123
Overseas bonds	938	9,570	—	—	10,508
Cash and equivalents	6,631	—	—	—	6,631
Mutual funds	126,042	—	—	—	126,042
Hedge funds	—	—	—	28	28
Total	$ 259,065	$ 131,736	$ —	$ 28	$ 390,829

The following table presents the Fair Value of the Company's non-U.S. plan assets at September 28, 2018, segregated by level of Fair Value measurement inputs within the Fair Value hierarchy promulgated by U.S. GAAP (in thousands):

	September 28, 2018				
	Fair Value, Determined Using Fair Value Measurement Inputs				
	Level 1	Level 2	Level 3	Investments measured at Net Asset Value	Total
Domestic equities	$ —	$ 31,868	—	36,642	$ 68,510
Overseas equities	—	327,309	—	44,675	371,984
Domestic bonds	252	222,282	—	1,080	223,614
Overseas bonds	—	641,966	—	60,804	702,770
Cash and equivalents	33,482	7,822	—		41,304
Real estate	—	26,987	99,587	17,568	144,142
Insurance contracts	—	4,188	95,782		99,970
Derivatives	69	(26,656)	—		(26,587)
Hedge funds	—	—	135,786	8,047	143,833
Mutual funds	—	97,941	—		97,941
Total	$ 33,803	$ 1,333,707	$ 331,155	$ 168,816	$ 1,867,481

The following table summarizes the changes in the Fair Value of the Company's U.S. plans' Level 3 assets for the years ended September 28, 2018 and September 27, 2019 (in thousands):

	Hedge Funds
Balance at September 29, 2017	$ 6,176
Purchases, sales and settlements	(6,176)
Realized and unrealized gains	—
Balance at September 28, 2018	$ —

The following table summarizes the changes in the Fair Value of the Company's non-U.S. Pension Plans' Level 3 assets for the years ended September 28, 2018 and September 27, 2019 (in thousands):

	Real Estate	Insurance Contracts	Hedge Funds
Balance at Balance at September 29, 2017	$ 58,974	$ 74,353	$ 303,729
Purchases, sales, and settlements	42,711	21,626	(154,446)
Realized and unrealized gains	(784)	1,551	(6,650)
Effect of exchange rate changes	(1,314)	(1,748)	(6,847)
Balance at September 28, 2018	$ 99,587	$ 95,782	$ 135,786
Purchases, sales, and settlements	(17,902)	(5,126)	(26,591)
Realized and unrealized gains (losses)	21,838	9,134	29,161
Disposition of ECR Assets	—	(22,885)	—
Effect of exchange rate changes	(5,984)	(4,117)	(8,156)
Balance at September 27, 2019	$ 97,539	$ 72,788	$ 130,200

The following table presents the amount of cash contributions we anticipate making into the plans during fiscal 2020 (in thousands):

	U.S. Plans	Non-U.S. Plans
Anticipated cash contributions	$ —	$ 28,282

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

	U.S. Plans	Non-U.S. Pans
2020	$ 35,064	$ 65,131
2021	33,225	64,968
2022	32,230	66,765
2023	31,594	68,097
2024	30,431	68,636
For the periods 2025 through 2029	137,252	388,015

The following table presents the components of net periodic benefit cost for the Company's U.S. plans recognized in the accompanying Consolidated Statements of Earnings for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	September 27, 2019	September 28, 2018	September 29, 2017
Service cost	$ 2,784	$ 4,765	$ 1,000
Interest cost	16,697	13,778	5,757
Expected return on plan assets	(21,508)	(19,663)	(9,942)
Actuarial loss	3,026	3,845	3,985
Prior service cost	—	—	—
Net pension cost, before special items	$ 999	$ 2,725	$ 800
Curtailment expense/Settlement (gain) loss	(35,020)	4,146	1,781
Total net periodic pension cost recognized	$ (34,021)	$ 6,871	$ 2,581

The following table presents the components of net periodic benefit cost for the Company's Non-U.S. plans recognized in the accompanying Consolidated Statements of Earnings for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	September 27, 2019	September 28, 2018	September 29, 2017
Service cost	$ 7,171	$ 8,269	$ 7,509
Interest cost	52,627	49,324	31,205
Expected return on plan assets	(82,274)	(83,328)	(56,269)
Actuarial loss	7,854	6,655	10,616
Prior service cost	1,263	(257)	(329)
Net pension cost, before special items	$ (13,359)	$ (19,337)	$ (7,268)
Curtailment expense/Settlement (gain) loss	1,933	1,268	(298)
Total net periodic pension (income) cost recognized	$ (11,426)	$ (18,069)	$ (7,566)
Total net periodic pension (income) cost recognized from Discontinued Operations	$ 2,282	$ 3,606	$ 3,279
Total net periodic pension (income) cost recognized from Continuing Operations	$ (13,708)	$ (21,675)	$ (10,845)

As a result of the adoption of ASU 2017-07, *Compensation- Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* in the first quarter of fiscal 2019, the service cost component of net periodic pension expense has been 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 have been reclassified from selling, general and administrative expense and direct cost of contracts and instead presented in miscellaneous income (expense), net on the Consolidated Statements of Earnings for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 in the amounts of $24.4 million, $24.2 million and $13.5 million, respectively.

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 participants in fiscal 2019, resulting in a plan settlement and related settlement gain of $35.0 million recognized in fiscal 2019.

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.

Due to a recent ruling by the High Court in the United Kingdom regarding equalization between men and women of a tranche of pension (the Guaranteed Minimum Pension) accrued between 1990 and 1997, Jacobs measured the estimated impact of this ruling in its consolidated financial statements, resulting in an increase of approximately $38.2 million in the ASC 715 balance sheet liability in fiscal 2019, with an offset to other comprehensive income, net of tax. Additionally, the Company has recognized an additional $1.5 million in additional net periodic benefit cost during the year ended September 27, 2019 as a result of the ruling.

Multiemployer Plans

In Canada and the U.S., we contribute to various trusteed pension plans covering hourly construction employees under industry-wide agreements. We also contribute to various trusteed plans in Australia and certain countries in Europe covering both hourly and certain salaried employees. Contributions are based on the hours worked by employees covered under these agreements and are charged to direct costs of contracts on a current basis.

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

Based on our review of our multiemployer pension plans under the guidance provided in ASU 2011-09— *Compensation-Retirement Benefits-Multiemployer Plans*, we have concluded that none of the multiemployer pension plans into which we contribute are individually significant to our Consolidated Financial Statements.

The following table presents the Company’s contributions to these multiemployer plans for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	September 27, 2019	September 28, 2018	September 29, 2017
Canada	$ 16,625	$ 36,354	$ 35,182
Europe	9,413	10,677	6,212
United States	7,149	9,536	4,548
Contributions to multiemployer pension plans	$ 33,187	$ 56,567	$ 45,942

Other Benefit Plans

During the second fiscal quarter of 2017, the Company restructured certain employee welfare trust plans benefiting certain of its employees within its India operations by moving these plans under the legal ownership and operation of the Company’s legal entity structure in the region. Historically, the Company structured these plans as separate, stand-alone entities outside of the Company’s consolidated legal entity framework. As a result of these changes, the Company has recorded a one-time, non-cash benefit of $9.9 million reported in selling, general and administrative expense in its Consolidated Statement of Earnings for the year ended September 29, 2017, with corresponding assets in the plans associated with restricted investments of $7.7 million and employee loans receivable of $2.2 million and both recorded in Total other non-current assets in our Consolidated Balance Sheet at September 29, 2017.

