JACOBS

2006 SUMMARY ANNUAL REPORT

"Jacobs has the depth of experience and technical skills to react to any situation. Jacobs is truly a one-stop shop."

Rod Posada, Chief, Development Services
Otay Water District
San Diego, California

MARKET PROFILE

From concept to completion and on to operation and maintenance, we provide clients with the full range of professional and technical services in 11 markets.

REFINING [page 6]

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

INFRASTRUCTURE [page 8]

- 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 10]

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

BUILDINGS [page 12]

- 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

CONSUMER & FOREST PRODUCTS [page 14]

- Food processing, packaging, and material handling
- Malting, brewing, fermenting, and blending processes
- Bottle, can, and keg packaging
- Personal care product facilities
- New paper machines and rebuilds
- Converting and packaging
- Mill optimization—energy/utility maintenance and shutdowns

AUTOMOTIVE & INDUSTRIAL [page 16]

- 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

CHEMICALS & BASIC RESOURCES [page 18]

- Organic/inorganic chemicals
- Olefins
- Polyolefins
- Specialty polymers
- Phosphates and potash

TECHNOLOGY [page 20]

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

ENVIRONMENTAL PROGRAMS [page 22]

- Accelerated environmental cleanup
- Infrastructure sustainment, restoration, and modernization
- Nuclear facilities decontamination and decommissioning
- Chemical and explosive ordnance demilitarization
- Environmental consulting, contaminated lands, and flood control

OIL & GAS [page 24]

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

AEROSPACE & DEFENSE [page 26]

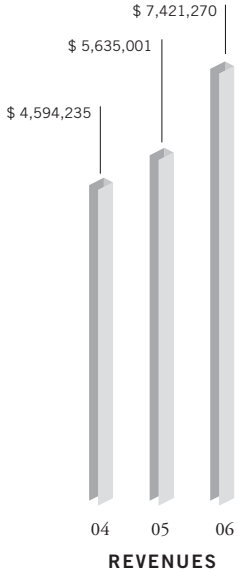
- Technical, engineering, and scientific mission support
- Information technology and enterprise information support
- Advanced aerospace research/development/test & evaluation facilities and laboratories

SELECTED FINANCIAL HIGHLIGHTS

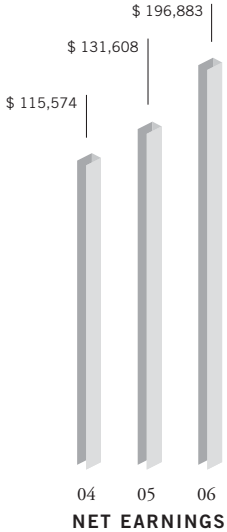
For Fiscal Years Ended September 30 (dollars in thousands, except per share information):

	2006	2005*	2004*
Revenues	$ 7,421,270	$ 5,635,001	$ 4,594,235
Net earnings	196,883	131,608	115,574
Per share information:			
Basic EPS	$ 3.38	$ 2.31	$ 2.06
Diluted EPS	3.27	2.24	2.01
Net book value	23.65	19.86	17.90
Closing year-end stock price	74.73	67.40	38.29
Total assets	$ 2,853,884	$ 2,378,859	$ 2,093,819
Stockholders' equity	1,423,214	1,165,780	1,027,802
Return on average equity	15.21 %	12.00 %	12.25 %
Stockholders of record	1,106	1,076	1,016
Backlog:			
Technical professional services	$ 5,153,400	$ 4,329,000	$ 3,989,000
Total	9,777,700	8,643,000	7,452,500
Permanent staff	31,700	27,200	24,400

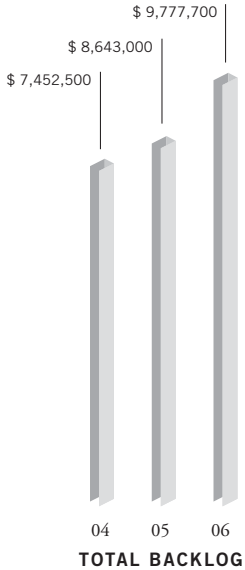
**Adjusted to include the effects of stock-based compensation in accordance with SFAS 123R using the modified retrospective application method of adoption.*



REVENUES
in thousands



NET EARNINGS
in thousands



TOTAL BACKLOG
in thousands

To Our Shareholders, Customers, and Employees

2006 was a good year. We achieved a number of significant results during the year including:

- Record revenues of $7.42 billion
- Record earnings per share of $3.27
- Record backlog of $9.8 billion
- Record net cash of $342 million
- Over a billion dollars in documented savings for our customers
- A record number of new people—over 4,500.

