

2003 Summary Annual Report





“Through structured project execution, leveraged global presence, and commitment to safety, Jacobs continues to bring real value to Kellogg Company. Jacobs has integrated with Kellogg product teams, driving our products to the market faster. As Alliance Partner, Jacobs’ loyalty and dedication to Kellogg’s continues to drive both of our businesses.”

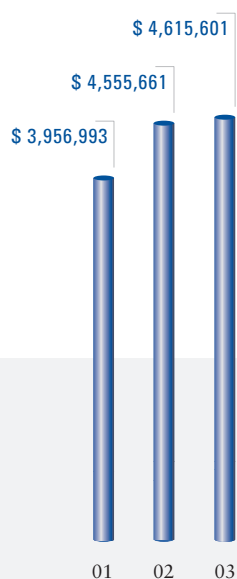
LEN BENNETT, Vice President, Global Technology — Kellogg Company, Battle Creek, Michigan

SELECTED HIGHLIGHTS

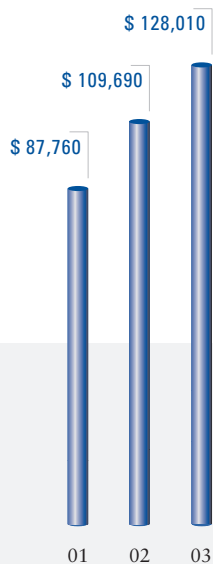
For Fiscal Years Ended September 30 (dollars in thousands, except per share information):

	2003	2002	2001
Revenues	\$ 4,615,601	\$ 4,555,661	\$ 3,956,993
Net earnings	128,010	109,690	87,760
Per share information:			
Basic EPS	\$ 2.32	\$ 2.03	\$ 1.65
Diluted EPS	2.27	1.98	1.61
Net book value	14.93	12.45	10.86
Closing year-end stock price	45.10	30.88	31.20
Total assets	\$ 1,670,510	\$ 1,673,984	\$ 1,557,040
Stockholders' equity	842,083	689,613	591,801
Return on average equity	16.71%	17.12%	16.14%
Stockholders of record	961	986	1,036
Backlog:			
Technical professional services	\$ 3,383,200	\$ 3,045,600	\$ 2,490,100
Total	7,041,000	6,674,200	5,912,500
Permanent staff	21,089	21,932	20,628

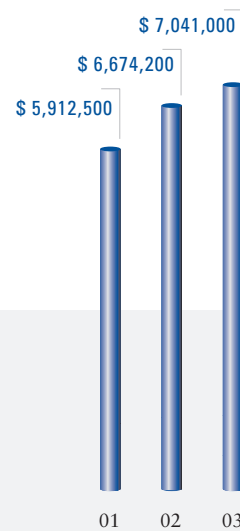
Per share information for all fiscal years prior to fiscal 2002 has been restated to reflect a two-for-one stock split effected in the form of a 100% stock dividend that was distributed to shareholders on April 1, 2002.



REVENUES
in thousands



NET EARNINGS
in thousands



TOTAL BACKLOG
in thousands

SHAREHOLDERS MESSAGE

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Fiscal year 2003 started with great uncertainty with the economies of the Western World in a state of disarray and the threat of war in the Middle East. Today, the threat of war is gone and the outlook for 2004 is improved. In spite of the uncertain start, we had revenues of \$4.6 billion and record net income of \$128 million (\$2.27 per share, a 14.6 percent increase over 2002). Cash flow from operations during the year exceeded \$147 million, which allowed us to pay down \$73 million of debt and build our cash balances. Our year-end backlog of \$7 billion was also a new record.



MARKET CLIMATE

Throughout 2003, our Refining, Federal Programs, and Pharmabio markets remained very strong and prospects were plentiful. Our Buildings and Infrastructure businesses continued to prosper, but weaker local economies in both the U.S. and the U.K. dampened prospects somewhat. As we move into 2004, however, many of these issues are resolving and these markets should improve. Our Chemicals, High-Technology, and Pulp & Paper markets stayed weak throughout 2003. These markets remain near the bottom of their cycles and while we were successful in winning work and gaining market share, prospects were still soft as we entered 2004.

Geographically, North America, Western Europe, and India/Singapore started slowly in the first half of 2003, but business improved as the year progressed and the political climate stabilized. All three of these regions look like they will be better during the course of 2004.

SAFETY

We worked hard to upgrade our safety program throughout 2003 and the results were gratifying. On a global basis, we improved our OSHA recordable rate by 20 percent. Even more significantly, our lost-time rate improved by

75 percent. Both rates are world-class and represent significant progress. However, we cannot rest on our laurels; we need to continually improve these rates. In the end, our goal is to totally eliminate accidents from the workplace.

U.S. OSHA DAYS AWAY/RESTRICTED TIME CASES (away from work) NATIONAL AVERAGE VERSUS JACOBS		
	NATIONAL AVERAGE	JACOBS
2003	*	0.08
2002	2.8	0.22
2001	3.0	0.20
2000	3.2	0.24
1999	3.3	0.12
1998	3.3	0.20
1997	3.6	0.18
1996	3.7	0.21
1995	4.2	0.25

* numbers not yet available

QUALITY

We focus a lot on delivering value to our clients, which we measure with our client survey process. Over the last decade, we have raised our average client survey scores from 73 percent to 85.4 percent. Last year alone we improved our client surveys another one percent, which is significant since a client survey score of 67 percent represents good performance in all 10 categories we measure.

BOARD EVENTS

The Corporate Governance issues of the last few years have led to elevated scrutiny of all Boards of Directors and how they perform. We have always been pleased with our Board and its contribution to the success of our company. As the case has been for many years, the majority of our directors continue to be outside independent directors representing diverse backgrounds.

In 2003, Dr. Clay LaForce and Jim Rainey retired from our Board of Directors. Clay and Jim had been on our Board for 16 and 10 years, respectively, and made significant contributions to our growth over this period. We were very fortunate to be able to recruit Joe Bronson and Tom Niles as outside independent directors. Joe, currently CFO for Applied Materials, is a Certified Public Accountant who brings a strong financial background to our Board. Tom, currently President of the United States Council for International Business, brings a strong international background from his service as U.S. Ambassador to Canada, the European Union, and Greece. Both gentlemen have already made significant contributions to our business.

OUR CORE VALUES

We operate with a fundamental set of three Core Values, which will continue to guide us:

1. We Are Relationship-Based
2. Growth Is An Imperative
3. People Are Our Greatest Asset

These values drive our behavior and all of our major decision-making.

We Are Relationship-Based means that we focus on delivering superior value in all our dealings with clients, thus establishing a position of trust with them.

Our goal is to delight our clients and leave them with the knowledge that we are a major contributor to their success. To do this, we must understand their business as well as they do; we must be flexible in our approach and adapt to the specific needs of our clients; and our people must understand that our success depends on each of us fulfilling our obligation to go beyond simply satisfying our clients.

Growth Is An Imperative drives us to focus on bottom-line growth of 15 percent a year, which is a long-term growth rate we have successfully sustained for some time. Focusing on this growth paradigm allows us to provide our clients with a broader array of services in more geographies. It also opens up a world of opportunity for our people to grow and to realize their potential.

People Are Our Greatest Asset is a key axiom for any services business. What we offer our people is a mutually beneficial opportunity—their skills, knowledge, contributions, innovations, etc., in exchange for exciting work, technical challenges, leadership development, and a dynamic and creative environment. We strive to be their employer of choice, remaining a part of our network rather than leaving us to go elsewhere. This relationship is more like a business partnership than an employer-employee relationship. It requires that we treat employees not as hired hands but as partners—sharing more information, more frequently, so they can make responsible decisions. It also obliges our employees to take responsibility for building our company, helping our clients succeed, and fulfilling their own career objectives.

We want to thank our employees, our shareholders, and our clients for their loyalty and support over the years. With this support, there is no limit to what we can accomplish together.



JOSEPH J. JACOBS,
Chairman of the Board



NOEL G. WATSON,
Chief Executive Officer



BOARD OF DIRECTORS

(left to right)

NOEL G. WATSON
Chief Executive Officer

CRAIG L. MARTIN
President

JOSEPH J. JACOBS
Chairman of the Board



(left to right)

LINDA FAYNE LEVINSON
Director (Partner of GRP Partners; Former Partner, McKinsey and Co.)

THOMAS M.T. NILES
Director (President of United States Council for International Business, Former Ambassador to Canada)

DAVID M. PETRONE
Director (Chairman of Housing Capital Company; Former Vice Chairman of Wells Fargo & Co.)

DALE R. LAURANCE
Director (President of Occidental Petroleum Corporation)



(left to right)

PETER H. DAILEY
Director (Chairman of Enniskerry Financial; Former Ambassador to Ireland)

ROBERT C. DAVIDSON, JR.
Director (Chairman and Chief Executive Officer of Surface Protection Industries, Inc.)

BENJAMIN F. MONTOYA
Director (Retired, Former Commander of Naval Facilities Engineering Command)



(left to right)

LINDA K. JACOBS
Director (Chair of the Board of the Near East Foundation)

ROBERT B. GWYN
Director (Retired, Former CEO and Chairman of the Board of Agricultural Minerals and Chemicals)

JOSEPH R. BRONSON
Director (Executive Vice President and Chief Financial Officer of Applied Materials, Inc.)