13. Savings and Deferred Compensation Plans

Savings Plans

We sponsor various defined contribution savings plans which allow participants to make voluntary contributions by salary deduction. Such plans cover substantially all of our domestic, nonunion employees in the U.S. and are qualified under Section 401(k) of the U.S. Internal Revenue Code. Similar plans outside the U.S. cover various groups of employees of our international subsidiaries and affiliates. Several of these plans allow the Company to match, on a voluntary basis, a portion of the employee contributions. The following table presents the Company’s contributions to these savings plans for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

September 27, 2019	September 28, 2018	September 29, 2017
$ 103,375	$ 113,135	$ 82,882

Deferred Compensation Plans

Our Executive Security Plan, Executive Deferral Plans, Directors Deferral Plan, legacy CH2M Supplemental Executive Retirement and Retention Plan and legacy CH2M Deferred Compensation Plan are non-qualified deferred compensation programs that provide benefits payable to directors, officers, and certain key employees or their designated beneficiaries at specified future dates, upon retirement, or death. The plans are unfunded; therefore, benefits are paid from the general assets of the Company. Participants' cash deferrals earn a return based on the participants' selection of investments in several hypothetical investment options. Participants are also able to defer stock based compensation in the plans, which must remain invested in Company stock and are distributed in shares of Jacobs common stock. Since no investment diversification is permitted, changes in the fair value of Jacobs' common stock are not recognized. For the deferred compensation held in company stock, the number of shares needed to settle the liability is included in the denominator in both the basic and diluted earnings per share calculations. The following table presents the amount charged to expense for the Company’s deferred compensation plans for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

September 27, 2019	September 28, 2018	September 29, 2017
$ 2,395	$ 4,445	$ 4,368

14. Accumulated Other Comprehensive Income

The following table presents the Company's roll forward of accumulated income (loss) after-tax for the years ended September 27, 2019 and September 28, 2018 (in thousands):

	Change in Pension and Retiree Medical Plan Liabilities	Foreign Currency Translation Adjustment	Gain/(Loss) on Cash Flow Hedges	Total
Balance at September 29, 2017	**$ (265,578)**	**$ (386,140)**	**$ (1,796)**	**$ (653,514)**
Other comprehensive income (loss)	(52,528)	(119,070)	618	(170,980)
Reclassifications from other comprehensive income (loss)	8,239	9,193	359	17,791
Balance at September 28, 2018	**$ (309,867)**	**$ (496,017)**	**$ (819)**	**$ (806,703)**
Other comprehensive income (loss)	(104,434)	(84,456)	990	(187,900)
Reclassifications from other comprehensive income (loss)	(22,448)	100,428	(189)	77,791
Balance at September 27, 2019	**$ (436,749)**	**$ (480,045)**	**$ (18)**	**$ (916,812)**

15. Income Taxes

The following table presents the components of our consolidated income tax expense for continuing operations for years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Current income tax (benefit) expense from continuing operations:			
Federal	$ 25,549	$ 49,829	$ 22,825
State	6,639	(1,546)	7,481
Foreign	57,156	20,858	9,194
Total current tax expense from continuing operations	89,344	69,141	39,500
Deferred income tax expense (benefit) from continuing operations:			
Federal	6,607	230,358	22,854
State	20,408	17,318	1,832
Foreign	(79,405)	8,815	8,917
Total deferred tax expense (benefit) from continuing operations	$ (52,390)	$ 256,491	$ 33,603
Consolidated income tax expense from continuing operations	$ 36,954	$ 325,632	$ 73,103

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 allows 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 have 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 attributable to fiscal year 2018. Additionally, in fiscal year 2019, the Company recorded $24.4 million of tax expense associated with the revaluation of U.S. net operating losses that were expected to be recovered at 35%, but were actually utilized at 21%.

The Act calls for a one-time tax on deemed repatriation of foreign earnings. This one-time transition tax is based on our total post-1986 earnings and profits (E&P) of certain of our foreign subsidiaries. The Company has made a revised provisional estimate of the transition tax. In fiscal 2019, the Company filed its tax return which reflected the transition tax. The net tax liability after considering foreign tax credits resulted in a tax liability of $0.8 million.

In the prior fiscal year, the Company adopted ASU No 2018-02*, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The guidance gives entities the option to reclassify to retained earnings tax effects related to items in accumulated other comprehensive income that the FASB refers to as having been stranded in accumulated other comprehensive income as a result of tax reform. As a result of adoption of ASU 2018-02, the Company reclassified $10.2 million in accumulated other comprehensive income to retained earnings relating to the fiscal 2018 year deferred tax activity for its U.S. pension plans resulting from the Act.

Deferred taxes reflect the tax effects of temporary differences between the amounts recorded as assets and liabilities for financial reporting purposes and the comparable amounts recorded for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The following table presents the components of our net deferred tax assets at September 27, 2019 and September 28, 2018 (in thousands):

	September 27, 2019	September 28, 2018
Deferred tax assets:		
Obligations relating to:		
Defined benefit pension plans	$ 56,854	$ 39,777
Other employee benefit plans	149,276	135,713
Net operating losses	241,033	149,256
Foreign tax credit	84,553	145,931
Other credits	13,881	13,972
Contract revenues and costs	62,318	144,383
Deferred rent	21,847	5,654
Restructuring	8,205	5,289
Other	3,821	—
Valuation allowance	(153,257)	(256,948)
Gross deferred tax assets	488,531	383,027
Deferred tax liabilities:		
Depreciation and amortization	(177,002)	(159,312)
Self-insurance programs		—
Unremitted earnings	(29,761)	(48,578)
Other, net	(246)	(8,345)
Gross deferred tax liabilities	(207,009)	(216,235)
Net deferred tax assets	$ 281,522	$ 166,792

A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized based on an assessment of positive and negative evidence, including estimates of future taxable income necessary to realize future deductible amounts. The valuation allowance was $153.3 million at September 27, 2019 and $256.9 million at September 28, 2018. Of the $103.7 million decrease in the valuation allowance, $85.4 million relates to the direct net write-off of the gross deferred tax asset which has no impact on income tax expense. The remaining decrease includes $29.1 million related to a change in judgment in the realizability of certain deferred tax assets in the current year which resulted in a benefit recorded to income tax expense, offset by a $10.9 million increase associated with acquisitions.

Net operating loss carry forwards of foreign subsidiaries at September 27, 2019 and September 28, 2018 totaled $710.5 million and $470.4 million, respectively. In addition, as of September 27, 2019, the Company has U.S. federal net operating loss carryforwards of $234.6 million. The Company's net operating losses have various expiration periods between 2020 and indefinite periods. At September 27, 2019, the Company has foreign tax and research credit carryforwards of $84.6 million and $6.1 million, respectively, expiring between 2022 and 2037.

The following table presents the income tax benefits from continuing operations realized from the exercise of non-qualified stock options and disqualifying dispositions of stock sold under our employee stock purchase plans for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in millions):

For the Years Ended		
September 27, 2019	September 28, 2018	September 29, 2017
$ 7.9	$ 2.2	$ 1.8

The Company’s consolidated effective income tax rate is lower than the US statutory rate of 21.0% primarily due to a $29.1 million benefit from foreign valuation allowance releases, $15.7 million of foreign tax and other credits generated in the current year, a benefit of $17.9 million from foreign deferred adjustments and a reduction in uncertain tax positions of $6.9 million. The decreases in tax expense were offset by a $36.6 million charge from the remeasurement of net deferred tax assets and other miscellaneous U.S. tax reform charges.

