

"Jacobs is the best in the business for the...needs we have here. They are always thinking outside the box and the reason for the project's success is the Jacobs people on the team."

Carey Bare, Program Manager
Los Alamos National Laboratory
Los Alamos, New Mexico

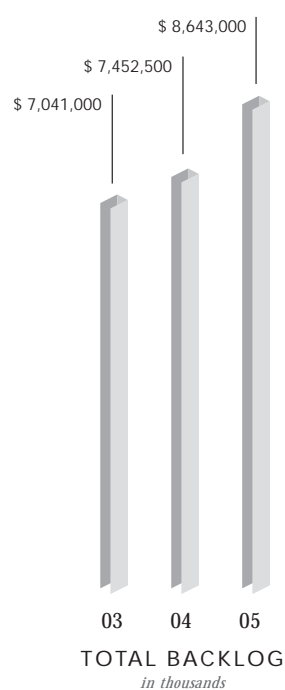
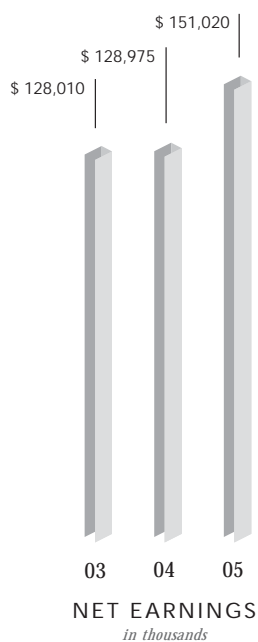




SELECTED FINANCIAL HIGHLIGHTS

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

	2005	2004	2003
Revenues	\$ 5,635,001	\$ 4,594,235	\$ 4,615,601
Net earnings	151,020	128,975	128,010
Per share information:			
Basic EPS	\$ 2.65	\$ 2.30	\$ 2.32
Diluted EPS	2.57	2.25	2.27
Net book value	19.44	17.50	14.93
Closing year-end stock price	67.40	38.29	45.10
Total assets	\$ 2,353,721	\$ 2,071,044	\$ 1,670,510
Stockholders' equity	1,140,642	1,005,027	842,083
Return on average equity	14.08 %	13.97 %	16.71 %
Stockholders of record	1,076	1,016	961
Backlog:			
Technical professional services	\$ 4,329,000	\$ 3,989,000	\$ 3,383,200
Total	8,643,000	7,452,500	7,041,000
Permanent staff	27,200	24,400	21,100





SHAREHOLDERS MESSAGE

To Our Shareholders

2005 was our best year ever. We increased our earnings by 17 percent over last year to a record \$151 million; our earnings per share by 14 percent to \$2.57 per share; and our revenues by 23 percent to \$5.6 billion, all new records. Our balance sheet remains strong, with our only debt associated with merger activity and year-end working capital at \$552.3 million.

Texas City Incident

Our strong financial performance was marred by a refinery explosion on March 23 in Texas City. Eleven of our people died while working in an area adjacent to a unit where the explosion occurred. The blast also killed four others and injured hundreds more. This terrible tragedy—our worst nightmare—shook the whole industry and caused tremendous personal pain and suffering. The entire Jacobs family responded with support and contributions. This catastrophe strengthens our resolve to ensure that things like this never happen again.

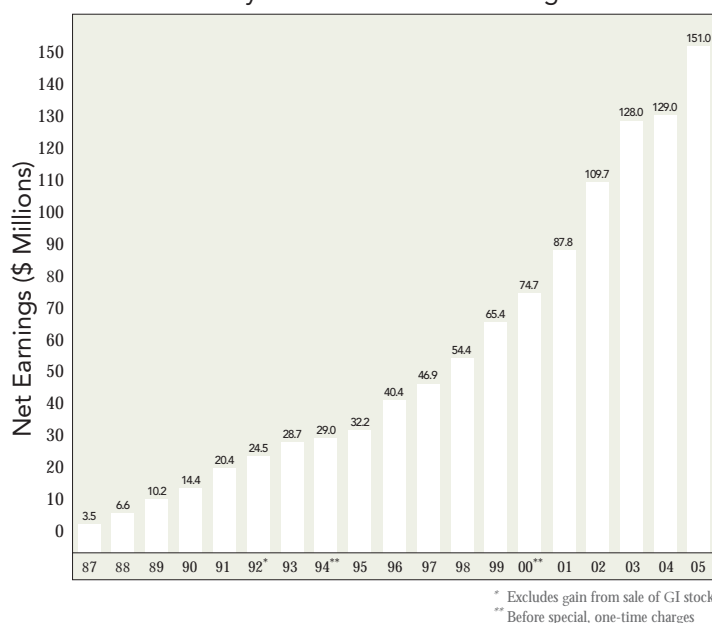
Strategic Growth

2005 was another year of significant growth as we focused on integrating our Babbie acquisition in the United Kingdom and continued to diversify and grow in our major markets. The magnitude of several Government and Oil & Gas wins elevates our stature in those markets and promises to drive our business in the coming years. Our success in 2005 reinforces our longstanding commitment to grow the business by 15 percent per year at the bottom line.

Currently, some of the strongest markets we have seen in decades are fueling our growth. Strong economies in North America, Asia, and Western Europe, along with the

drive to provide more and cheaper energy on a global basis, are creating a formidable prospect list for us across nearly all our lines of business.

Our History of Consistent Net Earnings Growth



We commit to our shareholders an average growth of 15% annually

Performance

In this prospect-rich environment, we look to our relationship-based business model to help determine which opportunities to pursue. We have grown dramatically over the past couple of decades by focusing on core clients and long-term relationships—and our loyalty to them continues going forward. Eighty percent of our business today comes from clients who appreciate the value we deliver because, like us, they are growing their businesses.

We must continue to deliver superior value if we want to continue to be a supplier of choice for an increasing number of core clients. To this end, we challenge our people to continually improve and innovate in all aspects of project

execution—and they deliver. In 2005 we raised our client satisfaction survey scores to 88 percent, up 8 points since 2000. More importantly, however, we delivered almost \$600 million of documented savings to our clients on their projects. These savings can be significant, so much so that on some projects the savings we create for the client exceeds the cost of the professional services we provide. Putting our clients' interest first is always our methodology for "delighting" them; look for it to stay that way.

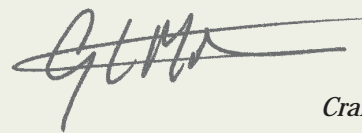
People

The kind of growth we see and the value clients expect present many challenges, particularly with regard to the professional/technical talent that drives our industry. Looking forward, the volume of business coming our way means that talented people will be in short supply, particularly in North America and Europe. To prosper in this environment, we must retain and grow the talented people we have and reach out for new people across a wide range of geographies. We also need to continually train our people, as we're doing in record numbers in our Jacobs College courses and throughout our operations.

One of our great strengths is our multidomestic geographic strategy. We operate in the local marketplace in countries across the globe at the same time we leverage this network to serve our global clients. This gives us tremendous access to people resources throughout our geographies, allowing us to support offices that have more work than they can handle by moving the work electronically to places with available talent. Our multidomestic approach also positions us to serve our clients locally while providing access to our global network for scarce technical skills that may reside at different locations. We've been working like this for years and the knowledge we've gained from this endeavor, along with

our ability to recruit people across the globe, allows us to prosper in an environment where others without our breadth and depth cannot.

We continue to look for new and better ways to deliver value to our clients and growth to our shareholders. We want to thank all of our clients, shareholders, and employees for your enthusiastic and loyal support. We look forward to sharing an exciting future as we grow together.



Craig L. Martin
President



Noel G. Watson
Chairman and CEO



BOARD OF DIRECTORS



(left to right)

NOEL G. WATSON
Chairman of the Board and Chief Executive Officer

CRAIG L. MARTIN
President



(left to right)

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Director (Retired, Former Commander of Naval Facilities Engineering Command)



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WALTER C. BARBER
Group Vice President, Middle East

THOMAS R. HAMMOND
Executive Vice President, Operations

JOHN W. PROSSER
Executive Vice President, Finance & Administration



(left to right)

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Group Vice President, Global Field Services

MICHAEL J. HIGGINS
Group Vice President, Federal Operations

ALLYN B. TAYLOR
Group Vice President, Civil



(left to right)

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Senior Vice President, General Counsel and Secretary

WARREN M. DEAN
Group Vice President, Facilities

GEORGE A. KUNBERGER
Group Vice President, Northern Region



(left to right)

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Senior Vice President, Global Sales

ROGERS F. STARR
President, Sverdrup Technology, Inc.

ANDREW F. KREMER
Group Vice President, Mainland Europe

JAMES W. THIESING
Group Vice President, Executive Project Manager

PHILIP J. STASSI
Group Vice President, U.K. & Ireland



(left to right)

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Group Vice President, Western Region

PETER M. EVANS
Group Vice President, Southern Region

NAZIM G. THAWERBHOY
Senior Vice President & Controller

JOHN McLACHLAN
Senior Vice President, Strategy and Acquisitions



(left to right)

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Senior Vice President, Quality and Safety

PATRICIA H. SUMMERS
Senior Vice President, Human Resources

WILLIAM G. MITCHELL
Group Vice President, Jacobs Babbie



DELIVERING SUPERIOR VALUE THROUGH OUR MULTIDOMESTIC APPROACH

We behave differently from most in this business: we focus our geographic growth on client needs, and undertake our work from offices near client operations. Rather than adopt an approach where any project anywhere is fair game, we embrace a multidomestic model that is client centered, one that focuses on building long-term relationships and delivering superior value. This value is derived from applying a deep knowledge of our clients that is purposely developed over time.