EXECUTIVE MANAGEMENT

(left to right)

ARLAN C. EMMERT
Group Vice President, Asia

WALTER C. BARBER
Group Vice President, Infrastructure

THOMAS R. HAMMOND
Executive Vice President, Operations

JOHN W. PROSSER
Senior Vice President, Finance & Administration



(left to right)

MICHAEL P. MILLER
Senior Vice President, Information Technology

MICHAEL J. HIGGINS
Group Vice President, Civil

ALLYN B. TAYLOR
Group Vice President, Southern Region



(left to right)

WILLIAM C. MARKLEY, III
Senior Vice President, General Counsel
and Secretary

WARREN M. DEAN
Group Vice President, Facilities

GEORGE A. KUNBERGER
Group Vice President, Northern Region

LAURENCE R. SADOFF
Group Vice President, Global Field Services



(left to right)

ROBERT M. CLEMENT
Group Vice President, European Operations

ROGERS F. STARR
President, Sverdrup Technology, Inc.

ANDREW F. KREMER
Senior Vice President, Quality & Safety

JAMES W. THIESING
Group Vice President, Federal Operations

PHILIP J. STASSI
Group Vice President, Western Region



(left to right)

GREGORY J. LANDRY
Group Vice President, Global Field Services

PETER M. EVANS
Group Vice President, Central Region

NAZIM G. THAWERBHOY
Senior Vice President & Controller

JOHN McLACHLAN
Group Vice President, European Operations

DELIVERING SUPERIOR VALUE

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Our clients currently face many changes in the business landscape, precipitated by growing customer demands, sluggish economies, increased price pressures, industry consolidations, and rapidly advancing technologies. To address these challenges and maintain a competitive edge, our clients work to improve their resources and facilities, optimize their operational efficiency, and expand their businesses to satisfy customer needs, all while cutting costs. With our relationship-based approach, we help clients accomplish these goals. By understanding their markets, business organizations, and specific operations, we know where and when to apply innovations, services, and resources for the best possible results—in short, how to deliver superior value.

Delivering superior value boils down to delighting our clients, giving them more than they expect. To do this, we must build on our core competencies in new ways to reach even higher standards, reduce project and life-cycle costs, and expand our offerings to help our clients improve profitability.

BUILDING ON OUR CORE COMPETENCIES

Our business has changed dramatically since Dr. Jacobs founded our company in 1947. This is because our clients' needs constantly change—we must add new capability; improve cost, schedule, and safety performance; and deliver projects in more efficient ways to ensure that we add value to our clients on every job. Some examples of this include:

Modular approach. Applying modular fabrication and construction helps our clients by addressing a wide range of project challenges, including hazardous site conditions, fast-track schedules, tight footprints, inclement weather, labor shortages, and impact to ongoing operations. For Eli Lilly and Company, using modules reduced a fermentation project schedule by 9 months and improved craft productivity by up to 50 percent.

“During the project planning phase, we evaluated several risk mitigation options. Using modules mitigated significant risks without sacrificing rigid design and quality standards. The quality of the modules was excellent, and overall, the use of modules was a great success. We anticipate wider use of modules in the future.”

BRAD BREUER, Project Director — Flint Hills Resources, Corpus Christi, Texas

Value-added design centers. To improve project costs and schedules, more clients are taking advantage of our value-added design centers outside the U.S. We have used these centers to provide round-the-clock design on a wide range of projects in industries such as pharmaceuticals, refining, chemicals, infrastructure, foods, and consumer products. To date, these design centers have realized more than \$420 million in total cost savings for our clients.

Integrated startup and commissioning. We recently began offering integrated startup and commissioning services to help our clients streamline and accelerate completion of new production facilities. We identify and plan for key regulatory requirements very early in design, working closely with our clients to integrate workflows, determine appropriate documentation levels, and communicate client expectations and team responsibilities up front. Ultimately this decreases facility cost and complexity, and reduces test redundancy—expediting approvals and improving product speed-to-market.

EXPANDING OUR OFFERINGS

For our clients to be more effective and competitive, they constantly strive to provide better products and services, reach a wider customer base, and satisfy these customers more thoroughly. Both our public- and private-sector clients capitalize on

their relationships with us to help make this happen, leveraging our wide-ranging expertise and broad resource base to meet their customers' needs less expensively while minimizing their own risk. We do this in a number of ways:

Crossing into new markets. We have supported many of our clients as they grow their product and service offerings across new sectors, capitalizing on market demand and opportunities. For example, our commitment to Suncor Energy's upstream business in Canada now extends to downstream refining in the U.S. with capital project and maintenance services at Suncor's newly acquired Denver Refinery in Colorado. Expanding our previous onsite maintenance presence at this refinery, we now provide engineering to help Suncor meet clean fuels legislation and integrate their sour crude blends into the refinery's crude slate.

Expanding into new regions. Our multidomestic approach means that our clients deal with a trusted global partner who also understands local business practices and customs. For example, we are performing construction management support services on the U.S. Navy's Engineering Field Activity Mediterranean contract. On nearly 100 different projects at six military sites in Spain, Italy, Greece, and Bahrain, we provide technical consulting and oversee local contractors to uphold U.S. military standards. To help the Navy achieve consistently better results, we implemented a quality system to analyze job performance metrics and recommend improvement measures, at no extra cost.

In the private sector, our relationship with ExxonMobil spans more than 50 years of providing a full range of services at their various U.S. facilities. As ExxonMobil expands to serve customers globally, we are there to support them. We currently have an alliance relationship with ExxonMobil Chemical in Singapore, providing engineering, procurement, and construction for their Capital Investment Program. Working together, our alliance challenges existing work processes to deliver safer projects with

increased schedule predictability and lower costs.

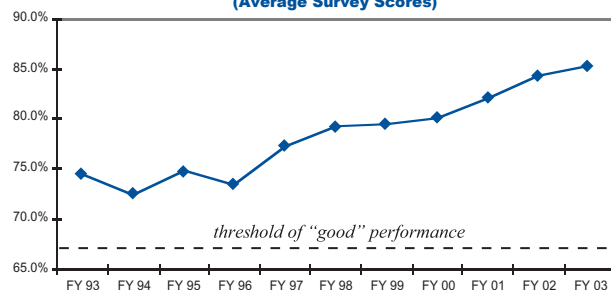
Also, we recently began engineering, procurement, and construction management services for ExxonMobil at several sites in the U.K. and Europe.

REPURCHASE LOYALTY

By delivering consistently superior value, we earn our clients' repurchase loyalty, which in turn gives us the financial strength to provide them with even higher value. Through strong client relationships, we continuously reinforce and improve on our:

- *Extensive knowledge of our clients' ways of doing business*
- *Strong resource base with broad market, service, and geographic experience*
- *Customized, disciplined work processes that yield consistently high-quality results*
- *Global commitment to zero safety incidents*

Our Client Satisfaction Survey Historical Results
(Average Survey Scores)



Our commitment to improve client satisfaction is fundamental to delivering superior value and earning repurchase loyalty.

Addressing many of the same challenges as our clients, we always look for ways to operate more efficiently; identify and apply innovations; and continuously improve our systems and procedures, as well as our greatest asset—our people. And our growth and the growth of our clients are inexorably linked. Committing to 15 percent growth each year means we have the strength, resources, and global reach to meet our clients' needs as they navigate the world marketplace, sharpen their competitive edge, and better serve their customers.



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TECHNOLOGY

“We valued Jacobs’ professional approach very highly. Our collaboration was smooth and trouble-free, which helped us to realize the design within the present cost envelope.”

PROFESSOR GERHARD MATERLIK,
CEO
Diamond Light Source Ltd.,
Oxfordshire, United Kingdom

In 2003, our semiconductor clients focused on operational efficiency, with limited capital investment. Our clients are expanding their engineering and construction outsourcing to offset reduced in-house staff. Other technology work is better, particularly the high-energy and nanoscience fields, with government clients funding numerous programs to probe the fundamental structure and function of matter. Our high-tech expertise ensures that these facilities provide reliability and cutting-edge technology.

For a leading semiconductor company, we perform construction management for a new 300-millimeter wafer fabrication facility in Ireland. Fluctuating market conditions make cost a primary concern to our client. To support this, our accurate forecasting, scope control, and continuous communication have kept costs consistently under budget. In addition, this project site has achieved the best safety record for our client, and one of the best in the industry. For Cypress Semiconductor and SunPower Corporation in the Philippines, we perform engineering and architecture on a facility conversion to produce an innovative silicon solar cell.

For the U.S. Department of Energy, we continue work under a joint venture as the Architect-Engineer/Construction Manager on the \$1.4 billion Spallation Neutron Source (SNS) Project in Tennessee. Upon completion in 2006, SNS will be the world’s most powerful pulsed neutron source, providing unparalleled scientific and industrial research opportunities. Superior contractor, labor management, and community relationships reflect our team’s commitment to this project. In addition, we have achieved more than 2.5 million field workhours without a lost-day accident.

We provide construction quality management services to the National Institutes of Health for their new \$105 million National Institute of Allergy and Infectious Diseases (NIAID) Integrated Research Facility at Fort Detrick in Maryland. This high-containment laboratory will enable NIAID researchers to safely study disease-causing microbes that may be used as agents of terrorism.

Ahead, growing demands for personal computer upgrades, wireless frequency, plus automotive and consumer electronics indicate a semiconductor market uptick in 2004. Our growing reputation building high-tech research centers paves the way for even more complex facilities to support international science and technology initiatives.