When you add it all up, our company performed well in 2006. We are operating in the strongest market in years and our prospects for 2007 are robust. Still, a lot of what we did this year needs reinforcement to continue driving the company to be the best choice for all our stakeholders.

Some things didn't go as well as we would like. Top of our list has to be safety. We won't be happy with our safety performance until we are incident and injury free. Many of our customers have an injury-free vision for safety. Others have not embraced safety to the same degree. Regardless, we must take a leadership role in driving safety. We are continuing to reinforce a passion for safety in our team. About passion—there is a difference between understanding the importance of safety from an intellectual perspective and being passionate about it. We want people to take safety personally, emotionally, caringly. That's what it takes to be injury and incident free.

Another area that didn't go as well as we would have liked is our quality performance. You may recall reading here about the importance of achieving quality scores over 90 percent in terms of customer retention, repeat purchase loyalty, and referrals. We got very close this year, within a few tenths of a percent, but we didn't quite get there. Part of making sure our clients have the experience they want has to do with the variability of outcomes in our industry. Our industry isn't very good at delivering its work as scheduled, as budgeted, with the requisite quality, and safely. We are working hard to be the exception. Over the past couple of years, we put in place a program called Flawless Execution. We are making sure that we have the right people, with the right training, the right tools, the right procedures and processes, and the discipline to use them to assure our customers of highly predictable outcomes. Flawless Execution is a key element in our constant drive to improve our performance and to make the relationship-based business model the model of choice for our customers.

As we look at 2007 and beyond, another area that gets a lot of attention is our people. Getting and keeping the right people are critical to successful outcomes for our clients and to the experience that our customers have in doing business with us. Some relatively simple measures tell us we are doing a pretty good job. Last year, tens of thousands of people chose to stay with Jacobs in the face of a strong market. On top of that, some 4,500 people chose us over competing offers. But this is another area where we think there are opportunities to do even better. There are three things that make us an attractive place to work and an attractive company to join:

- Meaningful and interesting work
- Opportunities to learn and grow
- A good boss.

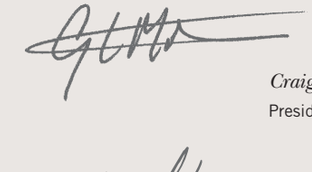
On the first point, meaningful and interesting work, we have that—and lots of it. A glance through the market pages in this report gives a perspective on the significance of our work. We provide projects and programs that allow our employees to make a real difference in our world. We have work in space exploration, high-energy physics, human health, the environment, education, energy—the list goes on and on. One of the benefits of our market diversity is that our people are not limited to just a few types of projects and programs. From the sea floor to beyond the moon—there is meaningful and interesting work here.

What about opportunities to learn and grow? Our commitment to growth creates enormous opportunities for our people. Over the past ten years, we added over 22,000 people to our home office staff and increased our field complement by 6,000. Think about the opportunity that creates in a people-driven organization. Last year we spent over 510,000 hours on training. At Jacobs College alone, over a thousand people participated in high-level leadership training. Growing and learning are part of our culture.

The final element is good leadership. There is an adage that says, "People don't quit companies, they quit bosses." We think there is a lot of opportunity to become better leaders and managers. We are making progress. When we survey our employees, our scores on the quality of our supervision significantly exceed national norms, and they continue to improve. Our talent is a key contributor to what differentiates Jacobs from its competition, so we are working very hard at being better leaders.

What does all this mean to our owners? Over the past 10 years, our compound annual return to shareholders has been 20.85 percent. Many of our institutional shareholders have held our stock for more than a decade. We remain committed to growing the business an average of 15 percent per year, making us an attractive company for the long-term investor.

Thank you all—shareholders, customers, and employees—for your investment in our company. We look forward to a successful 2007.