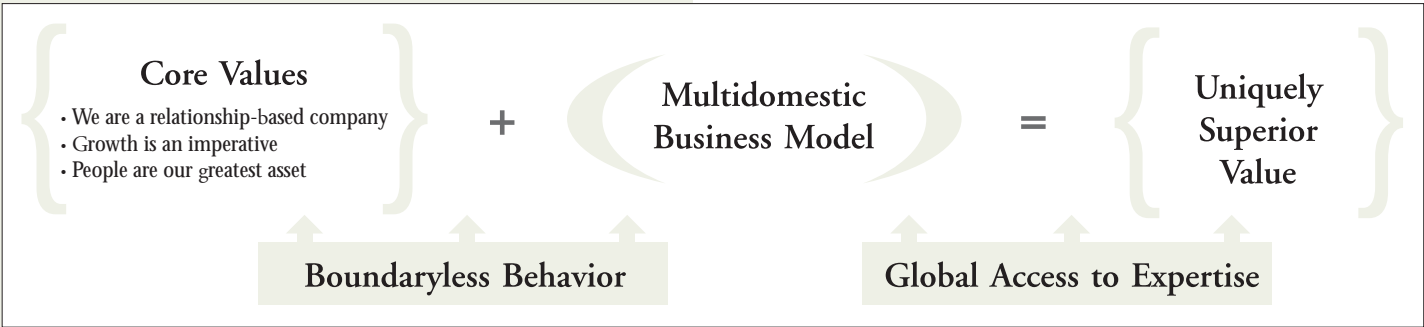
Today we work in over 20 countries, with all offices, irrespective of location, sharing a common set of values and a unified vision. Each office serves a specific geography, applying relevant skills to their clients' unique business needs. Being multidomestic translates into local responsiveness, empowered local management, and customized services applicable to local conditions. It ensures cultural relevancy to every project we undertake around the globe, and aligns seamlessly with our relationship-based business model.

Our multidomestic model is driven by our three core values to create a unique business approach that delivers value to all our stakeholders.

Delivering Value to Our Clients

As with everything we do, our approach must consistently deliver uniquely superior value to our clients, for it is this value that builds customer loyalty. Irrespective of location, we bring each client a local face to deliver the specific resources needed for project success. We build intimacy and trust at the local level, and ensure that each office is able to reach back into the rest of the company for the expertise and support they need. The breadth and depth of our talent ensures we have solutions; our reach back enables us to deliver those solutions when and where our clients need them.

This approach can only work in a boundaryless organization. Breaking organizational barriers allows ideas,



Our multidomestic approach has its roots in the United States, where today we serve our clients from more than 40 offices. We introduced this model internationally when we opened our first office outside the U.S. in Ireland more than 30 years ago. Today, every office around the world provides a window into the rest of the company, serving our client base locally while leveraging other offices in our worldwide network.

people, and best practices to flow to the specific needs of each client. Boundaryless internal behaviors boost motivation and morale, fostering an atmosphere of cooperation and collegiality among globally dispersed offices.

The benefits flow to our clients several ways. Proven, disciplined work processes deliver predictably good results, reducing project risk and building trust in our capability to deliver on our promises. Worldwide expertise and best practices

are applied with a local perspective, be it for permitting, application of regulatory standards, or adherence to labor practices.

Our multidomestic model enables us to provide clients with access to talent pools outside their immediate project locales. For over 10 years, our high-value engineering centers in India have formed an integral part of our network, operating not only in their local marketplace, but supporting our worldwide operations. Identical systems and procedures ensure total integration with our global work processes. This highly-skilled resource base provides clients with opportunities for schedule and cost benefits through access to a large labor pool that is unique in our industry. Similarly, we are able to deliver our world-scale modular design and assembly skills in a seamless manner to clients around the world.

Delivering Value Through Our People

Our multidomestic model allows us access to a world of talent, and in turn provides people in every region with opportunities for personal growth. Our people belong to one company, both in name and behavior, providing an environment to work with others on exciting projects in varied locations, and often the chance to experience living and working in new and different environments.

As we grow around the globe, respect for cultural diversity is an imperative that actually works to strengthen relationships, both internally and with our clients. To foster such respect, ensure unity of purpose, and perpetuate our corporate culture, we tenaciously commit to and teach our core values which encompass these behaviors.

And as our people apply these values, clients see the same principles and practices driving our behaviors, regardless of location. They have access to nearly 40,000 electronically networked people, who share a common commitment to applying our unique business approach.

Adding Shareholder Value Through Geographic Growth

The importance of implementing a well conceived international strategy in a rapidly globalizing world is well recognized. But the continuing importance of geographically derived distinctions such as culture, custom, or local work practices has often been overlooked.

By carefully and consistently applying our multidomestic model, which assesses the scale at which we can manage risk and deliver quality and profitability, our geographic growth has served client needs while at the same time creating value for our shareholders. Specifically, it has allowed us to remain cognizant of the geographically derived distinctions referred to above that are prerequisites for successful international expansion. And this expansion has also served to complement the diversity of services we offer and markets we serve, providing both stability and growth of earnings in the face of fluctuations in individual market components.

And Looking Forward...

Our commitment to provide services and build trust at a local level serves the needs of our clients, our people, and our shareholders in parallel. Being multidomestic is who we are and how we do business, and is one of the many ways we provide value to our clients around the globe. It is a model that adapts marvelously to the demands of an evolving competitive environment, and one that has demonstrably worked to the benefit of all our stakeholders.



MARKET PROFILE

From concept to completion and on to operation and maintenance, we provide clients with the full range of services: planning, market studies, configuration studies, energy optimization, environmental permitting, architecture, process and detailed engineering design, technology evaluation and selection, scientific development, information technology, procurement, design/build, program/construction management, commissioning, turnaround planning, and asset management.



REFINING [page 10]

- Crude/vacuum units
- Conversion - FCCU, hydroprocessing, coking
- Clean fuels - gasoline and diesel
- Reforming/aromatics
- Treating/sulfur removal
- Wastewater treatment



INFRASTRUCTURE [page 12]

- Roadways, bridges, and Intelligent Transportation Systems
- Railroads and transit
- Water/wastewater conveyance and treatment
- Underground structures and tunnels
- Locks, dams, ports, and marine
- Aviation



PHARMACEUTICALS & BIOTECHNOLOGY [page 14]

- Sterile products manufacturing
- Bulk pharmaceutical
- Pharmaceutical finishing
- Biotechnology
- Fine chemicals
- Research & development laboratories and pilot plants



CHEMICALS & BASIC RESOURCES [page 22]

- Wide range of organic chemicals
- Olefins
- Polyolefins
- Specialty polymers
- Phosphates and potash
- Inorganic chemicals



TECHNOLOGY [page 24]

- High-energy physics installations
- Nanoscience research and production facilities
- Semiconductor facility basebuild programming, tool installation, and sustaining engineering



CONSUMER PRODUCTS [page 26]

- Food processing, packaging, and material handling
- Malting, brewing, fermenting, and blending processes
- Bottle, can, and keg packaging
- Personal care product facilities



BUILDINGS [page 16]

- Government: administrative, security, and defense installations
- Health/Research: replacement hospitals and advanced research
- Education: K-12 and higher education
- Justice: courts, prisons, and jails
- Corporate buildings and industrial installations



FOREST PRODUCTS [page 18]

- Mill optimization
- Pulp mill and stock preparation upgrades
- New paper machines and rebuilds
- Converting and packaging
- Energy/utility maintenance and shutdowns



AUTOMOTIVE & INDUSTRIAL [page 20]

- Building, equipment, and systems layout and integration
- Automotive test facilities: powertrain test cells, emissions chambers, climatic wind tunnels, and aero/acoustic wind tunnels
- Test facilities operations, maintenance, and metrology
- Modeling and simulation



ENVIRONMENTAL PROGRAMS [page 28]

- Accelerated environmental cleanup
- Infrastructure sustainment, restoration, and modernization
- Nuclear facilities decontamination and decommissioning
- Chemical and explosive ordnance demilitarization



OIL & GAS [page 30]

- Gas compression/transmission/treatment/handling
- Sulfur recovery
- Water treatment, disposal, and waterflooding
- Offshore platforms and topsides
- Oil and gas production, separation, and gathering facilities
- Heavy oil production, onshore and offshore, and oil sands extraction



AEROSPACE & DEFENSE [page 32]

- Technical, engineering, and scientific mission support
- Information technology and enterprise information support
- Advanced aerospace research/development/test & evaluation facilities and laboratories



“Whether on site in Leiden or Paris, the Jacobs team totally committed itself during all phases of the project. More specifically, the actions to pre-qualify, launch, and monitor the participating contractors played a significant role in this success.”

Philippe-N Cauville, Project Engineer
Shell
Petit Couronne, France

The refining industry continues to thrive on high demand and high prices. Capacity constraint, particularly in North America and Europe, is one of the most challenging market factors our clients face. Most new investment focuses on capacity expansions and reconfigurations to process heavy/sour crude oils. Environmental drivers continue to create opportunities for us to apply our solid process expertise, and new regulations such as lower benzene in gasoline will maintain this demand. The Energy Policy Act of 2005 introduced new projects that have clients looking for our expertise in emerging energy areas such as petroleum coke gasification.