Photo courtesy of Oak Ridge National Laboratory



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TECHNOLOGY

1. Diamond Light Source Ltd., Diamond Synchrotron, Rutherford Appleton Laboratory, Oxfordshire, United Kingdom
2. Cypress Semiconductor and SunPower Corporation, Silicon Solar Cell Facility, Laguna Province, Philippines
3. U.S. DOE, Spallation Neutron Source, Oak Ridge National Laboratory, Tennessee
4. Federal Aviation Administration, Potomac Consolidated TRACON, Warrenton, Virginia



1

PHARMACEUTICALS & BIOTECHNOLOGY

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“Thank you for the past 4 years of excellent work and services on the Grange Castle project. We have received tremendous value from your services. Your efforts brought about the successful sourcing of hundreds of millions of dollars’ worth of goods and services in the construction of the world’s largest pharmaceutical project. That accomplishment is simply astounding.”

ROBERT E. MATJE,

Director

Wyeth Pharmaceuticals Inc.,

Collegeville, Pennsylvania

As pharmaceutical product demands grow worldwide, our clients strive to quickly release new products, reduce development costs, and increase return on investment. In support, our global presence aligns with our clients as they expand into regions such as Puerto Rico, Ireland, and Singapore. Also, innovations such as integrating commissioning and validation services help our clients improve product speed-to-market.

We continue our 26-year relationship with Eli Lilly and Company, bringing worldwide resources and capabilities to facilities in Puerto Rico, Europe, and the U.S. In 2003, we provided services on 17 separate projects. On one, we supplied 190 modules for their biotech fermentation facility in Puerto Rico, participating in the largest modular pharmaceutical project ever built. The use of modules reduced the fermentation project schedule by nine months and improved craft productivity by up to 50 percent, while improving overall construction safety. For a significant turnaround program in Indianapolis, our pharmaceutical and maintenance experts applied specialized planning, scheduling, and construction best practices to this unique project, to be completed in less than 20 months.

For Wyeth Medica Ireland, we are approaching mechanical completion of their \$1-billion-plus BioPharma Campus near Dublin. This supports an April 2005 product-to-market goal. We have completed a number of critical utility systems in the Drug Substance Building, which met all required quality standards first-time upon startup. This accomplishment facilitates successful facility commissioning and validation, key to Wyeth’s manufacturing capacity and market-share goals for the anti-arthritis drug Enbrel.

As an alliance partner with Merck, we provided engineering for a new Secondary Manufacturing Facility in Singapore. This plant will produce Merck’s new cholesterol absorption inhibitor. With schedule as the driver on this highly successful, fast-track project, our work contributed to facility completion in 18 months, supporting Merck’s manufacturing requirement.

We see opportunities ahead as maturing consolidations begin to yield capital programs. Seeking greater operational efficiency, our clients look to us for solutions such as modular construction and facility debottlenecking. Also, we will be there as our clients further globalize to capitalize on offshore advantages.



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PHARMACEUTICALS & BIOTECHNOLOGY

1. Wyeth Medica Ireland, The Wyeth BioPharma Campus, Grange Castle, Dublin, Ireland
2. Pfizer, Multi-product Drug Substance Manufacturing Facility, Singapore
3. Genzyme Ireland Ltd., Tableting Project, Waterford, Ireland
4. Eli Lilly and Company, Fermentation Project, Carolina, Puerto Rico



1

PULP & PAPER

PAGE 12

“Jacobs’ performance on the rebuild of our No.1 Paper Machine was especially good in the areas of safety, project planning, timeliness, and quality. We had a problem-free startup without a single failure during the first three months of operation.”

JEAN-MARC BIRGI,
Project Manager
International Paper,
Saillat, France

Global paper manufacturers continued consolidating and streamlining operations to reduce costs and manage inventory, increasing demand for smaller mill improvement projects. Responding to optimistic market forecasts later in 2003, several producers initiated front-end work for major capital projects.

To help our clients stay competitive, we are focusing on strategic industry initiatives. For example, we are partnering with a European firm to advance high-speed papermaking technology in the U.S. This technology transfer strengthens our process capabilities and leadership position—helping our U.S. clients consolidate or upgrade existing mills to increase productivity, quality, and efficiency.

Broadening our worldwide presence, we completed four large projects on two continents for International Paper and Kimberly-Clark, two of the industry’s largest producers. We implemented new technology in two of their mills to improve efficiency and thus our clients’ competitive edge. Our performance on one project was judged by our client as best to date for the mill, completed under budget and ahead of schedule.

For SP Newsprint in Oregon, we followed up detailed design of their Newberg Cogen Project with construction assistance and start-up support. This in-house power capacity cuts SP Newsprint’s energy costs by 25 percent, stabilizes their operating expenses, and generates additional revenue by marketing excess power. Through technical consultation and coordination with local utilities, we helped SP Newsprint slash transmission interconnection costs by more than 75 percent. Our performance helped SP Newsprint’s team earn two awards for project excellence from Northwest Construction Magazine, and earned us client satisfaction survey scores averaging 97 percent.

Continuing our long history with MeadWestvaco, we currently deliver total plant maintenance and capital construction services at their Carbon Plant in Kentucky. With safety always a priority, we recently celebrated two straight years without a safety incident at the plant.

In 2004, rising demand, better prices, and deferred project inventories should fuel an increase in U.S. capital spending. In Europe, experts don’t anticipate an upturn until 2005. We plan to continue implementing high-speed papermaking technology within the U.S. to help our clients maximize productivity and reduce costs in an extremely competitive industry.



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4

PULP & PAPER

1. SP Newsprint, Newberg, Oregon
2. MeadWestvaco, Carbon Plant, Wickliffe, Kentucky
3. Kimberly-Clark Europe, Flint Site, North Wales
4. A Major Producer of Lightweight-Coated Paper, South Carolina



FEDERAL PROGRAMS

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“Jacobs and the Alaska District were honored to win the prestigious Secretary of the Army Environmental Award for our work on Long Island, near Kodiak, Alaska. A strong relationship based on honest communication and mutual trust has enabled us to achieve mutual success. Jacobs remediated dozens of contaminated areas at this remote Formerly Used Defense Site (FUDS), on schedule and under budget. I appreciate the Jacobs commitment to quality, and look forward to executing other projects with them.”

JAMES DALTON,
Deputy District Engineer
Programs and Project Management,
U.S. Army Engineer District,
Alaska

The U.S. Department of Energy (DOE) and U.S. Department of Defense (DOD) continue site clean-up work in an increasingly challenging fiscal climate. Using commercial best practices and productivity improvement measures, we help our clients deliver greater value to their stakeholders on each new project.

Our team successfully converted the DOE Oak Ridge environmental management contract to an accelerated clean-up contract. Our leadership role in negotiations with DOE, the Environmental Protection Agency, and the State of Tennessee produced a clean-up strategy that, once implemented, will save U.S. taxpayers approximately \$1.4 billion over five years. This new contract makes us a principal partner in accelerating cleanup and eliminating health risks at three major DOE facilities.

We have helped the Air Force Center for Environmental Excellence (AFCEE) meet environmental clean-up goals since 1991, with more than 12 contracts totaling \$900 million. Our current environmental work includes the 4P-AE and ENRAC contracts, as well as the recently awarded WERC and DB03 contracts, which encompass broader services. Our design and construction expertise and global presence support AFCEE as they expand traditional environmental programs and offer new services to customers in Europe and the Pacific Rim, such as their new fuels initiatives in Japan.

Starting our ninth year of the U.S. Army Engineer District Alaska's Total Environmental Restoration Contract, we continue clean-up activities at remote sites. We successfully restored all 42 sites on Long Island, Alaska, removing significant chemical contaminants and physical hazards while preserving the island's environmental, historical, and archeological aspects. Another project received the National Pollution Prevention Roundtable's Most Valuable Pollution Prevention Award for 2003. Our innovative design recycled contaminated soil into an asphalt road base—minimizing waste, saving money, and providing a paved road for the community.

Both DOE and DOD continue strong support for environmental restoration of former weapons production and defense sites. This means a strong market for environmental design, construction, and remedial action at these sites. We expect our clients to accelerate spending to identify and remediate ordnance- and explosives-contaminated sites.





4

FEDERAL PROGRAMS

1. U.S. DOE, Management & Integration Cleanup Contract, Oak Ridge, Tennessee
2. U.S. Army Engineer District, Alaska, TERC, Placing Asphalt Cement over Recycled Contaminated Soil, Kodiak, Alaska
3. U.S. Navy, Engineering Field Activity, Gricignano Support Site, Naples, Italy
4. U.S. AFCEE, Fuel Spill-1 Groundwater Treatment System, Massachusetts Military Reservation, Cape Cod, Massachusetts



1

REFINING

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“We easily established a good working relationship between the ConocoPhillips Trainer Clean Fuels Team and the Jacobs project team and have enjoyed a good level of interest from the Jacobs management team. The talents and energy of the Jacobs project team as well as the Jacobs ‘Best Practices’ have contributed greatly to the progress and successes enjoyed so far.”

KENT KETTERMAN,
Overall Project Manager
ConocoPhillips Clean Fuels
Bayway and Trainer Refineries,
Trainer, Pennsylvania

Clean fuels spending continues as North American and European producers complete low sulfur gasoline (LSG) programs and ramp up to meet ultra low sulfur diesel (ULSD) mandates. To date, we have worked on dozens of major LSG and ULSD programs—helping clients minimize capital spending to meet environmental requirements while staying competitive.

In California, we are BP Carson's long-term alliance partner for engineering, procurement, and construction services. Typical capital work includes refinery debottlenecking, optimization, and environmental compliance. Fully integrated with the Carson Business Unit, our program earned BP's most prestigious corporate honor—the Helios award. This global recognition reflects BP Carson's teamwork and independently verified, bottom-line value delivery to stockholders. Based on excellent performance at Carson, our relationship grows rapidly with work at BP sites in the U.S., the U.K., Germany, and The Netherlands.