The following table reconciles total income tax expense from continuing operations using the statutory U.S. federal income tax rate to the consolidated income tax expense for continuing operations shown in the accompanying Consolidated Statements of Earnings for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (dollars in thousands):

	For the Years Ended					
	September 27, 2019	%	September 28, 2018	%	September 29, 2017	%
Statutory amount	$ 73,701	21.0 %	$ 81,421	24.6 %	$ 85,104	35 %
State taxes, net of the federal benefit	10,183	2.9 %	15,772	4.8 %	6,983	2.9 %
Exclusion of tax on non-controlling interests	(4,839)	(1.4)%	(2,389)	(0.7)%	2,223	0.9 %
Foreign:						
Difference in tax rates of foreign operations	1,083	0.3 %	2,815	0.9 %	(880)	(0.4)%
Benefit from foreign valuation allowance release	(29,125)	(8.3)%	(5,088)	(1.5)%	(3,085)	(1.3)%
Nontaxable income from foreign affiliate	—	— %	—	— %	(1,320)	(0.5)%
U.S. tax cost (benefit) of foreign operations	(17,760)	(5.1)%	4,030	1.2 %	10,147	4.2 %
Tax differential on foreign earnings	(45,802)	(13.1)%	1,757	0.6 %	4,862	2.0 %
Foreign tax credits	(15,682)	(4.5)%	(21,735)	(6.6)%	(16,337)	(6.7)%
Tax reform	36,674	10.4 %	155,756	47.1 %	—	—
Valuation allowance	(207)	(0.1)%	104,221	31.5 %	—	—
Uncertain tax positions	(6,883)	(2.0)%	(1,402)	(0.4)%	(5,624)	(2.3)%
Other items:						
IRS §179D deduction	(2,957)	(0.8)%	(4,557)	(1.4)%	(2,613)	(1.1)%
IRS §199D deduction	—	—	—	— %	(1,647)	(0.7)%
Disallowed officer compensation	5,568	1.6 %	1,510	0.5 %	1,255	0.5 %
Stock compensation	(7,864)	(2.2)%	(2,158)	(0.7)%	(1,783)	(0.7)%
Foreign partnership income/(loss)	—	— %	(3,678)	(1.1)%	(725)	(0.3)%
Other items – net	(4,938)	(1.4)%	1,114	0.3 %	1,405	0.6 %
Total other items	(10,191)	(2.8)%	(7,769)	(2.4)%	(4,108)	(1.7)%
Taxes on income from continuing operations	$ 36,954	10.5 %	$ 325,632	98.4 %	$ 73,103	30.1 %

The Company’s consolidated effective income tax rate for continuing operations for the year ended September 27, 2019 decreased to 10.5% from 98.4% for fiscal 2018. Key drivers for this year over year decrease in the effective tax rate include a reduction of $119.1 million associated with remeasurement of U.S. deferred tax items due to tax reform and a decrease in the amount charged for valuation allowance related to foreign tax credits of $104.2 million.

The Company’s consolidated effective income tax rate for continuing operations for the year ended September 28, 2018 increased to 98.4% from 30.1% for fiscal 2017. Key drivers for this year over year increase include the reduction in the U.S. statutory tax rate in fiscal year 2018 causing a detriment for remeasurement of the deferred tax items in the U.S. of $139.8 million, as well as a charge for valuation allowance related to foreign tax credits of $104.2 million. In addition, there was an increase due to the difference in foreign tax rates compared to the new U.S. statutory rate of $19.8 million. These detriments were partially offset by a $4.6 million benefit related to internal revenue service code section 179D, a nonrecurring benefit of $2.8 million related to tax accounting method changes and a $5.7 million federal hurricane credit.

The following table presents income tax payments made during the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in millions):

September 27, 2019	September 28, 2018	September 29, 2017
$ 291.7	$ 44.3	$ 78.4

The following table presents the components of our consolidated earnings from continuing operations before taxes for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
United States earnings	$ 225,898	$ 263,991	$ 177,599
Foreign earnings	125,061	66,990	65,555
	$ 350,959	$ 330,981	$ 243,154

The tax cost, net of applicable credits, have been provided on the undistributed earnings of the Company’s foreign subsidiaries. As of September 27, 2019, the estimate of repatriating earnings to the United States is estimated at $29.8 million. The Company does not assert any earnings to be permanently reinvested.

The Company accounts for unrecognized tax benefits in accordance with ASC Topic 740, *Income Taxes*. It accounts for interest and penalties on unrecognized tax benefits as interest and penalties (i.e., not as part of income tax expense). The Company’s liability for gross unrecognized tax benefits was $85.2 million and $76.7 million at September 27, 2019 and September 28, 2018, respectively, all of which, if recognized, would affect the Company’s consolidated effective income tax rate. The Company had $51.1 million and $56.3 million in accrued interest and penalties at September 27, 2019 and September 28, 2018, respectively. The Company estimates that, within twelve months, we may realize a decrease in our uncertain tax positions of approximately $4.3 million as a result of concluding various tax audits and closing tax years. As of September 27, 2019, the Company’s U.S. federal income tax returns for tax years 2010 and forward remain subject to examination.

The following table presents the reconciliation of the beginning and ending amount of unrecognized tax benefits for both continuing and discontinued operations, with ECR-sale related impacts removed in the current year Acquisitions/Divestitures row, for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Balance, beginning of year	$ 179,140	$ 38,580	$ 44,167
Acquisitions/Divestitures	(31,004)	137,912	—
Additions based on tax positions related to the current year	7,455	9,780	5,900
Additions for tax positions of prior years	1,994	5,561	237
Reductions for tax positions of prior years	(49,849)	(8,962)	(4,524)
Settlement	(3,381)	(3,731)	(7,200)
Balance, end of year	$ 104,355	$ 179,140	$ 38,580

On June 12, 2019, the Company completed the acquisition of KeyW and on December 15, 2017 the Company completed the acquisition of CH2M. For income tax purposes, the transactions were accounted for as stock purchases. As a result of the acquisitions, the Company adjusted its U.S. GAAP opening balance sheet of KeyW and CH2M to reflect estimates of the fair value of the net assets acquired. For income tax purposes, the tax attributes and basis of net assets acquired carryover without any step-up to fair value. For KeyW, the Company has made preliminary estimates and recorded deferred taxes associated with the purchase accounting. It is expected that the Company will make adjustments to the purchase accounting over the relevant measurement period as allowed by ASC 805. For CH2M, the Company completed its purchase accounting in the first quarter of the current fiscal year.

16. Commitments and Contingencies and Derivative Financial Instruments

Commitments Under Operating Leases

We lease certain of our facilities and equipment under operating leases with net aggregate future lease payments at September 27, 2019, payable as follows (in thousands):

In fiscal years,		
2020	$	190,287
2021		172,017
2022		151,452
2023		131,250
2024		116,381
Thereafter		352,194
		1,113,581
Amounts representing sublease income		(31,884)
	$	1,081,697

We recognize rent expense, inclusive of landlord concessions and tenant allowances, over the lease term on a straight-line basis. We also recognize rent expense on a straight-line basis for leases containing fixed escalation clauses and rent holidays. Contingent rentals are included in rent expense as incurred. Operating leases relating to many of our major offices generally contain renewal options and provide for additional rental based on escalation in operating expenses and real estate taxes.

The following table presents rent expense and sublease income offsetting the Company's rent expense for the years ended September 27, 2019, September 28, 2018 and September 29, 2017 (in thousands):

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Rent expense	$ 167,365	$ 169,931	$ 96,875
Sublease income	(11,514)	(5,087)	(3,160)
Net rent expense	$ 155,851	$ 164,844	$ 93,715

Derivative Financial Instruments

In situations where our operations incur contract costs in currencies other than their functional currency, we attempt to have a portion of the related contract revenues denominated in the same currencies as the costs. In those situations where revenues and costs are transacted in different currencies, we sometimes enter into foreign exchange contracts in order to limit our exposure to fluctuating foreign currencies. The Company does not currently have outstanding foreign currency derivatives that would have a material effect on our consolidated financial statements or results of operations.

Letters of Credit

At September 27, 2019, the Company had issued and outstanding approximately $262.2 million in LOCs and $2.0 billion in surety bonds. Of the outstanding LOC amount, $2.3 million has been issued under the New Credit Agreement and $259.9 million are issued under separate, committed and uncommitted letter-of-credit facilities.

17. Contractual Guarantees, Litigation, Investigations and Insurance

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 primarily 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. See Note 16- *Commitments and Contingencies and Derivative Financial Instruments* for more information surrounding LOCs and 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 the Company brings. We have also elected to retain a portion of losses and liabilities that occur through the use of 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 U.S., as well as by various government agencies representing jurisdictions outside the U.S.