We are working with Chevron at their refinery in Salt Lake City, Utah, to meet an aggressive schedule for achieving compliance with clean fuels mandates. Our approach includes an experienced task force; leveraging our high-value engineering center in Mumbai, India; and 3-D modeling for interface detection. We are on-track for completion in June 2006, having earned client survey scores reaching 93 percent for work completed to date.

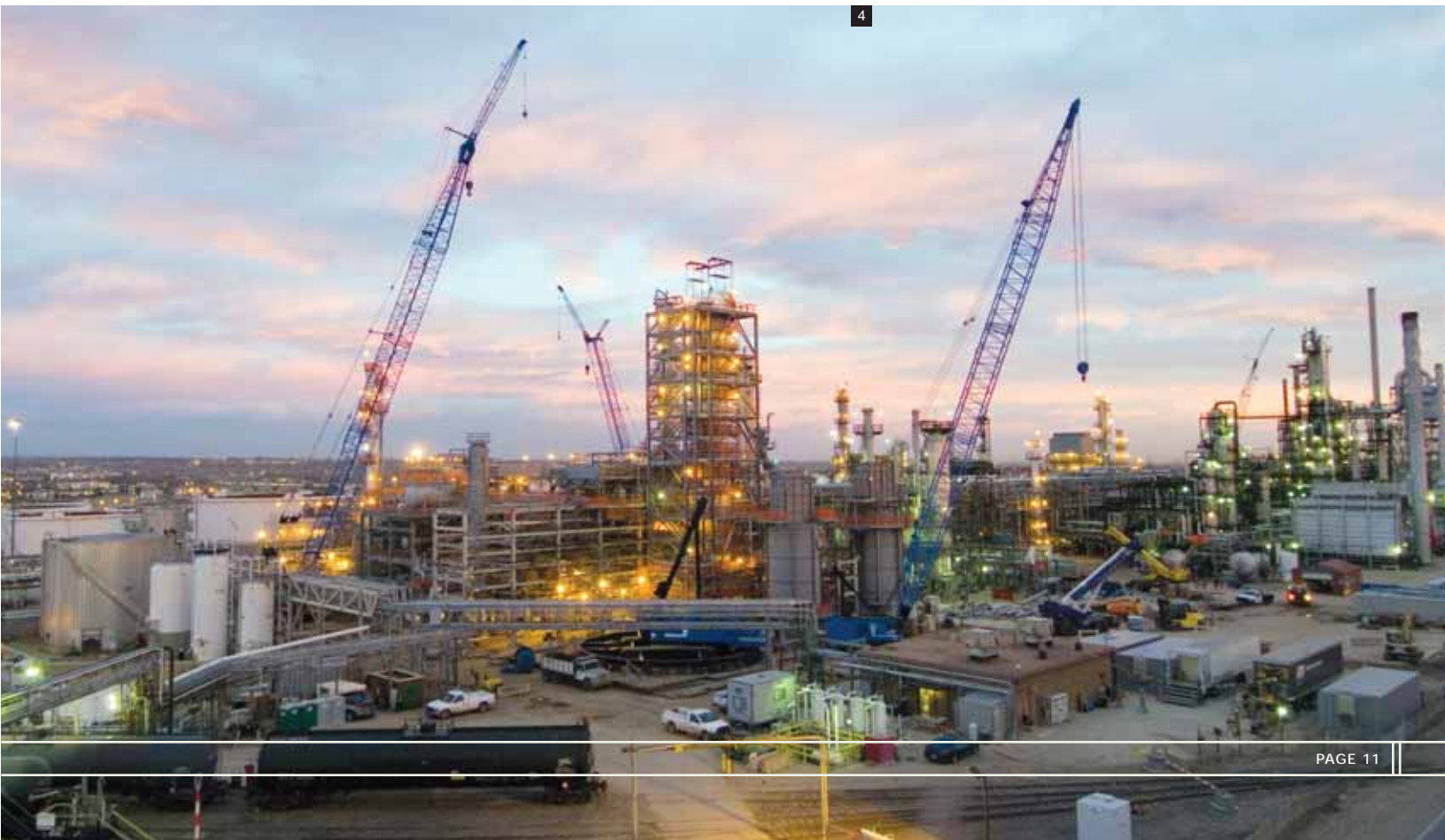
At Innovene's refining and petrochemicals complex in Grangemouth, Scotland, we were challenged to help maintain operating performance, meet financial profitability targets, and drive toward higher productivity. Working in an alliance focused on continuous improvement, our integrated team successfully delivered around \$100 million of project work annually. Overall, we performed 4 million workhours with no lost-time injuries.

Our proven processes also delivered value for Indian Oil Corporation's (IOC) \$330 million refinery expansion in Mathura, India. From front-end design to plant handover for trial runs, our project management expertise resulted in less than one percent rework. Our zero-incident safety program helped create lasting change in IOC's safety culture and our value engineering program helped save about \$6 million.

The market for our services and process expertise remains buoyant through 2006 and beyond. Our clients continue to drive the productivity of existing capital assets. They look to our acumen in refinery configuration consulting and project implementation from the large resource base we have in North America, Europe, and Asia.

(from left to right)

- 1 For 13 years, we've been providing maintenance and project services at Irving Oil's refinery in Saint John, New Brunswick. The company became the first Canadian company to win Hart Publications' "Refiner of the Year" honors, recognizing achievements in clean fuel production, facility and employee investment, and environmental performance.
- 2 Under our EPCM alliance with Nerefco, a BP/Chevron joint venture, we have a permanent task force on site executing capital projects in The Netherlands. Working so closely with our client allowed us to successfully build and install a new FCCU reactor within a tightly scheduled maintenance turnaround window.
- 3 For seven years, our alliance group at ExxonMobil's five-site complex in Baton Rouge, Louisiana, has provided on-site engineering and design services for projects of all sizes. By watching out for each other, our team of more than 185 people achieved over 2 million safe workhours.
- 4 Using key resources from nine of our international offices, we're upgrading Suncor's Denver refinery to meet clean fuel regulations and process oil sands crude. One of the many challenges on this nearly \$400 million schedule-driven project was to relocate existing facilities to make room for a new hydrotreater and hydrogen facilities.





"Jacobs provided high-quality professional service and a proactive, innovative approach to the development of an operating contract for this nationally significant project, which I believe provides incentives for a good level of service from our tunnel operator."

Hugh Creegan, Head of Program Management
National Roads Authority
Dublin, Ireland

Over \$300 billion in new U.S. multi-year funding for critical highway, transit, and water-related infrastructure reflects renewed public demand for reliable, economic mobility; improved health & safety; and continued high environmental quality of life. However, this public support came with an important reality for our clients—a strong sentiment for “faster, better, cheaper” public capital facilities. The same demand is evident in our expanding U.K. infrastructure market. Our innovative approaches to streamlined environmental review processes, effective stakeholder outreach, and expedited delivery of design and construction services help our clients deliver on the expectations of their demanding constituencies.

The \$130 million, 3-mile Sanibel Causeway Bridge project in Florida replaces three structurally deteriorated bridges and the roadways linking them along causeway islands, and reconstructs toll facilities. We are managing the project’s construction and commissioning phases and coordinating the work of two specialty contractors on this three-year program. By identifying construction efficiencies through comprehensive design reviews and successful contract negotiations, we were able to pass along \$3.7 million in additional savings to the client.

With an estimated construction cost of \$215 million, the 3.1-mile Blue Line Extension to Largo is Washington Metropolitan Area Transit Authority’s (WMATA’s) first major design-build project for a line extension. Similar WMATA line extensions in the District of Columbia area have taken up to 10 years to complete using traditional delivery methods; the schedule for the Largo project was less than three years. As project designer for a joint venture constructor team, we were responsible for all civil, structural, facilities, and systems design.

As we look ahead to 2006, we see increasing demand for our services in both the U.S. and the U.K. for highway, rail, and water/wastewater infrastructure expansion and rehabilitation. By introducing technological advances, improving program/project management tools, and forging creative partnerships with contractors and financial institutions, we are positioned both technically and geographically to help our clients deliver tomorrow’s infrastructure faster, better, and cheaper.

(from left to right)

- 1 For the Nottinghamshire County Council in England, we managed the \$58 million Mansfield-Ashfield Regeneration Route project from outline design to completion. Working in partnership with the contractor, our innovative solutions to site problems helped open the route six months ahead of schedule.
- 2 As part of our long-term relationship with the U.K. government's Environment Agency, we designed the \$14.5 million Littlestone-to-St. Mary's Bay Sea Defenses to protect the vulnerable coastline of the Romney Marsh in Kent. Our design contributed to savings of 12 percent.
- 3 In Nevada, we provide management oversight of the \$170 million Reno Transportation Rail Access Corridor (ReTRAC) design-build project. Working as part of an integrated team with the City of Reno and the contractor, we are helping realize the 18-month schedule savings that the design-build delivery method provides.
- 4 We designed two bridges as part of the \$189.7 million Route 364 expansion project for the Missouri Department of Transportation. The Veterans Memorial Bridge, spanning the Missouri River, addressed evolving seismic codes and provided increased capacity and ductility, while minimizing the need and/or costs for future retrofits.