Craig L. Martin
President and CEO

Noel G. Watson
Chairman

Meeting Talent Challenges and Building a Company of Global Scope

Despite our success this year, it was a challenging year for both the owner and contractor communities. Energy prices reached new highs and then declined as the year drew to a close. Capital spending experienced strong growth in most markets and geographies that we serve. Material and equipment pricing faced strong escalation. Project, professional, technical, and craft talent were in tighter supply. And owners continued to demand that the best talent be assigned to their projects—regardless of their locations in the world.

Looking to 2007, we see this challenging environment continuing. Addressing it requires innovative solutions which build on our record of adapting delivery processes to align with both our clients' project and business needs.

An Evolving Global Market

We've written before about our promise to deliver uniquely superior value—to our clients, shareholders, and employees. Our relationship-based model, which embraces a multidomestic approach to serving our clients and delivering our projects, continues to be central to our ability to deliver that value. Today, rapidly shifting economic activity between regions and an increasingly global labor market mean that resources are rarely conveniently located. Meanwhile, advances in global IT infrastructure make it possible for us to apply new tools and highly structured work processes to projects without regard to geography. This lets us deliver our value promise more efficiently and more effectively than ever before.

In the past, all work was done in centralized project task forces under the watchful eye of project managers. Today, technology lets us deliver many project services electronically, over long distances. We segment projects into their smallest digital components, perform the work where we can add the most value and where the right people are located, and re-aggregate it for seamless delivery wherever needed by our clients. Since technology lets us move work invisibly, we struggle less with where the majority of a project team sits and more with finding the right talent for a particular assignment. Our challenge, then, becomes finding the professional who can excel in a virtual project environment and deliver exceptional work from any location.

Delivering Value Through a Global Network

Historically, our multidomestic approach often meant moving the person to the work, frequently locking up skills needed elsewhere in the network. We learned to cope with work and staff imbalances as a part of life. While larger operating centers help with the imbalance issue, our structure serves clients more effectively. For years, that meant our people packed their suitcases on a regular basis to respond to changing business needs.

Today, with the concurrence of our clients, we link teams and projects together with a global collaboration network that delivers work and talent virtually. It means that everyone on a project, including the owners, can touch any aspect of that project seamlessly, regardless of where the actual work is being done. Last year, some 10 percent of our work moved around our network electronically, up significantly from prior years. Next year should be a record for moving work virtually, as well. This demands aligned work processes and tools, a common vocabulary, and management comfortable with leading from a distance. Multidomestic execution promotes cooperation between people of diverse nationalities and backgrounds—collegiality among globally dispersed Jacobs' offices is the foundation for tomorrow's business.

Today, we hire great people regardless of where they sit. We use technology to conquer distance and use our worksharing processes to move people's knowledge to projects elsewhere in our network.

Worksharing is no longer driven exclusively by access to low-cost engineering centers. Today, it lets us direct the right talent to the right project regardless of project location. For example, almost 65 percent of the projects which we recognized for exemplary results last year moved some work to other Jacobs offices—clearly workshare helps us deliver on our goal of flawless execution.

Looking Forward…

While regional imbalances and tight supplies of technical, scientific, and field-based professionals remain, we continue to find and develop the talent needed. In 2006, we had a net increase of over 4,500 staff employees—this year we plan to add even more, coming from both traditional and non-conventional sources. Our multidomestic execution approaches, our worksharing project processes, and our global collaboration infrastructure are the tools that help us bring those people into our work from around the world.

Notwithstanding the power of our processes and our tools, in the end it comes down to our people, our greatest asset. We continue to grow, adding to our team whenever and wherever we find great people. We continue to place a premium on retaining and developing our skilled resources. And we continue with the shared values and collaborative behaviors that have long been the foundation of our business.

Computerized design models, abundant IT bandwidth, collaboration software, a new generation of professionals, and managers that can lead from a distance are the norms for large-scale, worksharing projects. The different color codes on this 3D model help define the responsible design team tackling each part of this process unit. Using workshare and project offices in different time zones permit design and review to occur throughout a 24 hour workday.

Delivering Value in a Resource Constrained World

For a leading European oil company, we are undertaking a refinery upgrade by combining the skills of our people in the U.K., Finland, The Netherlands, and India.

For a U.S.-based oil giant, we are spearheading an expansion project on the Gulf Coast. Our Houston operations center is leveraging the skills in our Mumbai, India, engineering office and is shifting a significant volume of construction hours offsite to our world-scale module fabrication facility in Charleston, South Carolina.