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, and for insurance-related claims that are believed to have been incurred based on actuarial analysis, but have not yet been reported to our claims administrators as of the respective balance sheet dates. We include any adjustments to such insurance reserves in our consolidated results of operations. 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 Energy, Chemicals & Resources (“ECR”) line of business. A three-week hearing on the merits concluded on December 15, 2017. On March 28, 2019, the arbitration panel issued a decision finding against Jacobs E&C and awarding damages to NPMC of approximately $95.0 million. NPMC subsequently asserted an additional claim for interest, costs and attorneys' fees for approximately $70.0 million, which the Company disputed. On June 28, 2019, the Company filed an application in Singapore to set aside the award. In addition, NPMC filed an application to enforce the award in Australia. On August 30, 2019, NPMC and Jacobs E&C settled all of the foregoing proceedings. Under the terms of the settlement, Jacobs E&C made a payment to NPMC in the amount of $130.0 million. The settlement otherwise remains confidential. The Company expects that a portion of the settlement amount is subject to recovery from insurance; however, the Company currently has not recognized any income for related insurance recoveries. Under the terms of the sale of the Company’s ECR business to Worley on April 26, 2019, the Company has 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. A hearing on this matter is scheduled to begin in February 2020 and 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. 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* for further information relating 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, the primary case, Greg Adkisson, ET AL v. Jacobs Engineering Group Inc., case No. 3:13-CV-505-TAV-HBG in the US 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. The cases are at various stages of litigation, and several of the cases are currently stayed by the court pending resolution of other cases. In May 2019, Roane County filed a claim against TVA and the Company alleging that they misled the public about risks associated with the released fly ash. This matter is scheduled for trial in 2021. In addition, in November 2019, a resident of Roane County filed a purported 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 cases. The Company disputes the claims asserted in all of the above matters and is vigorously defending these claims.

18. Other Financial Information

Receivables and contract assets

The following table presents the components of receivables appearing in the accompanying Consolidated Balance Sheets at September 27, 2019 and September 28, 2018 as well as certain other related information (in thousands):

	September 27, 2019	September 28, 2018
Components of receivables:		
Amounts billed, net	$ 1,222,339	$ 1,107,250
Unbilled receivables and other	1,216,028	1,393,246
Contract assets	401,842	13,438
Total receivables and contract assets, net	$ 2,840,209	$ 2,513,934
Other information about receivables:		
Amounts due from the United States federal government included above, net of advanced billings	$ 630,975	$ 472,846

Amounts billed, net consist of amounts invoiced to clients in accordance with the terms of the 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 the adoption of ASC 606 and was not materially impacted by any other factors.

Property, Equipment and Improvements, Net

The following table presents the components of our property, equipment and improvements, net at September 27, 2019 and September 28, 2018 (in thousands):

	September 27, 2019	September 28, 2018
Land	$ 355	$ 1,340
Buildings	14,331	12,867
Equipment	533,804	482,783
Leasehold improvements	247,660	198,287
Construction in progress	8,781	17,684
	804,931	712,961
Accumulated depreciation and amortization	(496,788)	(455,102)
	$ 308,143	$ 257,859

Miscellaneous Noncurrent Assets

The following table presents the components of “Miscellaneous noncurrent assets” shown in the accompanying Consolidated Balance Sheets at September 27, 2019 and September 28, 2018 (in thousands):

	September 27, 2019	September 28, 2018
Deferred income taxes	$ 514,633	$ 319,405
Deferred compensation arrangement investments	219,948	280,337
Equity Method Investments	157,919	150,052
Other	25,702	11,060
Total	$ 918,202	$ 760,854

Deferred compensation arrangement investments are comprised of the cash surrender value of life insurance policies and pooled-investment funds. The fair value of the pooled investment funds is derived using Level 2 inputs.

Accrued Liabilities

The following table presents the components of “Accrued liabilities” shown in the accompanying Consolidated Balance Sheets at September 27, 2019 and September 28, 2018 (in thousands):

	September 27, 2019	September 28, 2018
Accrued payroll and related liabilities	$ 677,313	$ 633,404
Project-related accruals	58,835	40,378
Non project-related accruals	258,312	295,463
Insurance liabilities	83,968	58,666
Sales and other similar taxes	34,390	58,728
Deferred rent	68,914	58,252
Dividends payable	23,439	22,111
Deferred gain on ECR disposition (1)	179,208	—
Total	$ 1,384,379	$ 1,167,002

(1) See Note 7- *Sale of Energy, Chemicals and Resource ("ECR") Business for discussion regarding deferred gain.*

Other Deferred Liabilities

The following table presents the components of “Other deferred liabilities” shown in the accompanying Consolidated Balance Sheets at September 27, 2019 and September 28, 2018 (in thousands):

	September 27, 2019	September 28, 2018
Liabilities relating to defined benefit pension and early retirement plans	$ 398,499	$ 329,604
Liabilities relating to nonqualified deferred compensation arrangements	177,401	216,068
Deferred income taxes	233,111	152,613
Miscellaneous	609,994	562,692
Total	$ 1,419,005	$ 1,260,977

19. Segment Information

During the second quarter of fiscal 2018, we reorganized our operating and reporting structure around three lines of business (“LOBs”), which also serve as the Company’s operating segments. This reorganization occurred in conjunction with the integration of CH2M into the Company's legacy businesses, and was intended to better serve our global clients, leverage our workforce, help streamline operations and provide enhanced growth opportunities. Additionally, in the first quarter of fiscal 2019, we further refined our operating segment structure to move the GES business from the CMS segment to the PPS segment to further align with the management and reporting structure of the business. As a result of the reorganization mentioned above and prior to the ECR sale, the three global LOBs are as follows: Critical Mission Solutions ("CMS"); People & Places Solutions ("PPS"); and Energy, Chemicals and Resources ("ECR"). Because the results from our ECR business formerly reported as a stand-alone segment are reflected in our consolidated financial statements as discontinued operations for all periods presented, they are not reflected in the separate segment disclosures below. For further information, refer to Note 7- *Sale of Energy, Chemicals and Resources ("ECR") Business.* The Company's LOB leadership and internal reporting structures report to the Chief Executive Officer, who is also the Chief Operating Decision Maker ("CODM"), and enable the CODM to evaluate the performance of each of these segments and make appropriate resource allocations among each of the segments. The sales function is managed on an LOB basis, and accordingly, the associated cost is embedded in the new segments and reported to the respective LOB presidents. 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 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).

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*.

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 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 and expenses relating to the restructuring and other charges and transaction costs associated with the CH2M transaction and integration costs and the ECR sale (in thousands). Prior period information has been recast to reflect the current period presentation.

	For the Years Ended		
	September 27, 2019	**September 28, 2018**	**September 29, 2017**
Revenues from External Customers:			
Critical Mission Solutions	$ 4,551,162	$ 3,725,365	$ 2,467,501
People & Places Solutions	8,186,706	6,854,408	3,862,625
Total	$ 12,737,868	$ 10,579,773	$ 6,330,126

	For the Years Ended		
	September 27, 2019	**September 28, 2018**	**September 29, 2017**
Segment Operating Profit:			
Critical Mission Solutions (1)	$ 310,043	$ 255,718	$ 197,196
People & Places Solutions (2)	714,394	527,900	265,928
Total Segment Operating Profit	1,024,437	783,618	463,124
Other Corporate Expenses (3)	(264,351)	(161,788)	(110,234)
Restructuring and Other Charges	(337,066)	(153,951)	(91,648)
Transaction Costs	(18,169)	(80,436)	(17,100)
Total U.S. GAAP Operating Profit	404,851	387,443	244,142
Total Other (Expense) Income, net (4)	(53,892)	(56,462)	(988)
Earnings from Continuing Operations Before Taxes	$ 350,959	$ 330,981	$ 243,154

(1) Includes $15.0 million in charges during the year ended September 28, 2018 associated with a legal matter.

(2) Includes $25.0 million in charges associated with a certain project for the year ended September 27, 2019. Excludes $23.8 million in restructuring and other charges for the year ended September 29, 2017. See Note 9, *Restructuring and Other Charges*.

(3) 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 $14.8 million, $25.6 million and $29.1 million for the years ended September 27, 2019, September 28, 2018 and September 29, 2017, respectively. Other corporate expenses also include intangibles amortization of $79.1 million, $68.1 million and $33.5 million for the years ended September 27, 2019, September 28, 2018 and September 29, 2017, respectively.