"A common theme to the project's success was bending both Wyeth's and Jacobs' traditional business system rules. Oftentimes, when we really needed something to happen on this fast job, traditional ways of doing things had to be circumvented to get things done. Jacobs is a flexible organization with the ability to adapt their systems as various projects/client needs required and this select group of key Jacobs folks advanced the job based upon their sheer will and determination."

Patrick Watters, Project Manager
Wyeth
Andover, Massachusetts

This was a challenging year for Pharma-Bio owners due to product liability issues, patent expirations, fewer blockbuster drugs, and increased pressure on drug pricing. Our clients responded by sharply reducing capital spending, focusing on capital effectiveness, and shortening project schedules. One exception was in the area of vaccine manufacture, where resources are flowing both in the U.S. and Europe in response to vaccine shortages last year. As the need for vaccines accelerates, efforts are expanding into biological synthesis techniques along with the traditional egg-based sources.

We provided services to Eli Lilly and Company on major projects globally. Lilly continues as a leading proponent of reducing time to market through modular construction. Cumulatively, using modular technology cut 33 months from various project schedules while minimizing on-site construction labor requirements. We received the Lilly 2005 Global Supplier Award. The award is granted annually to a select group of worldwide vendors and recognizes the value those suppliers create for Lilly and their customers.

Bringing our experience in biotechnology facility design to Chiron, we are executing five major projects in different countries. Our first project, the Glyco-Conjugate facility, is a bulk vaccine production plant in Rosia (Siena, Italy), completed early this year and is in full operation. We worked closely with Chiron's Siena project team, from conceptual design to the integrated commissioning and validation. We are nearing completion of a fill and finish facility on the same site.

Looking ahead, aging populations in the Western nations and economic growth in China and India continue to drive the industry. We have a unique ability to support global Pharma-Bio clients with international technology transfer and movement to favorable locales such as Ireland, Puerto Rico, and Singapore. We continue to bring cost discipline and proven execution processes to biotechnology facility development. Clients benefit from our experience in more mature process industries as well as our high-value engineering capability in India, and our modular construction resources.

(from left to right)

- 1 (a & b) Our design and construction of modules for Eli Lilly and Company delivered the project six months ahead of traditional delivery methods. Combining standardized design and modular construction shortens a second, duplicate facility's overall schedule by nine months.
- 2 The Glyco-Conjugate facility in Siena, Italy, strengthens Chiron's leading position in the meningitis vaccine market. On a tight schedule, we designed the plant to meet the strict rules of U.S. FDA and European EMEA Good Manufacturing Practices.
- 3 Wyeth and Genentech are engaged in a manufacturing agreement to produce Herceptin, a breast cancer treatment product, at Wyeth's facility in Andover, Massachusetts. Working closely with them, we successfully completed a fast-track biotech project to design and construct a \$17 million facility retrofit in just seven months. Functioning as an integrated team, we completed the EPC portion of the project on schedule and 12 percent under budget.





"Even with the tough schedule, you met every milestone. The Jacobs team did an excellent job educating us on the Army National Guard standards and user group interfaces. In fact, this is the best effort I have ever seen in my 24-year career."

LTC Dwight Mickelson
Michigan Army National Guard
Grand Ledge, Michigan

Robust demand across both the North American and European buildings markets continues as demographics and aging facilities drive the healthcare, research, and education segments. As buildings come under increased scrutiny based on their lifecycle impact on the environment, sustainable design concepts become an increasingly important feature of our services.

We continue our leadership in the French healthcare sector with the \$306 million renovation and expansion of La Timone hospital for l'Assistance Publique des Hôpitaux de Marseille in Marseille, France. Teamed with the architect AART Farah, we provide engineering, procurement, and construction management services for the new technical-medical building, including the emergency department and the radiology, surgical, and intensive care units. With the addition of these new facilities, the entire hospital complex covers an area of more than 3 million square feet.

Our strong performance on a prior school bond program led to our selection by the Pasadena (Texas) Independent School District to provide construction management and program administration services on a new multi-year \$300 million bond program. The program requires construction of five middle schools, five elementary schools, and two intermediate schools; and renovation of various facilities at 40 other schools in the district. We saved the district \$2 million in the first eight months using our value engineering and constructability reviews, along with lessons learned on the previous program.

In addition to the continuing strength of the healthcare, research, and education segments, we see the U.S. military construction market accelerating in 2006 and beyond. Our ability to deliver predictable outcomes for the technical facilities we develop and manage meets a critical demand in the U.S. and Europe. Globally, our proven practices for containing costs and compressing schedules help our clients overcome inflationary pressure due to increasing demand for building supplies and labor.

(from left to right)

- 1 With significant parts of Asio's office tower in Rome occupied during renovation, we worked closely with general coordinator First Atlantic RE to develop construction phasing plans that minimized disruption to operations while addressing site access, logistics, safety, and material flow.
- 2 Our design of the \$70 million Exeter Crown and County Courts project in the U.K. received a Society of Chief Architects of Local Authorities Civic Building of the Year Award for 2005. The building holds nine courts and incorporates IT, facility management, and energy conservation features, yielding high levels of sustainability and flexibility in operation.
- 3 The Los Angeles Regional Crime Laboratory—the first of its type in the U.S.— jointly houses city, county, and state forensic science facilities in a five-story, 209,080-square-foot steel structure on the campus of California State University, Los Angeles.
- 4 We provided project management services for the seven-story, 781,700-square-foot Ambulatory Clinical Building at the University of Texas M. D. Anderson Cancer Center in Houston. This fast-track design-build project won several awards, including the Design-Build Institute of America Excellence Award.





"We appreciate Jacobs' continuing support as we make these strategic changes. We have been working together for over 10 years, and these changes provide continued access to high-quality and value-added services that help us meet our strategic growth objectives."

William Abba, Vice President
Baby and Child Care Product
& Technology Development
Kimberly-Clark
Neenah, Wisconsin

The pulp & paper industry is beginning to recover after years of consolidation and rationalization. Capacity is now in line with demand and the focus has turned to productivity improvements to improve yields and increase margin.

U.S.-based companies are turning toward higher margin products in the North American markets and capacity expansions internationally. As the cost of raw materials and energy increase, major producers gravitate to areas of cheap and plentiful raw materials. Capacity increases also focus on geographies with large consumer bases such as Russia and China.

In a strategic decision to improve its competitive position, Kimberly-Clark outsourced specific engineering design and project activities to us. This helped eliminate redundancies and allowed focus of their resources on growth opportunities, while increasing their access to quality outside resources.

We continue to provide high-end strategic analyses for our clients, assisting in rationalization plans for existing assets. As an example, our expertise in process solutions and execution modeling, married to strong financial analysis and decision-making modeling, assisted a large tissue client in developing a 10-year strategic plan for 11 pulp & paper mill sites in North America.

Energy is a major driver of capital spending plans. To address this issue, we are performing comprehensive energy projects for a number of our clients. These projects range from energy optimization studies to major boiler replacements and modifications. We have several significant major paper machine rebuild projects currently in the design phase as clients seek to increase the productivity of existing assets. We also are assisting several clients in the implementation of innovative technologies to produce the higher margin products.

Prospects for the forest products industry in the coming year are improving due to increased capital spending plans to meet competitive pressures and adjustments in the global market. While owners may build some capacity in North America to replace older, less efficient assets, we expect major capacity expansions overseas where there is large, emerging consumer demand.

(from left to right)

- 1 Energy costs comprise a large portion of our pulp & paper clients' operational cost structure. We specialize in developing creative zero-capital solutions that provide immediate savings. Our expertise in optimizing energy usage consistently provides significant reductions to our clients' annual energy budgets.
- 2 Our papermaking process expertise includes tissue and towel, coated and uncoated fine papers, newsprint, and linerboard. We have over 100 pulp & paper process engineers serving the industry with an average of 25 years experience. Our expertise consistently delivers effective solutions that provide our clients with a competitive advantage.
- 3 The cyclical nature of the pulp & paper industry challenges our clients to maintain flexible, qualified staffs to execute varying workloads in a cost-effective way. We have successfully partnered with many industry leaders, allowing them to baseline their staffs, improve operational efficiency, and reduce overhead costs.





“The Ford-Jacobs partnership is truly outstanding. The expertise and knowledge Jacobs brings to the technical testing arena, and the focus they have on their core business, helps us to develop the cutting-edge and super high-quality vehicles that will soon be in showrooms and dealerships around the world. Thank you, Jacobs.”

Richard Parry-Jones, Group Vice President
and Chief Technical Officer
Ford Motor Company
Dearborn, Michigan

Automakers face increasing pressure on several fronts, including growth in competition from China and India; a shrinking base of financially-stable suppliers; requirements to boost fleet-average fuel economy while simultaneously reducing emissions; uncertain pricing of basic commodities such as steel and specialty plastics; and variable consumer demands. By focusing on core businesses and implementing partnership arrangements with key suppliers, automakers seek to contain their product development and manufacturing costs. With our proven capabilities in test facility design/operations, construction, and brokering services, we continue to supply vital services the industry expects.

To enhance the aerodynamic development and design of their Formula One race cars, B-A-R Honda turned to us for design and construction of their wind tunnel facility in Northants, England. By using an adaptive wall wind tunnel, engineers obtain reference data that are free of wall interference effects. This new facility enables B-A-R Honda to test scale models and full-scale vehicles at speeds up to 80 meters per second (178 miles per hour) with realistic simulation of an open track.

The BMW Group recently selected our engineering and design services for their Aerodynamisches Versuchszentrum, a prospective aerodynamic research and development center in Munich, Germany. The center will provide the BMW Group with an enhanced capability to develop next-generation vehicles.