Flint Hills Resources (FHR) undertook a \$140 million program to implement LSG technology at their Texas refinery. Working in partnership with FHR, we used modular construction and integrated work processes to mitigate local labor shortages and improve safety. In addition, we integrated our design center in India to lower design costs. Our team finished eight percent under budget, and achieved a six-week schedule savings that offset severe weather delays. Our team also completed 1 million hours with zero recordable incidents, helping the project earn OSHA's Voluntary Protection Program (VPP) Star Status.

We strengthen our relationship with Shell in both the U.S. and Europe. For example, at Shell's Pernis Refinery in The Netherlands, we continue work on Phase Two of Shell's Clean Fuels Program. This year, we jointly developed an integrated work process to improve capital efficiency, and implemented a Value Plus program yielding identified savings estimated at \$3 million within the first six months.

Major refiners' clean fuels spending will be strong for the next few years as their ULSD programs progress, and regulations go into effect for aviation and off-road fuel. As our clients also grapple with capacity limits, we will help them expand and revamp their facilities to meet increasing demand.



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3



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REFINING

1. Suncor Energy, Denver Refinery, Colorado
2. Flint Hills Resources, Low Sulfur Gas Program, Corpus Christi, Texas
3. Petro-Canada, Edmonton Refinery, Canada
4. BP/Jacobs Alliance, Carson, California

FOOD & CONSUMER PRODUCTS

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“The Coors/Jacobs Alliance has grown stronger and has brought increasingly better value to Coors Brewing Company over the last four years. This relationship is founded on strong metrics built on improved safety, project execution and predictability, customer satisfaction, and value-added savings. We expect Jacobs to continue helping us win in the beer business.”

FLORENCE MOSTACCERO, P.E.,
Vice President,
Technical Services & Business
Process Development,
Coors Brewing Company,
Golden, Colorado

Our food industry clients are continuously upgrading and revamping facilities to improve efficiency and quickly launch new products. Supporting innovation and improvement through proactive measures such as new product front-end studies, we help our clients contain capital costs while meeting aggressive schedule requirements.

We strengthened our Coors Brewing Company alliance with ongoing capital program work in Colorado, Tennessee, and Virginia, including process, packaging, utilities, facilities, and small projects. We partner with Coors to achieve their long-range business goals, improve safety, and maximize added value. Through innovation and optimization, we created value equaling 22 percent of actual expenditures in the first half of 2003 alone. For example, one packaging project resulted in 92 percent less product damage and significant savings in annual operating costs.

The Kellogg Company continues to expand market share in various food sectors, where innovation and time to market are critical to growth. Our dedicated on-site teams execute small capital projects and support Kellogg's productivity, maintenance, and infrastructure initiatives, worldwide. Through our alliance, we aggressively support Kellogg's initiatives with structured project execution; safety-focused, client-integrated project teams; best practices; and cost reduction measures. Combined with our global presence, these processes deliver value to Kellogg's with demonstrated savings of more than \$85 million over the last five years.

For Pepsi-Cola, we provided design and construction management for a new manufacturing facility in Ireland. This facility provides additional production capacity for delivery to global markets. One challenge was Pepsi's target schedule. Through careful planning and close coordination with Pepsi and other stakeholders, we finished select utilities and infrastructure required to bring the process on-line in March 2003, six months before building completion. Pepsi achieved their aggressive goals and is successfully meeting their customers' needs.

Near term, we don't anticipate an increase in food industry capital spending. Rather, we apply our food process expertise and value-enhancing practices to help our clients respond to competitive demands—containing facility costs and supporting their efforts to get new products to market quickly.





FOOD & CONSUMER PRODUCTS

1. Kellogg Snacks Plant, Charlotte, North Carolina
2. GlaxoSmithKline India Pvt Ltd., Malted Food Plant, Sonapat, India
3. Unilever Bestfoods North America, Central Process Laboratory, Englewood Cliffs, New Jersey
4. Coors Brewing Company, Bottle Line #3 Box Shop, Golden, Colorado



DEFENSE & AEROSPACE

“Jacobs was highly successful in achieving the design goals of NASA in providing functionality, flexibility, and synergy. This well-coordinated effort resulted in a facility configuration which was the basis for a high-quality facility design. The Jacobs design provides NASA with a world-class facility which will be built within the established budget limits.”

DENNIS C. FOSTER,
Project Engineer
NASA,
George C. Marshall Space Flight Center,
Alabama

In the wake of political upheavals and global security concerns, this market is stronger than ever, particularly for the U.S. Department of Defense (DOD). To this end, we provide critical test and evaluation, acquisition engineering, and logistics support for a breadth of DOD systems and programs. Aerospace work is also robust as our clients focus on business realignment and infrastructure modernization.

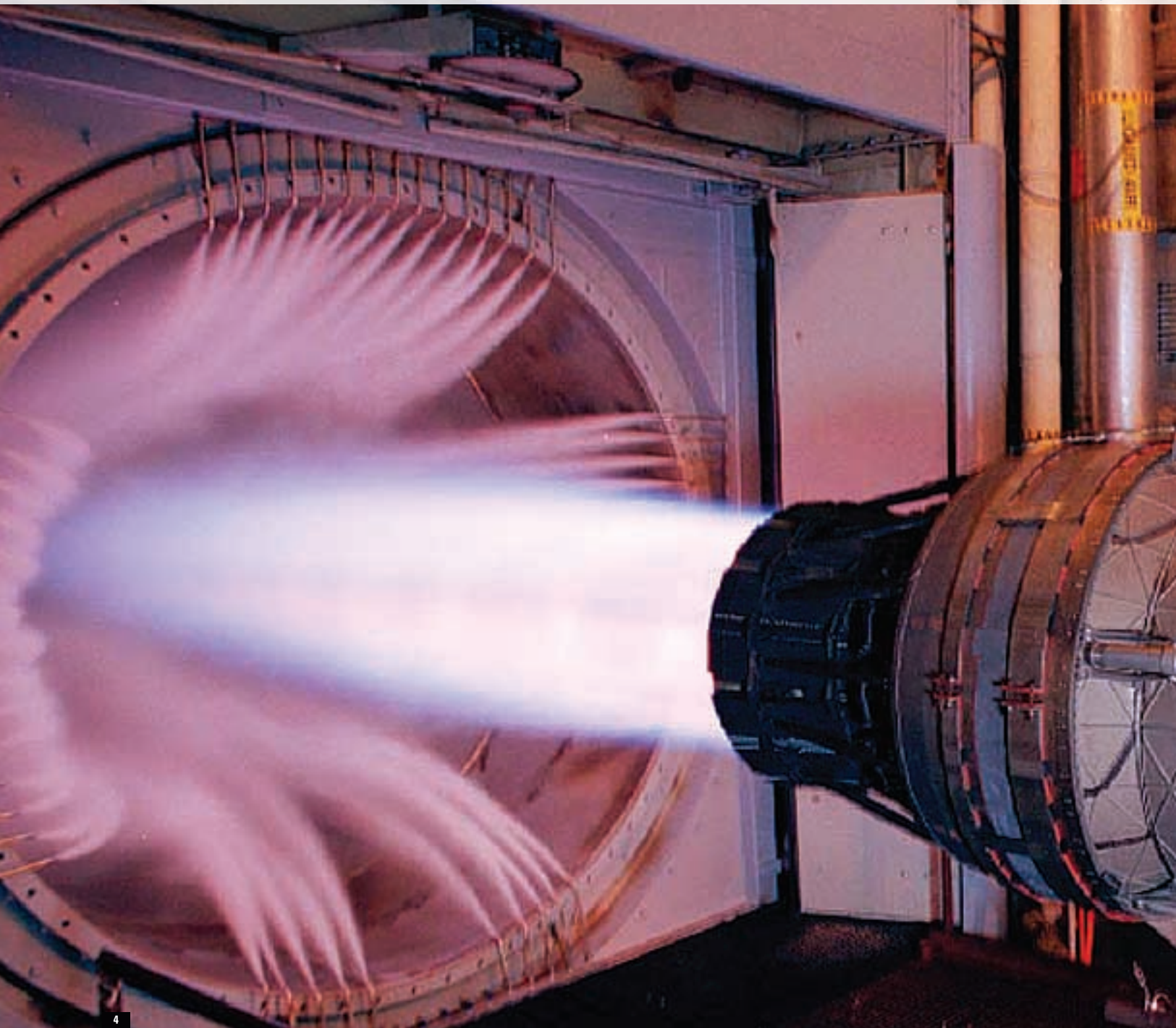
At the Arnold Engineering Development Center (AEDC), we continue a long-term partnership with the U.S. Air Force through a consolidated, \$2.7 billion contract rebid. We are the managing partner in a joint venture performing work up to a 12-year term. A key area of AEDC support is the development of next-generation defense-based airships such as the F-35 Joint Strike Fighter. We modified AEDC's Sea-Level 2 Test Cell to meet an aggressive 90-day schedule and perform similar design/build modifications to the Sea-Level 3 Test Cell. These cells provide critical performance testing of the F-35 aircraft.

Our clients continue to emphasize information technology to improve their competitive posture. Through our Information Technology Support Services Contract for the U.S. Army's Aviation and Missile Command, we provided a wide range of IT support for the Logistics Support Activity. Responding to increased demand on materiel supply and transportation systems, we developed a new process that quickly updates stationed soldiers on current materiel status and location, worldwide.