(4) Includes gain on the settlement of the CH2M retiree medical plans of $35.0 million and the amortization of deferred financing fees related to the CH2M acquisition of $3.2 million and $1.8 million for the years ended September 27, 2019 and September 28, 2018 respectively. Also includes revenues under the Company's TSA agreement with Worley of $35.4 million offset by $64.8 million for fair value adjustments (unrealized losses) and dividend income related to our investment in Worley stock and certain foreign currency revaluations relating to ECR sale proceeds for the year ended September 27, 2019.

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 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” includes 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 and therefore should not be attributed to the LOB.

We provide a broad range of technical, professional and construction services including engineering, design and architectural services; construction and construction management services; operations and maintenance services; and process, scientific and systems consulting services. We provide our services through offices and subsidiaries located primarily in North America, South America, Europe, the Middle East, India, Australia, Africa and Asia. We provide our services under cost-reimbursable and fixed-price contracts.

The following tables presents certain financial information by geographic area (in thousands):

	For the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
Revenues:			
United States	$ 9,006,730	$ 6,908,988	$ 3,881,696
Europe	2,242,976	2,495,805	1,754,036
Canada	213,172	189,865	6,531
Asia	195,023	163,761	111,646
India	62,543	52,533	40,469
Australia and New Zealand	533,251	578,108	519,575
South America and Mexico	7,416	17,656	244
Middle East and Africa	476,757	173,057	15,929
Total	$ 12,737,868	$ 10,579,773	$ 6,330,126

Revenues were earned from unaffiliated clients located primarily within the various and respective geographic areas shown.

	For the Years Ended	
	September 27, 2019	September 28, 2018
Property, equipment and improvements, net:		
United States	$ 230,476	$ 118,073
Europe	52,775	58,739
Canada	3,199	21,559
Asia	5,652	3,588
India	2,379	19,446
Australia and New Zealand	12,091	16,151
South America and Mexico	—	3,650
Middle East and Africa	1,571	16,653
Total	$ 308,143	$ 257,859

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

For the Years Ended		
September 27, 2019	September 28, 2018	September 29, 2017
27%	32%	30%

0. Selected Quarterly Information — Unaudited

The following table presents selected quarterly financial information. (in thousands, except for per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
September 27, 2019					
Revenues	$ 3,083,788	$ 3,091,596	$ 3,169,622	$ 3,392,862	$ 12,737,868
Operating profit (a)	$ 113,130 (b)	$ 102,681 (b)	$ 89,954 (b)	$ 99,086 (b)	$ 404,851
Earnings from Continuing Operations Before Taxes	$ 92,191	$ 111,832	$ 93,399	$ 53,537	$ 350,959
Net earnings of the Group from Continuing Operations	$ 69,433	$ 119,779	$ 95,380	$ 29,413	$ 314,005
Net earnings Attributable to Jacobs from Continuing Operations	$ 64,894 (b)	$ 114,755 (b)	$ 89,365 (b)	$ 21,946 (b)	$ 290,960
Net Earnings Attributable to Jacobs	$ 124,296 (b)	$ 56,917 (b)	$ 524,442 (b)	$ 142,324 (b)	$ 847,979
Earnings per share:					
Basic Net Earnings from Continuing Operations Per Share	$ 0.45	$ 0.83	$ 0.65	$ 0.16	$ 2.11
Basic Net Earnings (Loss) from Discontinued Operations Per Share	$ 0.42	$ (0.42)	$ 3.18	$ 0.89	$ 4.03
Basic Earnings Per Share	$ 0.87	$ 0.41	$ 3.83	$ 1.06	$ 6.14
Diluted Net Earnings from Continuing Operations Per Share	$ 0.45 (b)	$ 0.82 (b)	$ 0.65 (b)	$ 0.16 (b)	$ 2.09
Diluted Net Earnings (Loss) from Discontinued Operations Per Share	$ 0.41	$ (0.41)	$ 3.15	$ 0.88 (c)	$ 4.00
Diluted Earnings Per Share	$ 0.86	$ 0.41	$ 3.80	$ 1.04	$ 6.08
September 28, 2018					
Revenues	$ 1,783,999	$ 2,870,295	$ 2,933,623	$ 2,991,856	$ 10,579,773
Operating profit (Loss) (a)	$ (4,670) (d)	$ 68,755 (d)	$ 162,512 (d)	$ 160,846 (d)	$ 387,443
Earnings (Loss) from Continuing Operations Before Taxes	$ (6,703)	$ 48,651	$ 146,633	$ 142,400	$ 330,981
Net Earnings (Loss) of the Group from Continuing Operations	$ (33,903)	$ (3,205)	$ 115,459	$ (73,002)	$ 5,349
Net Earnings (Loss) Attributable to Jacobs from Continuing Operations	$ (34,234) (d)	$ (6,290) (d)	$ 113,336 (d)	$ (76,997) (d)	$ (4,185)
Net Earnings (Loss) Attributable to Jacobs	$ 2,163 (d)	$ 48,587 (d)	$ 150,222 (d)	$ (37,541) (d)	$ 163,431
Earnings per share:					
Basic Net Earnings (Loss) from Continuing Operations Per Share	$ (0.27)	$ (0.04)	$ 0.79	$ (0.54)	$ (0.03)
Basic Net Earnings from Discontinued Operations Per Share	$ 0.29	$ 0.39	$ 0.26	$ 0.28	$ 1.21
Basic Earnings (Loss) Per Share	$ 0.02	$ 0.34	$ 1.05	$ (0.26)	$ 1.18
Diluted Net Earnings (Loss) from Continuing Operations Per Share	$ (0.27) (d)	$ (0.04) (d)	$ 0.79 (d)	$ (0.54) (d)	$ (0.03)
Diluted Net Earnings from Discontinued Operations Per Share	$ 0.29	$ 0.39	$ 0.26	$ 0.28	$ 1.21
Diluted Earnings (Loss) Per Share	$ 0.02	$ 0.34	$ 1.05	$ (0.26)	$ 1.18

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

(b) Includes $47.2 million in operating profit and $46.8 million in net earnings from continuing operations attributable to Jacobs, or $0.33 per diluted share from continuing operations in the first quarter of fiscal 2019; includes $119.0 million in operating profit, $50.8 million in net earnings from continuing operations attributable to Jacobs, or $0.36 per diluted share from continuing operations in the second quarter of fiscal 2019; includes $142.8 million in operating profit and $103.8 million in net earnings from continuing operations attributable to Jacobs, or $0.75 per diluted share from continuing operations in the third quarter of fiscal 2019; includes $154.2 million in operating profit, $179.3 million in both net earnings from continuing operations attributable to Jacobs, and net earnings attributable to Jacobs, or $1.32 per diluted share in the fourth quarter of fiscal 2019 related to restructuring and other charges, transaction costs, amortization of intangibles and fair value adjustments and dividend income related to our investment in Worley stock and certain foreign currency revaluations relating to ECR sale proceeds. On a year to date basis, impacts on net earnings from continuing operations attributable to Jacobs were (i) $243.7 million in restructuring and other charges, (ii) $16.1 million in transaction costs, (iii) $59.0 million of intangible asset amortization and (iv) $48.6 million in fair value adjustments partly offset by dividend income related to our investment in Worley stock and certain foreign currency revaluations relating to ECR sale proceeds.

(c) For the three-month period ended September 27, 2019, diluted net earnings (loss) per share from discontinued operations included $89.7 million related to revisions to previous income tax expense estimates, $17.4 million in finalization of the pre-tax gain on the sale of our ECR business and $9.8 million related to the difference between Nui Phao loss contingency as originally recorded and fourth quarter 2019 settlement amount.