As the industry enters a period of increased volatility with the international leveling of production capabilities, we are well positioned to play a high-tech role in the global automotive marketplace. We continue to offer a suite of services that help automakers around the world optimize key aspects of their product development process.

(from left to right)

- 1 We provided turnkey design and construction of an adaptive wall wind tunnel in England for B-A-R Honda. In comparison to traditional wind tunnel designs, this capability provides nearly 50 percent savings in capital and operational expenses and improves aerodynamic simulation accuracy.
- 2 We were the program and construction manager for the BMW Information Technology Research Center at Clemson University's International Center for Automotive Research in South Carolina. The 84,000 square-foot facility is a collaborative, integrated information technology center focusing on vehicle diagnostics, new vehicle service concepts, and simulation methods in automotive engineering.
- 3 Since commencing operations in October 2005, Visteon's new climatic wind tunnel completed the range of product development and verification capabilities of its Climate Product Group on site at the Innovation Center in Kerpen, Germany. Design and construction of the facility was accomplished in close partnership with Visteon.





“Congratulations to the entire Jacobs construction team for their outstanding effort on the Sulfox Project in the area of construction safety. With the excellent safety systems in place and the cooperation and support of the entire construction team, this project is setting a high benchmark in the area of safety for future Arkema projects.”

Leon Connor, Regional Manufacturing Manager
Arkema Inc.
Beaumont, Texas

The chemicals and basic resources industries rode a wave of high demand and improving prices in 2005 that should continue. Companies are investing globally, with spending in the Middle East, North Africa, and Asia focused on large grassroots projects, while investment in Europe and North America includes modestly sized new projects and expansions. We see capacity increases encompassing all project sizes.

Since its inception in late 2000, our alliance with Rohm and Haas delivered more than \$75 million in savings by applying disciplined work processes. The alliance relationship, which moves lessons learned and best practices throughout their worldwide locations, has expanded to include procurement services. This ability to leverage procurement and other global resources is a major contributor to the relationship's success. Our alliance met Rohm and Haas' goals on their coatings and adhesives project in Taloja, India, including cost, schedule, and safety. Executing more than 3.6 million site workhours, this project received numerous safety and quality awards, including the Construction Users Round Table award for best international project in the safety category.

Our long-term relationship with PCS Phosphate also features safety, schedule, and labor supply successes. This relationship progressed with the award of an additional expansion at their phosphoric acid plant in North Carolina. Combining modular construction with our design and field services capabilities for the 110-foot tall structure saves six months from the schedule and improves construction safety. When fully operational in the second quarter of 2006, the expansion increases PCS's total annual purified acid capacity to 327,000 tons.

Ahead, we see change for investment patterns in these industries. For decades, the abundant supply of cheap natural gas made North America a low-cost provider of petrochemicals. Currently, high gas prices are taking our clients—and their projects—to the Middle East and Asia, where feedstocks are now cheaper. Our geographic spread and strong polymer and process skillsets position us squarely where much of the chemical and basic resources growth will take place in the next decade.

(from left to right)

- 1 Continuing our 40-year relationship with U.S. Borax, our feasibility and commercial evaluation capability helped maximize efficiency and contain costs on a recent expansion at the company's plant in Boron, California.
- 2 At the Borealis polypropylene production facility in Schwechat, Austria, we provided engineering, procurement, and construction for the Borstar PP5 Debottlenecking Project to increase capacity. Our application of value-enhancing practices during the design identified savings of 31 percent of budgeted total installed cost by reducing scope to match capacity objectives.
- 3 For PCS Phosphate's expansion at their North Carolina site, we integrated modular construction with our design and field services to shorten the schedule by six months, mitigate local labor shortages, and improve construction safety.
- 4 Total Petrochemicals sought our help for the expansion of two polypropylene trains we originally designed in the 1990s at their facility in La Porte, Texas. We used value engineering and our high-value design center in Mumbai, India, to achieve 8 percent savings on the project, which we completed 1 week ahead of an aggressive 20-month schedule.

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"Jacobs makes us feel as if this is their only job. You have consistently come through with solutions to our problems and needs. Without your help, this program could never have grown to its current size. It is one of the best run programs at Lawrence Livermore."

Julio Díaz, Project Leader
Lawrence Livermore National Laboratory
Livermore, California

Despite competition for funding support among U.S. national priorities, investment in science research and research facilities remains strong. Important facilities that nurture key research applications such as nanotechnology are under construction. World-class facilities that examine the basic structure of matter and launch advanced scientific and industrial applications are opening their doors to the global research community.

The \$1.4 billion Spallation Neutron Source (SNS) in Oak Ridge, Tennessee, the world's leading facility for conducting neutron scattering research, is scheduled to produce neutrons in June 2006. Along with our joint venture partner, we are responsible for the engineering, design, procurement, construction, and project management for all conventional facilities. Installing technical equipment for target systems simultaneously with general construction of the building enabled us to meet the aggressive schedule. In addition to facilitating more than 4.1 million workhours with zero lost-time incidents, our outstanding labor-management relations resulted in training opportunities for craftspeople and monetary savings for our client.

As the nature, scope, and geography of U.S. Navy and Marine Corps operations evolve, global connectivity for more than 500,000 military and civilian personnel becomes critical. To increase efficiency, productivity, and support for Navy and Marine Corps missions, an 8-year, \$8 billion Navy Marine Corps Intranet acquisition program provides a single enterprise-wide information infrastructure with comprehensive services for data, video, and voice communications for all Naval Services. As an integrated team member, our support includes project management, systems engineering, acquisition, risk management, and other related services. We established specific performance metrics and tracking processes and tools that, over the life of the contract, save the Marine Corps more than four times the cost of our entire support contract.

Our presence in the science area, including growing relationships with the National Laboratories, enhances opportunities to provide additional value to important national initiatives in both facility design and construction. We offer an expanding range of services to laboratory operations and management.

(from left to right)

- 1 We continue to deliver safety and cost improvements for the University of California's \$3.5 billion National Ignition Facility at Lawrence Livermore Laboratory. Our lead role in renegotiating the mechanical contract saved \$2 million on the installation of the amp cooling and process piping.
- 2 At Argonne and Oak Ridge National Laboratories, we are supporting two of the five DOE Nanoscience research centers. At Argonne (shown here), we led a value engineering effort during design that identified \$7 million in cost savings/reductions. At Oak Ridge, we used the suppliers and vendors pre-established for the SNS program to save more than \$2 million in commodity costs and reduce construction time.
- 3 We are helping SunPower expand the manufacturing capacity at their Laguna Techno Park facility in the Philippines. Our safety culture and practices led to over 800,000 workhours injury free with a peak of over 900 craft personnel onsite.
- 4 For the SNS project, our standardization program for purchasing commodities in bulk quantities through small businesses saved more than \$15 million, improved operations and maintenance performance, and reduced the spare parts inventory.





“Our engagement of Jacobs as our construction manager for projects in 2005 resulted in a positive improvement in our construction safety results. Safety is an unconditional commitment at Owens Corning.”

Stewart Whitehead, Leader Capital Delivery ISB
Owens Corning
Granville, Ohio

Speed to market drives the capital programs of our consumer products clients. The industry continues to increase manufacturing efficiency and reduce project costs while meeting the demand for new, innovative products at lower prices. We see our clients focus capital spending on consolidating and optimizing existing production lines, thereby containing costs and facilitating product flexibility. In partnership with owners, we support these projects by leveraging our manufacturing process and project execution expertise to minimize lifecycle costs and deliver competitive advantage through speed to market.

As part of our long-term alliance with Coors, we're providing program and construction management services to add brewing capacity of more than 7 million barrels/year and packaging capacity of almost 2 million barrels/year to their beer packaging facility in Elkton, Virginia. The expansion ultimately saves Coors over \$36 million annually. Our project teams have identified and implemented ideas through value engineering, delivering savings greater than our annual service costs to Coors for the past three years.

As Kellogg's principal engineering service provider for the past seven years, we provide engineering, procurement, and construction management services across all of their business units and plant sites. Kellogg's total commitment to safety in design and construction brings together the synergies of both organizations in the design and construction of their complex manufacturing systems.

Quinn Glass selected us to provide a comprehensive design and commissioning approach to convert a former power station at Ince in Cheshire, England, into a \$440 million state-of-the-art manufacturing, filling, and distribution facility. The facility features two 600-ton furnaces, 13 production lines, 5 bottling lines, and one of the largest fully-automated warehouses in Europe, covering 560,000 square feet.

In 2006, we expect sustained growth in this market as our clients seek to enhance market share through competitive pricing and product innovation. We are well placed to support their efforts by applying our advanced partnering techniques to increase capital efficiency and effectively manage project execution.

(from left to right)

- 1 Stringently following our alliance-tailored work processes delivered value engineering savings of over \$26 million in total projects costs for Coors' expansion of their packaging facility in Elkton, Virginia.
- 2 Working closely with the in-house construction management team at Quinn Glass, our multidisciplinary designers met a tight schedule that enabled production at their Ince plant in Cheshire, England, only 18 months after installing the first foundation piles.
- 3 Our long-term alliance with Kellogg generated savings in excess of \$100 million using effective work processes, asset management, spend management, and innovation partnering as well as accurate, timely project execution.