We continue supporting the NASA Marshall Space Flight Center's mission to lead research in space transportation systems development and space propulsion. Our work involves design and construction support for the Propulsion Research Laboratory, a national center to study new propulsion concepts for future space travel. We also provided inspection, testing, and integration of the International Space Station's (ISS) Node 2. Installation of Node 2, a cornerstone component for future research and operations, will complete the U.S. portion of the ISS.

Ahead, we expect numerous new aerospace opportunities in facilities operations and maintenance, infrastructure recapitalization, and scientific engineering support. Our U.S. defense work also grows as clients seek our expertise to continually improve weapon systems capabilities.





DEFENSE & AEROSPACE

1. Army National Guard, Fort Irwin, California
2. Lockheed Martin, Seahawk Flight Simulator for the U.S. Navy, Mayport Naval Air Station, Jacksonville, Florida
3. NASA, George C. Marshall Space Flight Center, Propulsion Research Laboratory, Huntsville, Alabama
4. Arnold Engineering Development Center (AEDC), Sea Level Test Facility, Arnold AFB, Tennessee



AUTOMOTIVE & INDUSTRIAL

“The Driveability Test Facility is a monument to the strong partnership between Ford and Jacobs, who designed and built it. Jacobs is a valued partner in helping us reduce capital costs that we would otherwise spend in non-core aspects of our business. From my perspective, this is the best example of a Ford-supplier partnership that I know.”

NICK SCHEELE,
President and Chief Operating Officer
Ford Motor Company,
Allen Park, Michigan

A sluggish economy dampened capital spending in both the Automotive and Industrial markets. To help our clients stay competitive, we applied our expertise in test operations, calibration services, maintenance, and innovative project delivery, helping them focus on their core business while reducing manufacturing costs.

As Ford Motor Company celebrates their 100th anniversary, we continue our 17-year partnership, playing a progressive role in decreasing their product development cycle. At the Driveability Test Facility in Michigan, our test operations and unique asset management services provide Ford with high-level testing capabilities, while brokering excess test time to maximize facility use.

We strengthened our relationship with General Motors on their new 48,000-square-foot High Feature Test Facility in Michigan. This addition supports vehicle emissions and powertrain driveability testing to improve product quality and customer vehicle experience. Our flexible facility design allows for multi-purpose tests; provides system redundancy to prevent downtime; and includes an automated control system for more efficient, consistent testing.

Leveraging our extensive aerodynamic wind tunnel experience, we design and build facilities to help the Formula One racing community raise the bar in aerodynamic performance. For the WilliamsF1 team in England, work includes a new aerodynamic wind tunnel featuring advanced technology. WilliamsF1 will test scale models in this facility to better understand aerodynamic characteristics, identify development areas, and test changes—ultimately improving the team’s race day performance.

In the industrial sector, for Kodak we provide engineering and construction management on a varied portfolio of small projects. Our core team works closely with Kodak onsite to identify functional requirements, financial constraints, and schedule opportunities. We actively participate in Kodak’s Solid Breakthrough Ideas program, implementing recommendations to streamline operations and reduce costs. Since program inception, our generated productivity savings equal roughly 30 percent of our pro-service revenue.

Uncertainty within the automotive and industrial sectors will continue to affect capital spending during 2004. However, significant future opportunities exist in European automotive test facilities. We continue to apply our diverse design and systems integration expertise to add value for our clients in these markets.





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AUTOMOTIVE & INDUSTRIAL

1. WilliamsF1, Aerodynamic Wind Tunnel Project, Grove, Wantage, Oxfordshire, United Kingdom
2. Ford Motor Company, Driveability Test Facility, Allen Park, Michigan
3. General Motors, Electromagnetic Compatibility Testing Project, Milford, Michigan
4. SMART, a Company of the DaimlerChrysler Group, Roadster Project, Hambach, France



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INFRASTRUCTURE

“When we select a design firm or construction manager, we look for professionalism and integrity. These traits go hand in hand and Jacobs has both of them.”

LEONARD GRIGGS,
Director of Aviation
Lambert-St. Louis International Airport,
Missouri

Demand for essential improvements in infrastructure and public service quality continued to drive many opportunities in transportation, water, and utilities worldwide. Using private sector best practices, we recommend innovative project delivery methods and tools to efficiently implement our clients’ program objectives.

We performed project management and design of the innovative Removable Spillway Weir (RSW) for the U.S. Army Corps of Engineers. This unique structure improves fish survival in the Snake River without compromising power generation capacity, flood control, or waterway navigability. Responding to a demanding schedule, we delivered the RSW prototype design in less than five months. Initial analysis determined that the RSW is performing above expectations—earning us the American Council of Engineering Companies’ 2003 Engineering Excellence Award.

During our 25-year relationship with the Lambert-St. Louis International Airport, we have provided design and construction management services on various terminal expansions and security improvements, exceeding \$800 million in construction value. On the strength of our expertise, resources, and full-service capabilities, we are now managing partner in a joint venture providing program management services on a \$1.2 billion Phase I Airport Expansion Program. Our commitment to the City of St. Louis includes helping them exceed their 30 percent disadvantaged business enterprise goals on this airport program.

We provide a range of technical services on Network Rail’s West Coast Route Modernization (WCRM) Project in the U.K. By 2004, the WCRM Project will deliver 125-mile-per-hour train speeds, reduce journey times, and significantly increase passenger capacity over this important route. Combining local presence with global rail expertise, we provide master planning, technical consulting, and detailed design to help Network Rail manage and implement this complex program. In addition, we recently began design services to help Network Rail develop prioritized track and signaling schemes across the U.K.—increasing route capacity and operational flexibility.

This market should steadily grow throughout 2004 in both North America and Europe. In the meantime, we continue helping our clients stretch their capital dollars with innovative, cost-effective strategies for meeting growing infrastructure needs.





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INFRASTRUCTURE

1. Tampa Bay Water, Seawater Desalination Plant, Hillsborough County, Florida
2. Walla Walla Corps of Engineers, Movable Spillway Weir, Washington
3. The General Directorate of National Roads and Motorways, A4 Motorway, Poland
4. Lambert-St. Louis International Airport, Expansion Project, Missouri



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Photo courtesy of Syncrude Canada Ltd.

OIL & GAS

“We are quite pleased and proud of our association with Jacobs. I’m particularly pleased with their organizational muscle throughout the world and their safety focus. It’s clear to me that this focus extends from senior management to the front-line level. As I look at our association over the last 40 years, we’ve had a great working relationship that has significantly improved over the last 12-18 months as Jacobs expanded into Canada in a big way. I look forward to continuing our good work together, not only in Canada but with our current refinery project in Denver.”

MIKE ASHAR,
Executive Vice President
Suncor USA,
Denver, Colorado

Worldwide, oil & gas markets were very strong in 2003—oil prices averaged \$30 to \$35 per barrel, with both oil and natural gas products in high demand. Major oil sands projects slowed somewhat, however, as our clients shifted focus to containing costs and improving operating efficiency. Also, as requirements emerge for enhanced natural gas storage capacity, we apply innovative solutions to help our clients address this need.

For Husky Energy, we currently provide engineering and procurement services for their Celtic & Tucker projects in Canada, plus construction management for the Celtic project. These projects use in-situ steam technology to extract oil-laden bitumen deposits too deep to recover economically with surface mining techniques. Leveraging our 30-year experience in heavy oil, we helped Husky identify more than 200 cost-saving ideas for the Tucker project, resulting in a \$15 million project savings.

We continue our three-year relationship with Total, the second largest natural gas producer in The Netherlands—with various gas fields producing close to 250 billion cubic feet per year. Our work includes design and engineering, plus health, safety, and environmental consultancy for Total's offshore and onshore gas production facilities. Completing over 40 assignments, we helped Total improve facility reliability, and environmental and safety performance.

In Wyoming, we provide detailed design engineering, procurement, and field engineering assistance for ExxonMobil's Acid Gas Injection (AGI) project—which is among the world's highest-volume, highest-pressure plants of this kind. Upgrading this 17-year-old facility helps ExxonMobil enhance throughput and reliability. Our work involves plant modifications to debottleneck an existing plant, and to integrate 100 megawatts of power generation capacity and 65 million cubic feet per day of acid gas injection. We work closely with our client to make safety, reliability, and leak mitigation the highest priorities.

Oil & gas prices should remain firm in the foreseeable future, motivating producers to continue exploration and production worldwide, including resumed capital investment in Canadian oil sands programs. In Europe, we continue helping our clients meet increasing demand by expanding their operations in remote locations and improving capital efficiency.





Photo courtesy of Suncor Energy Inc.

OIL & GAS

1. Syncrude Canada Ltd., Fort McMurray, Alberta, Canada
2. ExxonMobil, LaBarge Acid Gas Injection and Cogeneration Project, Shute Creek Treating Facility, Wyoming
3. Total E & P Nederland B.V., K5PK Compression Platform, Block K5 on the Dutch Continental Shelf
4. Suncor Energy Inc., Maintenance, Fort McMurray, Alberta, Canada



BASIC RESOURCES

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“The EPC approach, utilizing the three facets of Jacobs — engineering, modular construction, and field construction — was probably the only way that we could have a plant that was operational by March 1, 2003.”

DENNIS GRIEVE,
Project Manager
PCS Phosphate,
Aurora, North Carolina

Low commodity prices and high raw materials costs contributed to another flat year in this market. We work with our clients to meet increasingly rigorous environmental regulations and help them set up operations overseas. Providing technical consulting to clients revamping acquired facilities helps them navigate industry consolidation and overcapacity challenges.