(d) Includes $83.4 million in operating profit, $92.1 million in net earnings attributable to Jacobs, or $0.73 per diluted share from continuing operations in the first quarter of fiscal 2018; includes $105.9 million in operating profit, $130.3 million in net earnings attributable to Jacobs, or $0.91 per diluted share in the second quarter of fiscal 2018; includes $60.7 million in operating profit and $64.8 million in net earnings from continuing operations attributable to Jacobs, or $0.45 per diluted share from continuing operations in the third quarter of fiscal 2018; includes $60.2 million in operating profit, $241.8 million in net earnings from continuing operations attributable to Jacobs, or $1.67 per diluted share from continuing operations in the fourth quarter of fiscal 2018 related to restructuring and other charges, transaction costs, amortization of intangibles and US tax reform charges. On a year to date basis, impacts on net earnings from continuing operations attributable to Jacobs were (i) $112.8 million in restructuring and other charges, (ii) $60.7 million in transaction costs, (iii) $51.5 million of intangible asset amortization and (iv) $259.2 million in US tax reform charges.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Jacobs Engineering Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Jacobs Engineering Group Inc. and subsidiaries (the Company) as of September 27, 2019 and September 28, 2018, the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the three fiscal years in the period ended September 27, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 27, 2019 and September 28, 2018, and the results of its operations and its cash flows for each of the three fiscal years in the period ended September 27, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 27, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated November 25, 2019 expressed an unqualified opinion thereon.

Adoption of ASU No. 2014-09 (Topic 606)

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for revenue recognition on contracts with customers in the 2019 financial statements to reflect the accounting method change due to the adoption of ASU 2014-09, Revenue from Contracts with Customers (Topic 606).

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition for Fixed-Price Engineering, Procurement and Construction Contracts

Description of the Matter

As explained in Note 2 to the consolidated financial statements, the Company recognizes engineering, procurement and construction contract revenue over time, as performance obligations are satisfied, using the percentage-of-completion method (an input method) based primarily on contract costs incurred to date compared to total estimated contract costs. Revenue recognition under this method is judgmental, as it requires the Company to prepare estimates of total contract revenue and total contract costs, including costs to complete in-process contracts.

Auditing the Company's estimates of total contract revenue and costs used to recognize revenue on fixed-price engineering, procurement and construction contracts involved significant auditor judgment, as it required the evaluation of subjective factors, such as assumptions related to estimated labor, forecasted material and subcontractor costs and variable consideration estimates related to incentive fees and unpriced change orders. These assumptions involved significant management judgment, which affects the measurement of revenue recognized by the Company.

How We Addressed the Matter in Our Audit

We tested certain of the Company's controls over the estimation process that affect revenue recognized on fixed-price engineering, procurement and construction contracts. For example, we tested controls over management's monitoring and review of project cost and variable consideration estimates, including the Company's procedures to validate the completeness and accuracy of the data used to determine the estimates.

To test the Company's contract estimates related to revenues recognized on fixed-price engineering, procurement, and construction projects, our audit procedures included selecting a sample of projects and, among other procedures, we obtained and inspected related contract agreements, amendments, and change orders to test the existence of customer arrangements and understand the scope and pricing of the related projects; observed selected project team status meetings at the Company and interviewed project team personnel to obtain an understanding of the status of operational performance and progress on the related projects; evaluated the reasonableness of the Company's estimated costs to complete by obtaining and analyzing supporting documentation for a sample of cost estimate components; and compared contract profitability estimates in the current year to historical estimates and actual performance for the same projects.

Accounting for Discontinued Operations and Related Gain Recognition

Description of the Matter

As discussed in Notes 1 and 7 to the consolidated financial statements, on April 26, 2019, the Company completed the sale of its Energy, Chemicals and Resources ("ECR") business to WorleyParsons Limited ("WorleyParsons") for proceeds that included $2.8 billion in cash and 58.2 million ordinary shares of WorleyParsons stock. In connection with the sale of the ECR business, the Company recognized a pre-tax gain of $935.1 million in discontinued operations. The Company also retained a noncontrolling interest (with significant influence) in one legal entity that is now controlled and consolidated by WorleyParsons. The fair value of the Company's retained interest in the net assets and liabilities of this entity was estimated at $33.0 million.

Auditing the Company's discontinued operations was complex and judgmental due to the non-routine process to identify and compile the specific assets and liabilities included within the scope of the divestiture and the required measurement and accounting for the multiple elements of the transaction, including the retained noncontrolling interest. Management's assumptions with respect to the valuation of the multiple elements of the transaction including the retained noncontrolling interest involved significant management judgments that had a significant effect on the pre-tax gain recognized on the sale.

How We Addressed the Matter in Our Audit

We tested the Company's controls over the process to account for the sale and related gain recognition. For example, we tested controls over management's review of the calculation of the gain on the sale of the ECR business, including controls over management's review of the significant assumptions and other inputs used to estimate the fair value of the Company's retained noncontrolling interest.

To test the pre-tax gain recognized in discontinued operations, we performed audit procedures that included, among others, testing the existence and valuation of cash and equity proceeds received; inspecting the related sale agreement to obtain an understanding of the assets, liabilities and legal entities included in the scope of the sale transaction; testing the completeness and accuracy of assets and liabilities included in the gain calculation on a sample basis by comparing amounts to the Company's accounting records; and testing the Company's fair value estimate related to the retained noncontrolling interest, which the Company valued using a discounted cash flow method. We tested the key assumptions used in connection with discounted cash flows which included assessing the reasonableness of estimates of revenue growth rates and profitability. To test the revenue growth rates and estimates of profitability, we compared the Company's assumptions with historical results. In addition, with the assistance of our valuation specialists, we assessed the discount rate by comparing the rate to business and other industry benchmarks.

Income Taxes - Accrued Uncertain Tax Positions

Description of the Matter

As more fully described in Note 15 to the consolidated financial statements, the Company is subject to income taxes in multiple tax jurisdictions, including the United States and international jurisdictions. The Company uses significant judgment to (1) determine whether, based on the technical merits, a tax position is more likely than not to be sustained and (2) measure the amount of tax benefit that qualifies for recognition. At September 27, 2019, the Company's accrued liability for unrecognized tax benefits was $155.5 million, which includes potential payments related to income taxes as well as interest and penalties for various tax positions.

Auditing the Company's uncertain tax positions involved challenging auditor judgment because management's estimates are complex, highly judgmental and based on interpretations of tax laws, and includes significant assumptions related to transfer pricing in connection with intercompany transactions.

How We Addressed the Matter in Our Audit

We tested certain of the Company's controls over the realization and measurement of uncertain tax positions. For example, we tested the Company's controls related to management's review of its open tax positions and its assessment of whether it is more likely than not that uncertain tax positions will be sustained.

We involved our tax professionals to assess the technical merits of the Company's tax positions. We evaluated the appropriateness of the Company's accounting for its tax positions taking into consideration relevant international and local income tax laws. We also evaluated the Company's assumptions used to determine the amount of tax benefit to recognize and tested the completeness and accuracy of data used in the calculations. For certain tax positions related to intercompany transactions, we assessed the assumptions and pricing method used in setting arm's length prices and the documentation to support the pricing. We also evaluated the adequacy of the Company's financial statement disclosures related to these tax matters.

Legal Contingencies

Description of the Matter

As described in Note 17 to the consolidated financial statements, the Company is subject to litigation and arbitration proceedings, including a material legal contingency related to a dispute with JKC Australia LNG Pty Limited. Auditing the Company's estimates related to legal contingencies was especially subjective due to the judgment required to evaluate information used by management to determine whether a probable loss exists and whether a loss can be reasonably estimated, and if so, the assumptions used by management to estimate the potential range of losses. Management's assumptions had a significant effect on loss contingency accruals recorded.

How We Addressed the Matter in Our Audit	We tested the Company’s controls over the identification and evaluation of the completeness and valuation of contingent liabilities related to legal matters. For example, we tested controls over the Company’s assessment and valuation of loss contingencies, including their evaluation of whether a loss is probable, and measurement of the contingent liability associated with probable losses. To test the Company’s accounting and disclosure for legal contingencies, we performed audit procedures that included, among others, inspecting legal claim documentation submitted by counterparties, assessing management’s assumptions regarding cost estimates related to potential loss contingencies, inspecting minutes of meetings of the board of directors, and obtaining audit inquiry responses from external and internal legal counsel related to loss contingencies.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1987.