ENVIRONMENTAL PROGRAMS



“Jacobs performed in an exceptional manner in various ways including taking the initiative in recommending actions necessary to reduce costs, optimize treatment systems, and close sites. Overall, the Jacobs project team has shown itself to be an aggressive advocate for Air Force interests and, without a doubt, will continue to provide cost-effective solutions to complex environmental problems as the Castle program evolves to maturity.”

Paul Brunner, Western Region
Senior Environmental Representative
Department of the Air Force,
Air Force Real Property Agency
California

Creation of the Nuclear Decommissioning Authority in April 2005 jump started a market with life-cycle costs that will approach \$100 billion for cleanup and decommissioning of U.K. civil nuclear sites. The U.S. market remains stable as our government clients continue to expand the range and types of work they require to be performed. We maintain our focus on delivering value and innovation for environmental restoration programs while leveraging companywide capabilities to meet broader client needs in military design and construction.

Magnox Electric Limited, a subsidiary of British Nuclear Group, selected us to apply the practices we honed in over 20 years supporting the U.S. Department of Energy (DOE) to decommission and clean up reactor sites in the U.K. Working alongside Magnox personnel, our senior project managers, site managers, and project controls personnel—drawn from both U.S. and U.K. resources—support decommissioning activities at the Bradwell, Berkeley, and Chapelcross reactor sites. Magnox is under contract to the Nuclear Decommissioning Authority for management and operation of ten reactor sites in the U.K., four of which are still in operation. The rest of the Magnox stations are at various stages of defueling or decommissioning.

The Atomic Weapons Establishment (AWE) is one of the largest high-technology research, design development, and production facilities in the U.K. Covering the whole life cycle of nuclear armaments—in a single organization—AWE handles initial concept, research and design, component manufacture and assembly, in-service support, and decommissioning and disposal. This year, we began our relationship with AWE, serving as managing agent of their three-year, £1 billion (U.S. \$1.7 billion) government investment program to sustain key skills and facilities at Aldermaston and Burghfield in Berkshire, England. Together, we’re developing tailored work process mapping and implementing value-added practices appropriately aligned to AWE’s operational needs while providing for predictable project outcomes.

Our focus in 2006 includes providing multidisciplinary services at military installations in the Pacific Rim and to the U.S. DOE facility operations and maintenance market. In addition, we continue to capitalize on our leading position in the U.K. nuclear cleanup market as it gathers momentum.

(from left to right)

- 1 We received a perfect satisfaction score from the U.S. Army Corps of Engineers, New England District for their \$300 million New Bedford Harbor restoration project in Massachusetts. Among the reasons the client cited were improved productivity and reduced unit costs, two of their primary objectives.
- 2 At DOE's Fernald, Ohio, closure site, we designed a one-of-a-kind facility for wastes containing the highest concentrated source of radium in the world. The fully operational \$400 million Silos Project is on the critical path of Fernald's closure program, which is on track for completion 6 months ahead of DOE's aggressive target.
- 3 For the Air Force Center for Environmental Excellence, we implemented corrective measures for PCB-contaminated structures at Cape Canaveral Air Force Station's Space Launch Complex 13 in Florida that included safely demolishing the 178-foot-tall Gantry Service Tower. By exercising significant skill in debris placement at the landfill, we saved approximately 50 percent of the anticipated cell area.
- 4 Over the past 7 years under our \$457 million closure contract at the Rocky Flats Environmental Technology Site in Colorado, we performed numerous treatment activities. For example, our method evaluation, selection, and treatment of 30 million gallons of Americium-contaminated water saved the client over \$25.5 million and met stringent stream segment standards.





"I can honestly state that only a small handful of these jobs had the awareness, cooperation, pre-planning, and execution equal to what Jacobs' crew showed during this activity."

James W. Eisener, Major Projects
Field Supervisor
Esso Imperial Oil
Dartmouth, Nova Scotia, Canada

The past year's record oil and gas prices helped drive dramatic increases in capital expenditure programs across our client base. Of particular significance was the continued development of the huge oil sands resource in Canada. The Middle East is in the midst of "monetizing" their gas reserves by building new petrochemical facilities to serve the rapidly expanding markets in China and India.

We earned Suncor Energy's confidence to proceed with future stages of their multi-phased in-situ oil sands operation by meeting all stage 2 schedule milestones for fieldwork in Fort McMurray, Canada. Efficient, reliable in-situ operations are a key component of Suncor's goal of increasing oil production to more than half a million barrels per day in 2012. In 2005, our Canadian operation documented over \$260 million in client-approved value engineering savings. An estimated 80 percent of these savings accrue from the early engineering phases of oil sands projects involving upgrading and in-situ extraction. We believe this achievement was instrumental in our receipt of 11 new oil sands contracts in 2005.

We continue work with the Nederlandse Aardolie Maatschappij (NAM), having completed renovation of 13 of 29 gas production clusters in the 25-year Groningen Long Term Project, in The Netherlands—one of Europe's biggest gas fields. The project is driven by the need to reduce maintenance costs and maintain production capacity with declining reservoir pressure. Innovative variable speed drive centrifugal compressors with magnetic bearings and dry gas seals significantly reduce maintenance costs and increase operating flexibility. Technical performance has consistently surpassed expectations, with over 98 percent availability.

We see the intensity and complexity of investment in major capital projects proceeding unabated. Our technical capabilities, global reach, and deep resources position us to support our clients to meet evolving challenges. Our multidomestic strategy, the utilization of our large operations in India, and our established modular capabilities mean we can respond aggressively to help clients address the emerging industry-wide shortage of design and construction resources.

(from left to right)

- 1 During construction of the UE-1 project for Syncrude in Canada, we erected 107 modules set above a live plant with zero disruptions and zero first aid incidents.
- 2 We continue providing Scottish and Southern Energy and Statoil with program and construction management services for their \$385 million underground gas storage facility and processing plant in Yorkshire, England. Slated for completion in mid-2009, work this year included drilling the first bore holes and starting the solution mining process.
- 3 Using global resources in seven offices, we provide full EPCM services to BP for Project Resolution, a fast-track project to install a new mercaptans removal process plant for the Forties Pipeline System facilities between the Cruden Bay and Hound Point Marine Terminal, Scotland. Sixty percent complete, we have performed over half a million workhours with no lost-time incidents.
- 4 As part of our ongoing maintenance activities for Suncor at its Alberta, Canada, oil sands plant, we helped implement their fire recovery project in -34 to -40 degrees C conditions. We mobilized about 1,200 people, completing the work safely and enabling the plant to return to full production in 9 months.

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"Jacobs has demonstrated exemplary leadership, management, and performance against the task orders of the TEAS IV contract. You have developed a legacy of strong performance and engineering excellence that is key to our national defense and have been significant in our success."

Dr. Steven F. Butler, SES Director, Engineering
Air Armament Center/Directorate of Engineering
Eglin AFB, Florida

With budget increases anticipated for both the U.S. Department of Defense (DoD) and NASA in 2006, we expect the robust activity to continue. We support our clients by providing systems engineering, research and development, test and evaluation, space flight hardware development, and advanced test facility operations and maintenance.

Our 40-year relationship with NASA continues at multiple sites around the U.S. Contracts with Johnson Space Center (JSC) and Marshall Space Flight Center make us NASA's primary engineering and scientific support contractor for human space flight. We are entering the second year of our 5-year, \$1.15 billion contract supporting JSC. To help meet the challenges of the President's Space Exploration Initiative, including the International Space Station, the Space Shuttle, and the Crew Exploration Vehicle programs, we provide engineering, scientific, and technical services. Our significant contributions to the Space Shuttle's safe return to flight include advanced preparations, engagement with engineering and flight issues throughout the on-orbit period, and resolution of in-flight anomalies in preparation for the next Shuttle flight.

At Aberdeen Test Center (ATC) in Maryland, we provide the U.S. Army with test and evaluation support for the next generation of highly sophisticated and complex ground mobile weapon systems. Aberdeen Test Support Services (ATSS) provided technical support to help ATC make the Driver Real-Time Monitor and Automated Test Log System the primary monitoring system for automotive testing by enhancing the speed and accuracy of data collection from test courses. ATSS also provides ongoing technical support at the Roadway Simulator facility, a vehicle-in-the-loop simulator to test the safety and performance of wheeled vehicles in a laboratory environment, minimizing risk to test drivers and vehicles during limit performance testing. The simulator will soon be capable of testing tractor trailer combinations with gross vehicle weights as high as 80,000 pounds.

Global and national security concerns, including defense systems for U.S. troops, dictate a continuing demand for high-level technical and engineering support services for our DoD client base. Similarly, the advanced and complex systems required for U.S. space exploration initiatives continue to draw heavily on the unique expertise we developed as NASA's primary services support contractor.

(from left to right)

- 1 Building our relationship with the Royal Australian Navy over the past three years, we continue supporting the ANZAC class of frigates. Working without boundaries to leverage expertise, our innovative approaches to engineering and supply chain management delivered savings of almost \$AU 20 million (U.S. \$14.6 million) through inventory reduction.
- 2 Over the past 19 years, we've supported the Air Armament Center in Florida on virtually all U.S. Air Force air-launched weapon systems. For the Small Diameter Bomb Program, we created innovative strategies instrumental in developing and documenting the aircraft interface definition in only six months.
- 3 Serving NASA's Langley Research Center in Virginia since the 1970s, we currently provide research operations, maintenance, engineering, and IT services. We have met all research test objectives while keeping total research facility operations costs approximately 25 percent under budget.
- 4 Our support contract at NASA's Johnson Space Center in Houston, Texas, included numerous contributions to the recent Discovery Shuttle launch. Working with the Digital External Tank Protection System camera vendor, we developed a system that is automatically triggered to take exceptionally clear pictures of the external tank separation process.