This year we completed a Phosphoric Acid Plant Expansion for PCS Phosphate in North Carolina. By integrating in-house design, modular construction, and field services, we shortened the overall project schedule by six months. Our modular approach also mitigated labor shortages and improved construction safety, earning us a client satisfaction survey score of 94.5 percent. The successful startup at plant capacity increases PCS's purified phosphoric acid production by 50 percent, helping them gain market share.

Our long-term relationship with Canadian Fertilizers Limited continues at their Medicine Hat Complex in Alberta, Canada. Our client needed plant commissioning and start-up support in 1976, and we have performed ongoing maintenance functions ever since. We are a lead advocate of Canadian Fertilizer's “Zero Today” safety program, which has resulted in a 35 percent reduction in injury since 1999 and eight years without a lost-time injury. Also, we have developed a local pool of talented trade resources, integral to meeting the plant's high-volume production demands.

After executing several plant improvement projects for Group Office Cherifien des Phosphates (OCP) in Morocco, we began engineering services on an \$85 million fertilizer plant at their Jorf Lasfar site. Once complete, this 850,000 metric-ton-per-year plant increases OCP's diammonium phosphate production capacity, improving response to market demands and reinforcing their position as a global phosphates leader. To maximize value to OCP, we are sharing design work between our offices in Lakeland, Florida, and Mumbai, India.

Experts don't anticipate any near-term market improvements. However, we continue assisting our clients as they navigate the changing international landscape. By upgrading facilities and optimizing use of limited capital dollars, we support our clients as they position for an industry upturn.





BASIC RESOURCES

1. Cargill Crop Nutrition, DAP/MAP Granulation Facility, Green Bay, Florida
2. Gujarat Narmada Valley Fertilizers Co. Ltd., Acetic Acid Expansion Project, Bharuch, India
3. IMC Canada Ltd., Belle Plaine, Saskatchewan, Canada
4. PCS Phosphate, Pure Acid Facility, Aurora, North Carolina



CHEMICALS & POLYMERS

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“We are pleased with the outcome of the polymer polyols project. With Jacobs’ help, the start-up was very fast and we were able to produce a high-quality product at specification within the first week of operation.”

RIENK KOOPMANS,
Assistant Plant Manager
Shell Nederland Chemie B.V.,
The Netherlands

This market remains flat as North American and European producers face worldwide industry restructuring in a difficult economic environment. To support our clients’ profitability and efficient use of limited capital, we help them achieve predictable costs using value engineering, low-cost design centers, and project selection criteria practices.

During the third year of our global alliance with Rohm and Haas, together we completed several key projects in the U.S., India, France, and Italy. We also provide our client with ongoing engineering, procurement, construction management, and professional services staffing worldwide. Through integrated work processes, value-enhancing practices, and teamwork, our alliance has delivered more than \$30 million in documented savings to our client in three years. Additionally, our work in Taloja, India, helped Rohm and Haas earn the prestigious Construction Users Roundtable’s 2003 Construction Industry Safety Excellence Award.

In The Netherlands, we provided engineering, procurement, and construction management for Shell Chemical’s new world-scale polymer polyols plant at Pernis. To meet Shell’s production targets, we successfully adopted an integrated commissioning and start-up execution approach focusing on system definition, pre-startup safety reviews, and documentation, resulting in full-scale production shortly after startup. The new plant quintuples Shell’s production of material used to manufacture polyurethane foams, expanding their market over a broader range of applications.

For ATOFINA—a world leader in polymers and specialty chemicals—we have provided ongoing engineering, procurement, and construction services since 1995. Applying disciplined work processes and core team continuity, we have helped ATOFINA achieve predictable results on more than \$500 million in capital assets at five facilities. Recently, we used our modular construction approach to improve schedule performance on a new C₄ feed treatment plant.

Our clients have recently seen some increased demand for polyethylene, styrene, and paraxylene. While this is encouraging, experts don’t foresee the chemicals business improving until late 2004. As our clients adapt to global industry changes, we help them maximize facility efficiency. We also identify ways to bring increased value to our clients through intentional innovation and improved capital effectiveness.





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CHEMICALS & POLYMERS

1. Kerr McGee Chemical LLC, Spin Flash Dryer Project, Hamilton, Mississippi
2. Shell Chemicals, SANNEST Project, The Netherlands
3. ATOFINA, Polystyrene Plant, Baton Rouge, Louisiana
4. Rohm and Haas, Methyl Methacrylate B4 Project, Deer Park, Texas



BUILDINGS

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“We did a national search for the best program management company we could find. My experience as School Board Chairman is that Jacobs has done everything they can to accommodate the interests of the community — and that’s important because, like every other community, we think we’re different. We talked with many of Jacobs’ customers — we talked to people who Jacobs wanted us to talk to, then we found people that Jacobs didn’t tell us about. The interesting thing was we found a consistent story, that here was a company that promised what it would deliver and then delivered what was promised.”

DON GAETZ,
Superintendent
School Board of Okaloosa County,
Fort Walton Beach, Florida

This market was steady in 2003, particularly in North America, as increasing need for quality healthcare, education, and public safety and security drove facility investments despite localized funding constraints. To meet these demands, our clients turned to us for innovative financing and project delivery, as well as strong program management skills.

For the Federal Bureau of Prisons, a long-term client, we provide construction management support services on the new \$124 million McCreary Penitentiary and Federal Prison Camp in Kentucky. Through in-depth engineering reviews and daily technical inspections, we helped lower costs, improve schedule, and minimize field changes on this 1,000-inmate, high-security facility. The Associated General Contractors awarded the McCreary project their prestigious Marvin M. Black Excellence in Partnering Award for 2003, recognizing our total team efforts.

As managing partner of a joint venture, we continue work with the Okaloosa County School District (OCSD) in Florida. Since 1995, our ongoing work on OCSD programs consistently saves our client time and money. We recently commenced total program management services on Phase 3 of their Capital Improvement Programs, valued at more than \$170 million over eight years. Working as a true partner, we delivered Phase 1 a year early and nearly \$5 million under budget, despite adding 73 classrooms beyond the original plan. Subsequently, Phase 2 realized savings of nearly \$2 million.

For the French Ministry of Foreign Affairs, we provided engineering, procurement, and construction management on the new 27,000-square-meter French Embassy in Berlin, Germany. Under public scrutiny, our client was under significant pressure to smoothly deliver this facility. To mitigate water table threats, we posed a waterproof framing solution to safeguard the site and structures. Our ecologic design optimized energy consumption, including a thermal insulation system far more efficient than French public sector norms.

North American public and private sector buildings markets should strengthen, particularly in health and research facilities, although European sectors may remain slow. Our experience and broad range of services allow our clients to optimize capital efficiency while still meeting their customers’ unique needs.





BUILDINGS

1. Okaloosa County School District, Fort Walton Beach, Florida
2. French Embassy, Berlin, Germany
3. Nevers Hospital, France
4. E. Barrett Prettyman U.S. Courthouse, Washington, D.C.

FINANCIAL PERSPECTIVE

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“Despite global commodity deflation, a domestic recession, and a slowdown in spending among major energy end-markets, Jacobs has outperformed the engineering and professional services industry as a whole in terms of sales, earnings, and shareholder returns for the past decade.”

MICHAEL S. DUDAS, CFA, *Bear Stearns & Co. Inc.* — November 4, 2002

“In an industry notorious for less than stellar management, Jacobs’ management record is outstanding. Their earnings record throughout most of the last 10 years has exhibited a consistency uncommon in the industry. While a number of other major E&C companies were self destructing, Jacobs’ focus on a low-risk business model clearly paid off.”

RICHARD F. ROSSI, *Morgan Joseph & Co. Inc.* — February 4, 2003

“Jacobs has an enviable consistent 15 percent long-term EPS growth history in a highly fragmented marketplace. Company strengths include a powerful relationship-based model, unrivaled market diversity, full cycle E&C services, notable cost discipline, a consistent ability to generate positive cash flow, and a history of successful acquisition integration.”

THOMAS P. FORD, *Lehman Brothers* — April 2, 2003

“We believe Jacobs is one of the best-managed engineering and construction companies and is deserving of a premium multiple to its peers. Jacobs is diversified in the end markets it serves, the services it provides, and its geographic presence. This diversification is crucial in maintaining consistent growth through various economic and industry cycles, as stronger sectors and geographies offset weaker markets.”

ALEX J. RYGIEL, *Friedman, Billings, Ramsey & Co., Inc.* — June 26, 2003

“We continue to view Jacobs as among the best-managed and positioned E&C companies. Jacobs was able to maintain its impressive long-term earnings growth record through margin expansion.”

JOHN B. ROGERS, CFA, *D.A. Davidson & Co.* — July 18, 2003

FORWARD-LOOKING STATEMENTS AND OTHER SAFE HARBOR APPLICATIONS

Statements included in this 2003 Summary Annual Report that are not based on historical facts are “forward-looking statements”, as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on management’s current estimates, expectations, and projections about the issues discussed, the industries in which the Company’s clients operate, and the services the Company provides. By their nature, such forward-looking statements involve risks and uncertainties. The Company has tried, wherever possible, to identify such statements by using words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and words and terms of similar substance in connection with any discussion of future operating or financial performance. The Company cautions the reader that a variety of factors could cause business conditions and results to differ materially from what is contained in its forward-looking statements including the following: increase in competition by U.S. and international competitors; changes in global business, economic, political, and social conditions; availability of qualified engineers, architects, designers, and other home-office staff needed to execute contracts; availability of qualified craft personnel in the geographic areas where the Company’s construction and maintenance sites are located; the timing of new awards and the funding of such awards; cancellations of, or changes in the scope to, existing contracts; the ability of the Company to meet performance or schedule guarantees; cost overruns on fixed-price, guaranteed maximum price, or unit priced contracts; the outcome of pending and future litigation and any government audits, investigations, or proceedings; the cyclical nature of the individual markets in which the Company’s clients operate; and delays or defaults by clients in making payments due under contracts. The preceding list is not all-inclusive, and the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers of this 2003 Summary Annual Report should also read the Company’s most recent Annual Report on Form 10-K (including the Management’s Discussion and Analysis of Financial Condition and Results of Operations contained therein) for a further description of the Company’s business, legal proceedings, and other information that describes factors that could cause actual results to differ from such forward-looking statements.