Dallas, Texas

November 25, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Jacobs Engineering Group Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Jacobs Engineering Group Inc. and subsidiaries' internal control over financial reporting as of September 27, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Jacobs Engineering Group Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 27, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of KeyW, which is included in the 2019 consolidated financial statements of the Company and constituted 9% of total assets as of September 27, 2019 and 1% of revenues for the fiscal year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of KeyW.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 27, 2019 and September 28, 2018, the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the three fiscal years in the period ended September 27, 2019, and the related notes and our report dated November 25, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Dallas, Texas

November 25, 2019

JACOBS ENGINEERING GROUP INC.

Exhibit 5G. PARENTS and LIST OF SUBSIDIARIES

The following table sets forth all subsidiaries of the Company but may not include those subsidiaries that, when considered in the aggregate, would not constitute a significant subsidiary.

Jacobs Government Services Company, a corporation of California	100.00%
Jacobs Professional Services Inc., a corporation of Delaware	100.00%
Jacobs Engineering Inc., a corporation of Delaware	100.00%
Jacobs Group Australia Investments Pty Ltd………………………………………………	100.00%
Jacobs Australia Holdings Company Pty Ltd, a corporation of Australia	100.00%
Sinclair Knight Merz Management Pty Ltd, a corporation of Australia	100.00%
Jacobs Group Australia Holding Ltd, a corporation of Australia	100.00%
Jacobs Group (Australia) Pty Ltd, a corporation of Australia	100.00%
Aquenta Consulting Pty Ltd, a corporation of Australia………………..	100.00%
Jacobs E&C Australia PTY Ltd, a corporation of Australia	100.00%
Jacobs Project Management Australia PTY Ltd, a corporation of Australia,	100.00%
Jacobs Architecture (Australia) Pty Ltd, a corporation of Australia	100.00%
Jacobs (Thailand) Co., Ltd., a corporation Thailand	49.00%
Jacobs Projects (Philippines) Inc., a corporation of the Philippines	100.00%
Sinclair Knight Merz Consulting (India) Private Ltd, a corporation of India	100.00%
Sinclair Knight Merz (Ireland) Ltd, a corporation of the Republic of Ireland	100.00%
Sinclair Knight Merz (NZ) Holdings Ltd, a corporation of New Zealand	100.00%
Sinclair Knight Merz (Kenya) Limited, a corporation of Kenya………..	100.00% (1)*
Jacobs New Zealand Limited, a corporation of New Zealand	100.00%
PT Jacobs Group Indonesia, a corporation of Indonesia	99.50%
Sinclair Knight Merz International Holdings LLC, a limited liability company of Delaware………………………………………………………………………………	100.00%
Jacobs Engineering Group Malaysia Sdn Bhd, a corporation of Malaysia……	100.00%
Perunding Mahir Bersatu Sdn Bhd, a corporation of Malaysia… ..	100%
Jacobs Engineering Services Sdn Bhd, a corporation of Malaysia…	100.00%
Jacobs Consulting Services Sdn. Bhd., a corporation of Malaysia…	100.00%
Sinclair Knight Merz (Hong Kong) Limited, a corporation of Hong Kong ….	100.00%
Sinclair Knight Merz International (Hong Kong) Ltd, a corporation of Hong Kong	100.00%
CODE International Assurance Ltd., a corporation of Nevada	100.00%
Jacobs Engineering España, S.L., a corporation of Spain	100.00%
Jacobs Luxembourg Finance company Sarl, a corporation of Luxembourg	100.00%
Jacobs Nederland Finance and Investment Company B.V., a corporation of	
the Netherlands………………………………………………………………..	100.00%
Jacobs Merrion Finance Unlimited Company, a corporation of Ireland………	100.00%
Jacobs Europe Holdco Limited, a corporation of England and Wales	100.00%
Jacobs UK Holdings Limited, a corporation of England and Wales	100.00%
Jacobs Switzerland GmbH, a corporation of Switzerland	100.00%
Jacobs U.K. Limited, a corporation of England and Wales	100.00%
Jacobs E&C Limited, a corporation of England and Wales	100.00%
Jacobs Field Services Limited, a corporation of England and Wales	100.00%
L.E.S Construction Ltd, a corporation of England and Wales	100.00%
Jacobs Engineering India Private Limited, a corporation of India	100.00% (2)*
HGC Constructors Private Ltd., a corporation of India	100.00%
Sula Systems Ltd, a corporation of England and Wales	100.00%

Jacobs Stobbarts Ltd, a corporation of England and Wales	100.00%
Jacobs Engineering U.K. Ltd, a corporation of England and Wales……….	100.00%
Lindsey Engineering Services Ltd, a corporation of England and Wales	100.00%
Gibb Holdings Ltd., a corporation of England and Wales	100.00%
Jacobs One Limited, a corporation of Scotland	100.00%
Jacobs European Holdings Limited, a corporation of England and Wales	100.00%
Babtie Shaw & Morton Ltd, a corporation of Scotland	100.00%
Ringway Babtie Limited, a corporation of England and Wales	25.00%
Le Crossing Company Limited, a corporation of England Wales	57.14%
Jacobs China Limited, a Hong Kong corporation	100.00%
BEAR Scotland Limited, a corporation of Scotland	25.00%
Growing Concern Scotland Limited	100.00%
Ringway Jacobs Limited, a corporation of England and Wales	50.00%
LeighFisher U.K. Limited, a corporation of England and Wales	100.00%
JacobsGIBB Limited, a corporation of England and Wales	100.00%
Westminster & Earley Services Ltd, a corporation of England and Wales	100.00%
Jacobs Engineering Ireland Limited, a corporation of the Republic of Ireland	100.00%
Jacobs Italia, SpA, a corporation of Italy	100.00%
Jacobs International Limited, a corporation of the Republic of Ireland	100.00%
Jacobs Nucléaire SAS, a corporation of France	100.00%
JEM Field Professional Services SA DE CV, a corporation of Mexico	100.00%
Jacobs Brazil Limited Inc. a corporation of Texas	100.00%
JEG Acquisition Company Limited, a corporation of England and Wales	100.00%
AWEML, a corporation of England and Wales	33.33%
Jacobs Puerto Rico Inc., a corporation of Puerto Rico	100.00%
Jacobs Holdings Singapore Pte. Limited., a corporation of Singapore	100.00%
Jacobs International Consultants Pte Ltd. a corporation of Singapore	100.00%
Jacobs Architecture Canada Inc., a corporation of Canada	100.00%
Jacobs Consultancy Canada Inc., a corporation of Canada	100.00%
Jacobs Advisers Inc., a corporation of California	100.00%
Jacobs Civil Consultants Inc., a corporation of New York	100.00%
Jacobs Technology Inc., a corporation of Tennessee	100.00%
Blue Canopy Group, LLC, a limited liability company of Virginia………………………….	100.00%
BC Fed Group, LLC, a limited liability company of Virginia……………………..	100.00%
Federal Network Systems LLC, a limited liability company of Delaware	100.00%
Jacobs Australia Pty limited, a corporation of Australia	100.00%
Jacobs Telecommunications, Inc., a corporation of New Jersey………………………..	100.00%
Edwards and Kelcey Caribe Inc., a corporation of Puerto Rico………………	100.00%
The KeyW Holding Corporation, a corporation of Maryland	100.00%
The Van Dyke Technology Group, Inc. a corporation of Delaware………………………	100.00%
DM Petroleum Operations Company, a corporation of Louisiana	80.00%
Automotive Testing Operations, LLC, a limited liability company of Delaware	100.00%
Tank Closure Partnership LLC, a limited liability company of Delaware………………..	62.00%
Hanford Progress EcoPartners, LLC, a limited liability company of Delaware…………	35.00%
Value Engineering and Management, Inc., a corporation of New Jersey	100.00%
Jacobs Engineering New York Inc., a corporation of New York	100.00%
Jacobs Consultants, Inc., a corporation of Delaware	100.00%
Edwards and Kelcey Architectural and Design Services, a corporation of New Jersey	100.00%
Edwards and Kelcey Design Services Inc., an corporation of Illinois	100.00%
JE Architects/Engineers, P.C., a professional corporation New York	100.00%
Iffland Kavanagh Waterbury, P.L.L.C., a limited liability company of New York	100.00%
Jacobs Project Management Co., a corporation Delaware	100.00%