FINANCIAL PERSPECTIVES

“Stable earnings reflect Jacobs’ underlying core strength, derived from its continued focus on cost reimbursable projects and a relationship model that allows for better risk sharing, and a more stable execution record.”

THOMAS P. FORD, *Lehman Brothers*

July 26, 2005

“In our view, the strength and stability of the management team and the high returns on capital and cash flow justify a premium valuation for Jacobs’ shares. Jacobs has the strongest balance sheet in the E&C industry, giving it ample opportunity to grow its business through acquisitions.”

DAVID YUSCHAK, CFA, *Sanders Morris Harris*

January 26, 2005

“Jacobs’ low-cost, relationship-based business model seeks a majority of profits from select top-tier preferred relationships. Once a relationship is consummated, Jacobs incorporates three basic premises into its formula for growth. (1) Expand share of wallet by offering expanded services into various EPC areas. (2) Follow clients to different markets including overseas, where additional business opportunities may arise. (3) Offer its low-cost operating structure along to the client, saving the client money and further aiding in solidifying the relationship.”

MICHAEL S. DUDAS, CFA, *Bear Stearns*

January 25, 2005

“Jacobs is one of the premiere full service E&C firms serving a diverse group of end markets. Jacobs’ approach to the market is unique, using its relationship-based business model, in which 70-80% of all work is derived from a core group of 40-50 customers, to drive growth. All of Jacobs operating regions and divisions use common tools, policies, and procedures to manage and run their respective businesses. As such, Jacobs can utilize resources across the organization gaining efficiency and lowering costs to the client.”

JAMIE L. COOK, CFA, *Credit Suisse/First Boston*

February 17, 2005

FORWARD-LOOKING STATEMENTS AND OTHER SAFE HARBOR APPLICATIONS

Statements included in this 2005 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, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. 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 competitors in the U.S. and outside the U.S.; changes in global business, economic, political, and social conditions; the force majeure effects of major disasters globally; 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; possible effects of inflation on margins available on fixed-price contracts; effects that fluctuating exchange rates may have on the U.S. dollar results of our operations outside the U.S.; successful closing and integration of recent and future acquisitions; effect of future earnings due to implementation of FAS 123 (R); risks inherent in doing business outside the U.S., including the difficulty of enforcing contracts, political instability and foreign currency potential exchange restrictions, the short and long-term impact of terrorist activities and resulting political and military policies; the ability of the Company to raise capital in the debt and equity markets; 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 2005 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

REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM,
ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and Stockholders—Jacobs Engineering Group Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Jacobs Engineering Group Inc. and subsidiaries as of September 30, 2005 and 2004, 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, 2005. In our report dated December 2, 2005 (not presented separately herein), 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. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Jacobs Engineering Group Inc.'s internal control over financial reporting as of September 30, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 2, 2005 (not presented separately herein) expressed an unqualified opinion thereon.

Ernst & Young LLP

Los Angeles, California

December 2, 2005

REPORT BY MANAGEMENT

The management of Jacobs Engineering Group Inc. has prepared the accompanying consolidated financial statements and other financial information included in this summary annual report and is responsible for their integrity and objectivity. Management maintains a system of internal controls over financial reporting which is designed to provide reasonable assurance that, among other things, transactions are properly authorized, executed, and recorded, and that the Company's records and reports are reliable. Management's Report on Internal Control over Financial Reporting appears under Item 9A in the Company's 2005 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

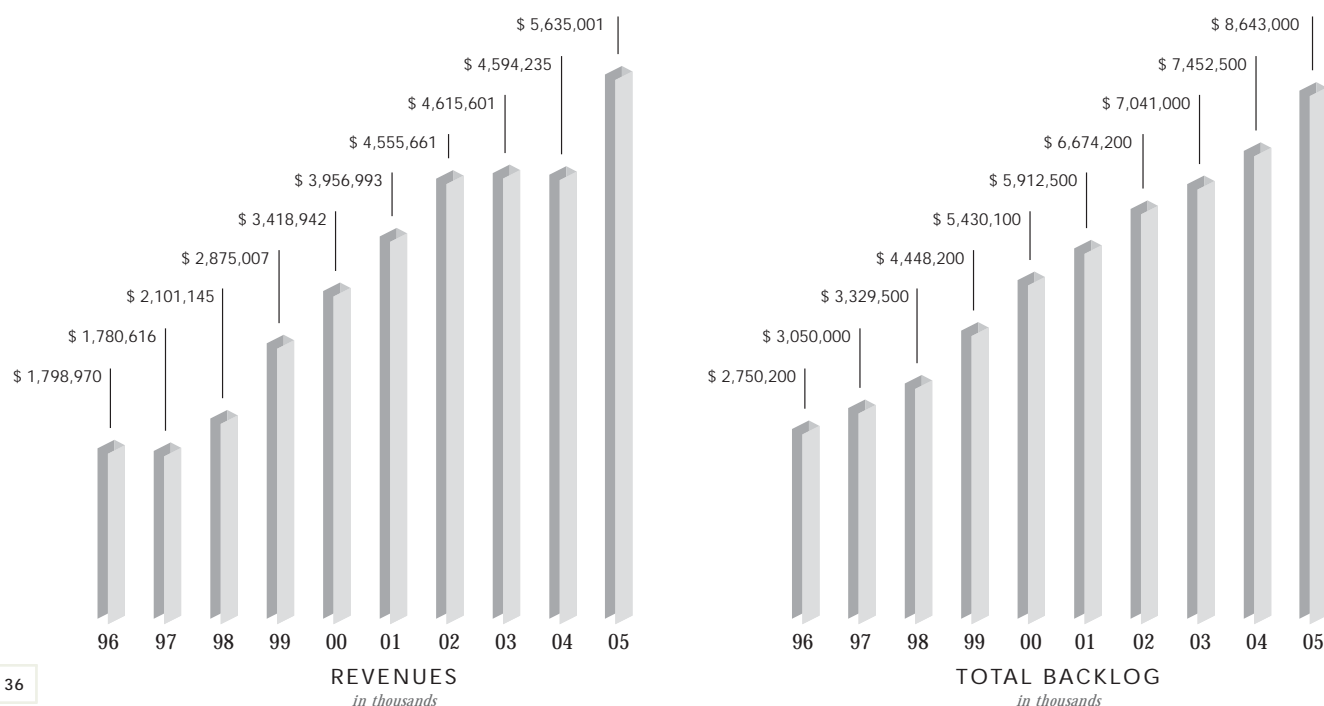


SELECTED FINANCIAL DATA

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

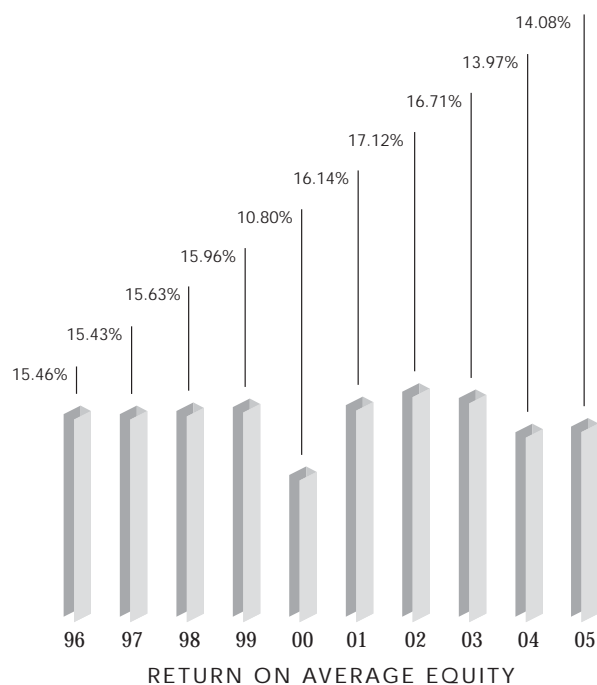
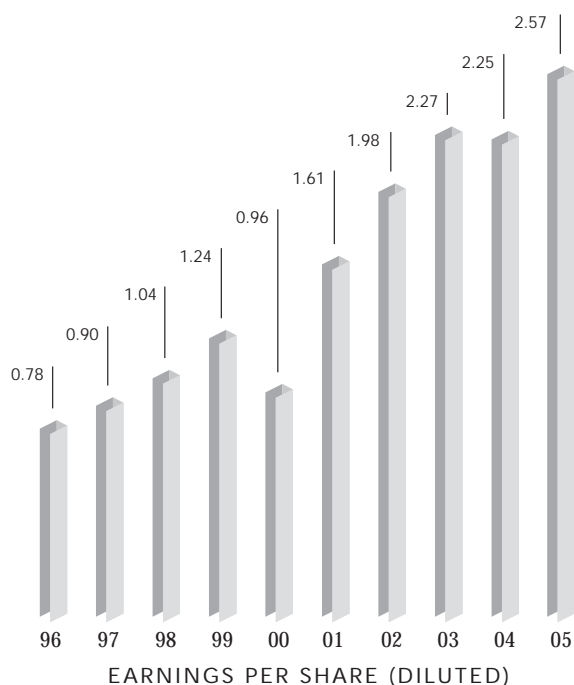
	2005	2004	2003	2002
Results of Operations:				
Revenues	\$ 5,635,001	\$ 4,594,235	\$ 4,615,601	\$ 4,555,661
Net earnings	151,020	128,975	128,010	109,690
Financial Position:				
Current ratio	1.70 to 1	1.58 to 1	1.59 to 1	1.32 to 1
Working capital	552,336	\$ 397,599	\$ 358,683	\$ 234,486
Current assets	1,337,431	1,083,513	970,097	974,903
Total assets	2,353,721	2,071,044	1,670,510	1,673,984
Long-term debt	89,632	78,758	17,806	85,732
Stockholders' equity	1,140,642	1,005,027	842,083	689,613
Return on average equity	14.08 %	13.97 %	16.71 %	17.12 %
Backlog:				
Technical professional services	\$ 4,329,000	\$ 3,989,000	\$ 3,383,200	\$ 3,045,600
Total	8,643,000	7,452,500	7,041,000	6,674,200
Per share Information:				
Basic EPS	\$ 2.65	\$ 2.30	\$ 2.32	\$ 2.03
Diluted EPS	2.57	2.25	2.27	1.98
Stockholders' equity	19.44	17.50	14.93	12.45
Average Number of Shares of Common Stock and Common Stock Equivalents Outstanding (Diluted)	58,690	57,433	56,392	55,396