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING

PAGE 35

The consolidated summary financial statements and other financial information included in this summary annual report were derived from the Company's audited, consolidated financial statements. The Company's 2003 audited, consolidated financial statements together with the notes thereto are included in the Company's 2003 Annual Report on Form 10-K. Management is responsible for the preparation of the Company's consolidated financial statements as well as the financial information appearing in this summary annual report.

The Company's consolidated financial statements have been audited by Ernst & Young LLP, independent auditors. The independent auditors report on the Company's 2003 consolidated financial statements is also included in the Company's 2003 Annual Report on Form 10-K.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Shareholders

Jacobs Engineering Group Inc.

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of Jacobs Engineering Group Inc. and subsidiaries as of September 30, 2003 and 2002, and the related consolidated statements of earnings, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2003 (not presented separately herein) and in our report dated October 29, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Los Angeles, California

October 29, 2003

Ernst & Young LLP

SELECTED FINANCIAL DATA

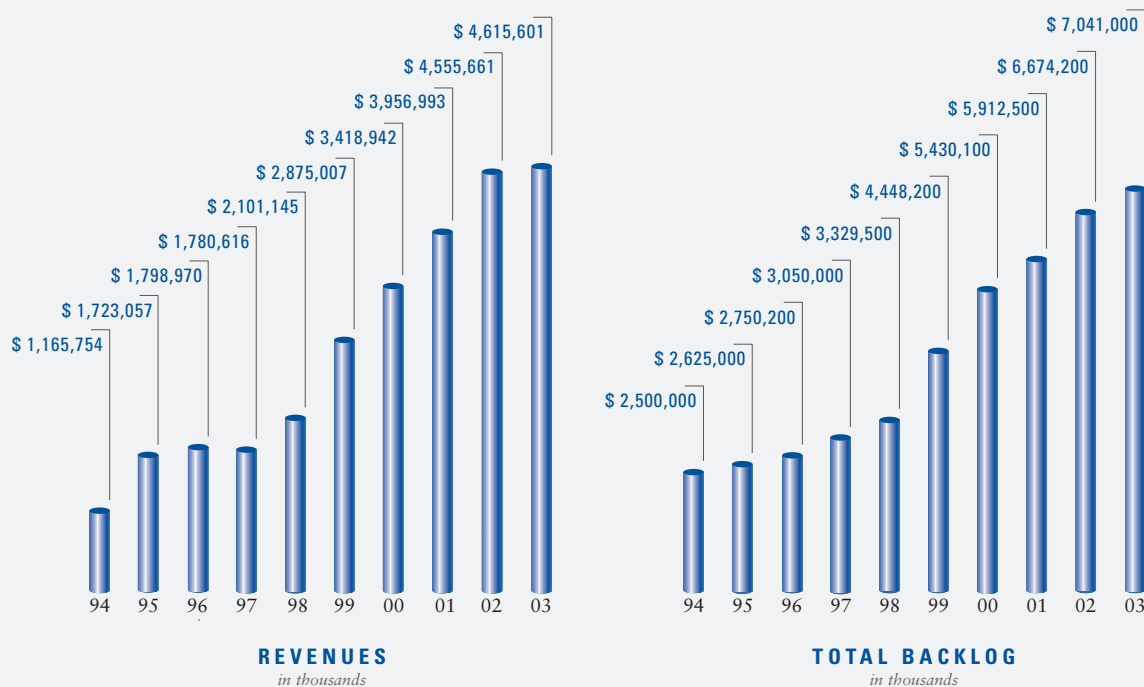
For Fiscal Years Ended September 30 (In thousands, except per share information)

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	2003	2002	2001	2000
Results of Operations:				
Revenues	\$ 4,615,601	\$ 4,555,661	\$ 3,956,993	\$ 3,418,942
Net earnings	128,010	109,690	87,760	50,981
Financial Position:				
Current ratio	1.59 to 1	1.32 to 1	1.35 to 1	1.24 to 1
Working capital	\$ 358,683	\$ 234,486	\$ 245,500	\$ 167,160
Current assets	970,097	974,903	946,159	851,023
Total assets	1,670,510	1,673,984	1,557,040	1,384,376
Long-term debt	17,806	85,732	164,308	146,820
Stockholders' equity	842,083	689,613	591,801	495,543
Return on average equity	16.71 %	17.12 %	16.14 %	10.80 %
Backlog:				
Technical professional services	\$ 3,383,200	\$ 3,045,600	\$ 2,490,100	\$ 2,217,200
Total	7,041,000	6,674,200	5,912,500	5,430,100
Per share Information:				
Basic EPS	\$ 2.32	\$ 2.03	\$ 1.65	\$ 0.97
Diluted EPS	2.27	1.98	1.61	0.96
Stockholders' equity	14.93	12.45	10.86	9.36
Average Number of Common Stock and Common Stock Equivalents Outstanding (Diluted)	56,392	55,396	54,496	52,947

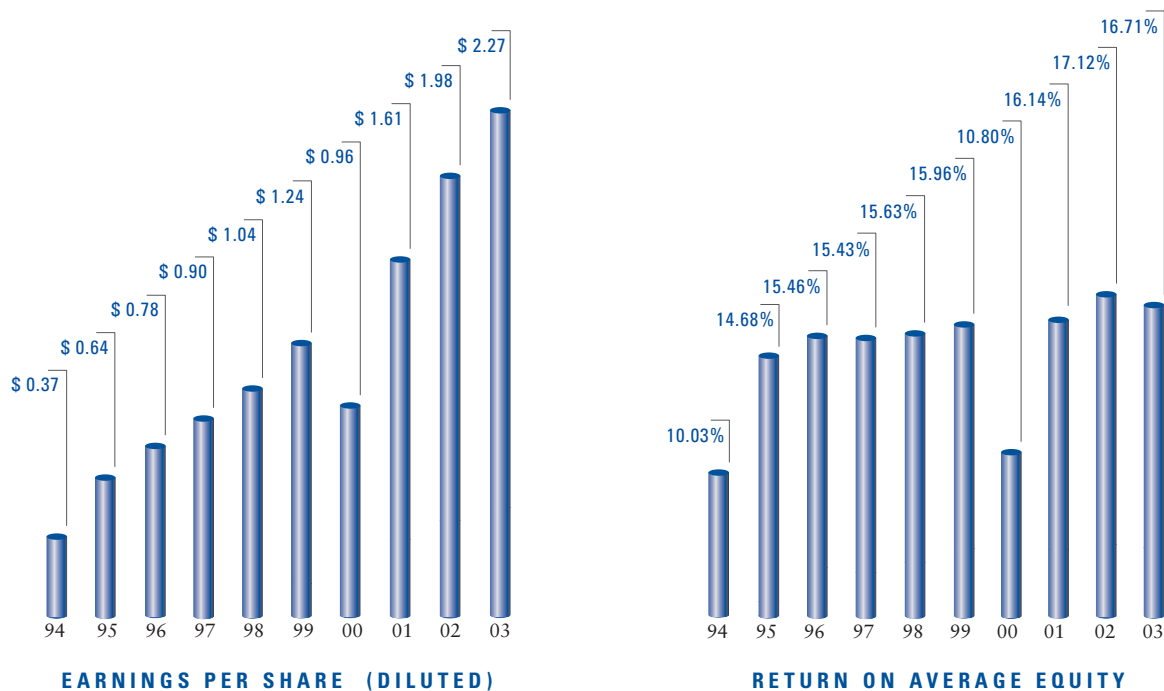
Net earnings for fiscal 2000 included an after-tax charge of \$23.7 million, or \$0.45 per diluted share, relating to the settlement of certain litigation.

Per share information for all fiscal years prior to fiscal 2002 has been restated to reflect a two-for-one stock split effected in the form of a 100% stock dividend that was distributed to shareholders on April 1, 2002.



1999	1998	1997	1996	1995	1994
\$ 2,875,007 65,445	\$ 2,101,145 54,385	\$ 1,780,616 46,895	\$ 1,798,970 40,360	\$ 1,723,057 32,242	\$ 1,165,754 18,767
1.25 to 1	1.54 to 1	1.56 to 1	1.68 to 1	1.44 to 1	1.41 to 1
\$ 144,638	\$ 197,659	\$ 178,203	\$ 155,569	\$ 113,339	\$ 106,058
729,620	566,007	497,361	383,644	368,614	367,485
1,220,186	807,489	737,643	572,505	533,947	504,364
135,371	26,221	54,095	36,300	17,799	25,000
448,717	371,405	324,308	283,387	238,761	200,433
15.96 %	15.63 %	15.43 %	15.46 %	14.68 %	10.03 %
\$ 1,628,100	\$ 1,004,500	\$ 912,057	\$ 845,300	\$ 828,400	\$ 793,060
4,448,200	3,329,500	3,050,000	2,750,200	2,625,000	2,500,000
\$ 1.27	\$ 1.06	\$ 0.91	\$ 0.79	\$ 0.64	\$ 0.38
1.24	1.04	0.90	0.78	0.64	0.37
8.47	7.12	6.24	5.47	4.70	3.98
52,956	52,192	51,978	51,842	50,768	50,346

Net earnings for fiscal 1994 included special charges totaling \$10.2 million, or \$0.20 per diluted share.