VEI Inc., a corporation of Texas	100.00%
Traffic Services, Inc., a corporation of New Jersey	100.00%
Sverdrup Hydro Projects, Inc., a corporation of Missouri	100.00%
JEG Architecture Nevada, Inc., a corporation of Nevada	100.00%
JE Associates, Inc., a corporation of Missouri	100.00%
Jacobs Architects/Engineers, Inc., a corporation of Delaware	100.00%
Jacobs Engineering Company, a corporation of California	100.00%
Bechtel Jacobs Company LLC, a limited liability company of Delaware	40.00%
LeighFisher Inc., a corporation of Delaware	100.00%
LeighFisher Canada Inc., a corporation of Canada	100.00%
LeighFisher Ecuador S.A., an corporation of Ecuador	100.00%
LeighFisher Holdings Ltd. a corporation of England and Wales	100.00%
LeighFisher Ltd., a corporation of England and Wales	100.00%
LeighFisher India Private Ltd., a corporation of India	100.00%
KlingStubbins Inc., a corporation of Delaware	100.00% (3)*
TSA of Massachusetts LLP a corporation of Massachusetts	100.00%
Sverdrup Asia Limited, a corporation of India	100.00%
Jacobs Engineering and Construction (Thailand) Limited, a corporation of Thailand	99.98%
Sverdrup Jacobs Services, Inc., a corporation of California	100.00%
Mission Support & Test Services, LLC, a limited liability company of Delaware……………..	37.00%
CH2M HILL Companies, Ltd., a corporation of Delaware	100.00%
CH2M HILL, Inc., a corporation of Florida	100.00%
CH2M HILL Constructors, Inc., a corporation of Delaware	100.00%
CH2M Facility Support Services, LLC, a limited liability company of Delaware…	100.00%
CH2M HILL International, Ltd., a corporation of Delaware	100.00%
CH2M HILL International Engineering, Inc., a corporation of Delaware……..	100.00%
CHIHB, LP, a limited liability partnership of Bermuda…………………………	89.44%(4)*
CH2M HILL Europe Limited, a corporation of the United Kingdom…..…..	100.00%
Halcrow Holdings Limited, a corporation of the United Kingdom…….	100.00%
Halcrow Consulting Limited, a corporation of the United Kingdom………………………………………………………	100.00%
Halcrow Group Limited, a corporation of the United Kingdom…………………………………………………..	100.00%
Halcrow International Limited, a corporation of the United Kingdom…………………………………………………………	100.00%
CHNG B.V., a corporation of the Netherlands……………………………..…	100.00%
CH2M HILL Netherlands Holding B.V., a corporation of the Netherlands…………………………………………………………..	100.00%
CH2M HILL Canada Limited, a corporation of Canada……………	100.00%
CH2M HILL International B.V., a corporation of the Netherlands..	100.00%
CH2M HILL Singapore Pte. Ltd………………………………………………	100.00%
CHVENG, LLC, a limited liability company of Delaware…………………………………	100.00%
Operations Management International, Inc., a corporation of California…………...…	100.00%
CH2M HILL Global, Inc., a corporation of Delaware	100.00%
CH2M HILL E&C, Inc., a corporation of Delaware……………………………..	100.00%
CH2M HILL Engineers, Inc., a corporation of Delaware	100.00%
LG Constructors Inc., a corporation of Delaware	100.00%
CH2M HILL Constructors International, Inc., a corporation of Delaware………………	100.00%

(1) *Ownership divided between Sinclair Knight Merz (Europe) Ltd. (50%) and Sinclair Knight Merz (NZ) Holdings Ltd (50%)
(2) *Ownership is divided between Jacobs Engineering Inc. and Jacobs U.K. Limited
(3) *An affiliated company
(4) *Ownership is divided between CH2M HILL International, Ltd. (89.44%), CHIH, LLC (.58%), CH2M HILL Engineers, Inc. (9.62%) and CH2M HILL Global Holdings S.a.r.l. (.35%)

Consent of
Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 Nos. 333-195708, 333-187677, 333-107344, 333-123448, 333-157014, and 333-38974) pertaining to the Jacobs Engineering Group Inc. 1999 Stock Incentive Plan, as amended and restated,
(2) Registration Statement (Form S-8 Nos. 333-67048 and 333-216176) pertaining to the Jacobs Engineering Group Inc. Global Employee Stock Purchase Plan, as amended and restated,
(3) Registration Statement (Form S-8 Nos. 333-38984 and 333-209860) pertaining to the Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan, as amended and restated,
(4) Registration Statement (Form S-8 No. 333-45475) pertaining to the Jacobs Engineering Group Inc. 1981 Executive Incentive Plan,
(5) Registration Statement (Form S-8 Nos. 333-157015 and 333-216176) pertaining to the Jacobs Engineering Group Inc. 1989 Employee Stock Purchase Plan, as amended and restated,
(6) Registration Statement (Form S-4 No. 333-147936) and related Prospectus of Jacobs Engineering Group Inc.,
(7) Registration Statement (Form S-4 No. 333-220524 as amended) and Related Prospectus of Jacobs Engineering Group Inc., and
(8) Registration Statement (Form S-8 No. 333-222084) pertaining to the CH2M HILL Companies, Ltd. Amended and Restated Long-Term Incentive Plan, as amended;

of our reports dated November 25, 2019, with respect to the consolidated financial statements of Jacobs Engineering Group Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Jacobs Engineering Group Inc. and subsidiaries included in this Annual Report (Form 10-K) of Jacobs Engineering Group Inc. and subsidiaries for the year ended September 27, 2019.

/s/ Ernst & Young LLP

Dallas, Texas
November 25, 2019

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 Annual Report on Form 10-K of Jacobs Engineering Group Inc.;

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

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

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

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

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

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

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

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

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

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

/s/Steven J. Demetriou

Steven J. Demetriou
Chief Executive Officer

November 25, 2019

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 Annual Report on Form 10-K of Jacobs Engineering Group Inc.;

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

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

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

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

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

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

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

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

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

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

/s/Kevin C. Berryman

Kevin C. Berryman
Chief Financial Officer

November 25, 2019

Exhibit 32.1

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

In connection with the Annual Report of Jacobs Engineering Group Inc. (the “Company”) on Form 10-K for the year ended September 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

November 25, 2019

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

Exhibit 32.2

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

In connection with the Annual Report of Jacobs Engineering Group Inc. (the “Company”) on Form 10-K for the year ended September 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 (principal financial 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/Kevin C. Berryman

Kevin C. Berryman
Executive Vice President
and Chief Financial Officer

November 25, 2019

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.

Mine Safety Disclosure

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) by the federal Mine Safety and Health Administration (“MSHA”). Under the Mine Act, an independent contractor, that performs services or construction of a mine is included within the definition of a mining operator. Although the Company no longer performs services or construction of mines due to the sale of its Energy, Chemical and Resources business ("ECR"), during the periods presented within, the Company did perform such services from time to time prior to the sale of ECR. We do not act as the owner of any mines. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by MSHA.

The following table provides information for the fiscal year ended September 27, 2019.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Mine ID: 02-00024 Contractor ID: 1PL						—		No	No			
Mine ID: 02-00144 Contractor ID: 1PL						—		No	No			
Mine ID: 02-03131 Contractor ID: 1PL						—		No	No			
Mine ID: 02-00137 Contractor ID: 1PL						—		No	No			
Mine ID: 02-00150 Contractor ID: 1PL						—		No	No			
Mine ID: 26-01962 Contractor ID: 1PL						—		No	No			
Mine ID: 29-00708 Contractor ID: 1PL						—		No	No			
Mine ID: 29-00762 Contractor ID: 1PL						—		No	No			
Mine ID: 26-02755 Contractor ID: 1PL						—		No	No			
Mine ID: 04-00743 Contractor ID:Y713								No	No			
Totals	**—**	**—**	**—**	**—**	**—**	**$—**		**No**	**No**	**—**	**—**	**—**

Notes:

1. Jacobs received zero MSHA citations during the fiscal year ended September 27, 2019.
2. Jacobs has no pending citations. Jacobs has vacated, reduced, abated and resolved all citations from previous fiscal years.