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



2001	2000	1999	1998	1997	1996
\$ 3,956,993 87,760	\$ 3,418,942 50,981	\$ 2,875,007 65,445	\$ 2,101,145 54,385	\$ 1,780,616 46,895	\$ 1,798,970 40,360
1.35 to 1	1.24 to 1	1.25 to 1	1.54 to 1	1.56 to 1	1.68 to 1
\$ 245,500	\$ 167,160	\$ 144,638	\$ 197,659	\$ 178,203	\$ 155,569
946,159	851,023	729,620	566,007	497,361	383,644
1,557,040	1,384,376	1,220,186	807,489	737,643	572,505
164,308	146,820	135,371	26,221	54,095	36,300
591,801	495,543	448,717	371,405	324,308	283,387
16.14 %	10.80 %	15.96 %	15.63 %	15.43 %	15.46 %
\$ 2,490,100	\$ 2,217,200	\$ 1,628,100	\$ 1,004,500	\$ 912,057	\$ 845,300
5,912,500	5,430,100	4,448,200	3,329,500	3,050,000	2,750,200
\$ 1.65	\$ 0.97	\$ 1.27	\$ 1.06	\$ 0.91	\$ 0.79
1.61	0.96	1.24	1.04	0.90	0.78
10.86	9.36	8.47	7.12	6.24	5.47
54,496	52,947	52,956	52,192	51,978	51,842

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.





CONSOLIDATED BALANCE SHEETS

September 30, 2005 and 2004 (in thousands, except share information)

	2005	2004
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 239,849	\$ 100,075
Receivables	1,029,923	902,444
Deferred income taxes	46,147	59,159
Prepaid expenses and other	21,512	21,835
Total current assets	1,337,431	1,083,513
Property, Equipment and Improvements, Net	154,971	151,182
Other Noncurrent Assets:		
Goodwill	547,909	547,601
Miscellaneous	313,410	288,748
Total other noncurrent assets	861,319	836,349
	\$ 2,353,721	\$ 2,071,044
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 6,351	\$ 1,257
Accounts payable	257,013	195,918
Accrued liabilities	407,771	377,168
Billings in excess of costs	109,978	103,750
Income taxes payable	3,982	7,821
Total current liabilities	785,095	685,914
Long-term Debt	89,632	78,758
Other Deferred Liabilities	331,797	295,689
Minority Interests	6,555	5,656
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 - 58,129,997 shares and 56,698,514 shares, respectively	58,130	56,699
Additional paid-in capital	239,176	174,563
Retained earnings	947,519	820,468
Accumulated other comprehensive loss	(97,350)	(43,942)
	1,147,475	1,007,788
Unearned compensation	(6,833)	(2,761)
Total stockholders' equity	1,140,642	1,005,027
	\$ 2,353,721	\$ 2,071,044

CONSOLIDATED STATEMENTS OF EARNINGS

For the Years Ended September 30, 2005, 2004 and 2003 (in thousands, except per share information)

	2005	2004	2003
Revenues	\$ 5,635,001	\$ 4,594,235	\$ 4,615,601
Costs and Expenses:			
Direct costs of contracts	(4,828,697)	(3,929,560)	(3,989,714)
Selling, general and administrative expenses	(564,830)	(466,409)	(428,772)
Operating Profit	241,474	198,266	197,115
Other Income (Expense):			
Interest income	4,349	3,065	1,356
Interest expense	(6,471)	(3,565)	(3,252)
Miscellaneous income (expense), net	(3,293)	658	1,720
Total other income (expense), net	(5,415)	158	(176)
Earnings Before Taxes	236,059	198,424	196,939
Income Tax Expense	(85,039)	(69,449)	(68,929)
Net Earnings	\$ 151,020	\$ 128,975	\$ 128,010
Net Earnings Per Share:			
Basic	\$ 2.65	\$ 2.30	\$ 2.32
Diluted	\$ 2.57	\$ 2.25	\$ 2.27

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2005, 2004 and 2003 (in thousands)

	2005	2004	2003
Cash Flows from Operating Activities:			
Net earnings	\$ 151,020	\$ 128,975	\$ 128,010
Depreciation and amortization	47,535	34,917	36,207
Other, net (primarily changes in the working capital accounts)	(37,226)	(76,130)	(16,673)
Net cash provided by operating activities	161,329	87,762	147,544
Cash Flows from Investing Activities:			
Additions to property and equipment, net of disposals	(42,548)	(29,295)	(22,497)
Acquisitions of businesses, net of cash acquired	—	(163,752)	—
Other, net	(25,782)	(10,013)	4,841
Net cash used for investing activities	(68,330)	(203,060)	(17,656)
Cash Flows from Financing Activities:			
Net proceeds from long-term borrowings	11,860	58,263	3,532
Net proceeds from (repayments of) short-term borrowings	5,439	(3,121)	(80,483)
Proceeds from issuance of common stock	37,059	27,661	27,849
Other, net	(4,696)	8,549	(5,861)
Net cash provided by (used for) financing activities	49,662	91,352	(54,963)
Effect of Exchange Rate Changes	(2,887)	(2,134)	2,761
Increase (Decrease) in Cash and Cash Equivalents	139,774	(26,080)	77,686
Cash and Cash Equivalents at Beginning of Period	100,075	126,155	48,469
Cash and Cash Equivalents at End of Period	\$ 239,849	\$ 100,075	\$ 126,155
Other Cash Flow Information:			
Interest paid	\$ 5,216	\$ 2,396	\$ 4,191
Income taxes paid	\$ 71,500	\$ 76,763	\$ 58,044



SHAREHOLDER INFORMATION

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 Registered Public Accounting Firm

Ernst & Young, LLP
Los Angeles, California

Stockholder Contact

A copy of our 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.
Executive 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)
NASA, Johnson Space Center, International Space Station, Houston, Texas
Total Petrochemicals, Polypropylene Train Expansion, La Porte, Texas
BMW Manufacturing Company, Information Technology Research Center, Clemson, South Carolina

Inside Front Cover

(top to bottom)
Scottish and Southern Energy, Underground Gas Storage, Yorkshire, England
Oak Ridge National Laboratory, Spallation Neutron Source Core Vessel, Oak Ridge, Tennessee
Washington Metropolitan Area Transit Authority, Blue Line Extension to Largo, Prince George's County, Maryland

Market Profile (pages 8-9)

(top left to right)
Suncor, Refinery Upgrading, Denver, Colorado
Missouri Department of Transportation, Veterans Memorial Bridge, St. Louis and St. Charles Counties, Missouri
Wyeth, Facility Retrofit, Andover, Massachusetts
University of Texas, Ambulatory Clinical Building at M. D. Anderson Cancer Center, Houston, Texas
Confidential Client, Project, and Location
Visteon, Climatic Wind Tunnel, Kerpen, Germany

(bottom left to right)
Total Petrochemicals, Polypropylene Train Expansion, La Porte, Texas
Oak Ridge National Laboratory, Spallation Neutron Source, Oak Ridge, Tennessee
Kellogg's, Oven, Cincinnati, Ohio
U.S. Department of Energy, Rocky Flats Environmental Technology Site, Colorado
Suncor, Oil Sands Plant, Alberta, Canada
NASA, Johnson Space Center, Space Shuttle Discovery, Houston, Texas

Inside Back Cover

(top to bottom)
Innovene, Refining and Petrochemicals Complex, Grangemouth, Scotland
University of Texas, Ambulatory Clinical Building Cafeteria at M. D. Anderson Cancer Center, Houston, Texas

Back Cover

(clockwise from left)
U.S. Department of Energy, Fernald Closure Project, Cincinnati, Ohio
Coors, Filler Offload at Packaging Plant Expansion, Elkton, Virginia
U.S. Air Force, Arnold Engineering Development Center, Arnold Air Force Base, Tennessee (photo: courtesy USAF)

"The Jacobs staff has performed exceptionally well, including meeting all milestones, well within budget, and with an outstanding safety record. We cite teamwork and an ethical approach in everything the Jacobs staff performs."

Steve Varela, Project Manager
City of Reno, Nevada



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