CONSOLIDATED BALANCE SHEETS

September 30, 2003 and 2002 (in thousands, except share information)

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	2003	2002
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 126,155	\$ 48,469
Receivables	778,056	845,360
Deferred income taxes	57,395	66,609
Prepaid expenses and other	8,491	14,465
Total current assets	970,097	974,903
Property, Equipment and Improvements, Net	142,103	149,905
Other Noncurrent Assets:		
Goodwill	395,808	390,953
Other	162,502	158,223
Total other noncurrent assets	558,310	549,176
	\$ 1,670,510	\$ 1,673,984
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 467	\$ 5,962
Accounts payable	196,218	229,579
Accrued liabilities	299,687	322,618
Billings in excess of costs	98,309	155,114
Income taxes payable	16,733	27,144
Total current liabilities	611,414	740,417
Long-term Debt	17,806	85,732
Other Deferred Liabilities	193,910	152,340
Minority Interests	5,297	5,882
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 - 100,000,000 shares; issued and outstanding - 55,836,135 and 54,765,374 shares, respectively	55,836	54,765
Additional paid-in capital	143,973	110,778
Retained earnings	692,943	568,957
Accumulated other comprehensive loss	(48,318)	(42,582)
	844,434	691,918
Unearned compensation	(2,351)	(2,305)
Total stockholders' equity	842,083	689,613
	\$ 1,670,510	\$ 1,673,984

CONSOLIDATED STATEMENTS OF EARNINGS

For the Years Ended September 30, 2003, 2002, and 2001 (in thousands, except per share information)

PAGE 39

	2003	2002	2001
Revenues	\$ 4,615,601	\$ 4,555,661	\$ 3,956,993
Costs and Expenses:			
Direct costs of contracts	(3,989,714)	(3,971,984)	(3,452,320)
Selling, general and administrative expenses	(428,772)	(411,307)	(360,821)
Operating Profit	197,115	172,370	143,852
Other (Expense) Income:			
Interest income	1,356	2,359	3,718
Interest expense	(3,252)	(7,496)	(11,705)
Miscellaneous income, net	1,720	1,521	2,341
Total other expense, net	(176)	(3,616)	(5,646)
Earnings Before Taxes	196,939	168,754	138,206
Income Tax Expense	(68,929)	(59,064)	(50,446)
Net Earnings	\$ 128,010	\$ 109,690	\$ 87,760
Net Earnings Per Share:			
Basic	\$ 2.32	\$ 2.03	\$ 1.65
Dilute	\$ 2.27	\$ 1.98	\$ 1.61

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2003, 2002, and 2001 (in thousands)

	2003	2002	2001
Cash Flows from Operating Activities:			
Net earnings	\$ 128,010	\$ 109,690	\$ 87,760
Depreciation and amortization of property, equipment and improvements	35,350	35,087	31,388
Amortization of goodwill	-	-	7,552
Other, net (primarily changes in the working capital accounts)	(15,816)	15,986	(111,592)
Net cash provided by operating activities	147,544	160,763	15,108
Cash Flows from Investing Activities:			
Acquisitions of businesses, net of cash acquired	-	(43,529)	(28,605)
Additions to property and equipment, net of disposals	(22,497)	(31,806)	(26,945)
Other, net	4,841	(17,196)	(8,078)
Net cash used for investing activities	(17,656)	(92,531)	(63,628)
Cash Flows from Financing Activities:			
Net proceeds from (repayments of) long-term borrowings	3,532	(117,899)	16,887
Net (repayments of) proceeds from short-term borrowings	(80,483)	24,288	235
Proceeds from issuance of common stock	27,849	21,672	18,198
Purchases of common stock for treasury	-	(2,003)	(9,523)
Other, net	(5,861)	9,239	6,354
Net cash (used for) provided by financing activities	(54,963)	(64,703)	32,151
Effect of Exchange Rate Changes	2,761	(4,323)	(216)
Increase (Decrease) in Cash and Cash Equivalents	77,686	(794)	(16,585)
Cash and Cash Equivalents at Beginning of Period	48,469	49,263	65,848
Cash and Cash Equivalents at End of Period	\$ 126,155	\$ 48,469	\$ 49,263
Other Cash Flow Information:			
Interest paid	\$ 4,191	\$ 6,156	\$ 11,070
Income taxes paid	58,044	41,138	29,595

PRINCIPAL OFFICE LOCATIONS & SHAREHOLDER INFORMATION

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PRINCIPAL OFFICES

Abu Dhabi, UAE 971.26.744.641	Cypress, CA 714.503.3400	London, England 44.207.087.8700	Phoenix, AZ 480.763.8600
Anchorage, AK 907.563.3322	Dallas, TX 214.424.7500	Madrid, Spain 34.91.353.51.00	Portland, OR 503.624.3000
Antwerp, Belgium 32.3.540.9411	Denver, CO 303.462.7000	Manchester, England 44.161.741.7800	Reading, England 44.118.963.5000
Arlington, VA 571.218.1000	Detroit, MI 248.603.6000	Milan, Italy 390.22.509.81	St. Louis, MO 314.335.4000
Baton Rouge, LA 225.769.7700	Dublin, Ireland 353.1.269.5666	Mt. Laurel, NJ 856.780.9500	San Juan, Puerto Rico 787.293.2400
Boston, MA 617.742.8060	Glasgow, Scotland 44.169.880.4100	Mumbai, India 91.22.2824.4873	Seattle, WA 425.452.8000
Calgary, Canada 403.258.6411	Green Bay, WI 920.336.7786	New York, NY 212.268.1500	Singapore, Singapore 65.6890.1960
Canberra, Australia 61.2.6230.6972	Greenville, SC 864.676.6000	Oak Ridge, TN 865.220.4800	Stenungsund, Sweden 46.303.86900
Charleston, SC 843.824.1100	Houston, TX 832.351.6000	Orlando, FL 407.903.5001	Tampa, FL 813.977.3434
Cincinnati, OH 513.595.7500	Indianapolis, IN 317.423.4300	Paris, France 33.1.45.70.50.00	Tullahoma, TN 931.455.6400
Cologne, Germany 49.221.33733.0	Lakeland, FL 863.665.1511	Pasadena, CA 626.578.3500	Warsaw, Poland 48.22.625.41.15
Cork, Ireland 353.21.451.5777	Leiden, The Netherlands 31.71.582.7111	Philadelphia, PA 610.238.1000	

AFFILIATED COMPANY

Uhde Jacobs Mexico SA de C.V.
Mexico City, Mexico
52.55.5284.0200

SHAREHOLDER INFORMATION

Registrar and Transfer Agent

Wells Fargo Shareowner Services, South St. Paul, Minnesota

Shareholder Services

Correspondence about share ownership, transfer requirements, changes of address, lost stock certificates, and account status may be directed to:

Wells Fargo Shareowner Services
161 North Concord Exchange Street
South St. Paul, Minnesota 55075-1139
800.468.9716
Web site: <http://www.wellsfargo.com/shareownerservices>

Independent Auditors

Ernst & Young, LLP, Los Angeles, California

Stockholder Contact

A copy of Jacobs' Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, will be furnished without charge to any stockholder upon written request to:

John W. Prosser, Jr., Senior Vice President,
Finance and Administration and Treasurer

Jacobs Engineering Group Inc.
P.O. Box 7084
Pasadena, California 91109-7084
626.578.3500

PICTURED

COVER (clockwise from left)

1. U.S. Air Force, Air Armament Center, Combat Support Systems, B-2 Transportable Shelter System, Eglin AFB, Florida
2. E. Barrett Prettyman U.S. Courthouse, Washington, D.C.
3. Tampa Bay Water, Seawater Desalination Plant, Hillsborough County, Florida
4. Eli Lilly and Company, Fermentation Project, Carolina, Puerto Rico
5. Flint Hills Resources, Low Sulfur Gas Program, Corpus Christi, Texas

INSIDE COVER (clockwise from left)

1. French Embassy, Berlin, Germany
2. Agrium, Inc., Nitrogen and Phosphate Operation, Redwater, Alberta, Canada
3. Kellogg Snacks Plant, Charlotte, North Carolina

INSIDE BACK COVER (clockwise from left)

1. Total E & P Nederland B.V., K5PK Compression Platform, Block K5 on the Dutch Continental Shelf
2. Ford Motor Company, Driveability Test Facility, Allen Park, Michigan
3. U.S. DOE, Management & Integration Cleanup Contract, Oak Ridge, Tennessee

BACK COVER (clockwise from left)

1. A Major Producer of Lightweight-Coated Paper, South Carolina
2. ExxonMobil Chemical, SCP MTBE Wash Column, Singapore
3. Lawrence Livermore National Laboratory, National Ignition Facility, Livermore, California
4. Coors Brewing Company, Bottle Line #3 Box Shop, Golden, Colorado



“Jacobs has successfully balanced the design, construction, and optimization of MMR remediation systems, meeting all FFA schedules while minimizing impacts on surrounding communities, ecosystems, and other competing natural resources. Jacobs rose to the challenge at MMR and has worked side by side with AFCEE in restoring credibility with stakeholders and developing a successful strategic plan for meeting the significant remedial goals.”

JON DAVIS, Program Manager — U.S. AFCEE, Massachusetts Military Reservation

JACOBS

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