In our U.K. infrastructure business, we are utilizing the specialized skills of our Ahmedabad, India, office to meet client requirements in a market impacted by resource demands related to work for the 2012 London Olympics.

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REFINING

The refining industry continues to thrive on high demand and high prices, with global refinery utilization currently approaching 90 percent. Capacity constraints, increasing use of heavier crude feeds, and high margins are driving a number of large capacity and upgrading projects in the U.S. The changing product slate in Europe is guiding a number of upgrading projects that favor production of diesel over gasoline, heating oil, and fuel oil. EU regulations are creating an unprecedented demand for biodiesel fuels. Producing countries in the Middle East are developing plans for new integrated petrochemical refineries, powered by the desire to maximize value and enhance margins.

We expect the market for our services and expertise to remain strong for the foreseeable future. The prospects for new refining capacity, upgrading, crude slate heavy-up, and a continuing move into petrochemical production should continue to grow. Our sulfur recovery, energy conservation, and CO_2 sequestration process skills are in high demand as we address emerging environmental regulations. Our clients continue to look for our experience in refinery configuration consulting and project implementation from our large resource base in North America, Europe, and Asia.

"Jacobs gets done what needs to get done and delivers on their promises."

Harry van der Slujis, Turn-Around Manager
Netherlands Refining Company b.v.
Europoort, Netherlands

1 We delivered synergy benefits across projects at ConocoPhillips' Los Angeles and Ferndale refineries. By helping both facilities to collaborate on reactor specifications, we were able to leverage the procurement of four reactors, saving $1.2 million on an $8 million purchase, and helping ConocoPhillips comply with clean fuels mandates.

2 Construction began on schedule this year for the $280 million sulfur block portion of the Petro-Canada refinery conversion project in Edmonton, Alberta, Canada. Detailed engineering is more than 80 percent complete with an excess of $16 million in client-approved value engineering savings.

3 We designed a revamp to the CDU3 unit for Total's refinery in Antwerp, Belgium, that will increase the LGO and HGO yields of the unit and will lead to better heat integration and reduced energy consumption.

4 Hurricanes Katrina and Rita created a host of unique challenges. Overcoming labor shortages and wage escalation caused by the storms, we successfully provided EPCM services to Motiva Enterprises LLC for the 2006 turnaround of the fluid catalytic cracking unit at its Convent, Louisiana, refinery.

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INFRASTRUCTURE

Spending for highways, transit, aviation, water-related environmental improvements, and water resources continues to grow at record levels. However, demand for new and renewed public facilities is tempered by rising worldwide labor costs and materials and shortfalls in design and construction capacity. Through "high and early" consulting support, global worksharing, and creative, prudent partnerships with leading financial institutions and contractors, we bring high-value solutions to our clients.

Significant increased spending, primarily on transportation and environmental improvements, has boosted the U.K. infrastructure market. The energy sector in the areas of generation and distribution is growing, as is the waste sector due to European legislation. The London 2012 Olympics is also creating additional demand. We are already delivering two important transport imperatives for the Olympic program, capitalizing on our Athens and Atlanta Olympics experience.

Ireland, Poland, and India have major infrastructure programs. We are bringing our expertise in managing major capital and maintenance programs to negate inflation pressures on national budgets.

"The Jacobs team is flexible and responsive to program changes. They are always focused on the client's needs and objectives, delivering on its promises."

Chris Gage, Project Manager
Devonport Royal Dockyard Ltd.
United Kingdom

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1 The Lake Hodges Projects are part of the San Diego County Water Authority's emergency storage project—a system of reservoirs, interconnected pipelines, and pumping stations designed to make water available to the San Diego region in the event of an interruption in imported water deliveries. Our construction management and inspection services for the Lake Hodges Projects addressed challenges such as a 10-foot diameter high-pressure water transmission tunnel with 6,100 feet of horizontal run to connect two reservoirs.

2 The $103 million Shoal Creek Filter Plant will ensure a safe, reliable supply of drinking water for rapidly growing Gwinnett County, Georgia. We provided construction management services for the 75 million gallon-per-day plant, conducting construction feasibility reviews that produced more than $4 million in savings. The project completed more than 600,000 workhours without a lost-time accident and received a Project Achievement Award from the Construction Management Association of America.

3 Using our resources in the U.K. and Poland, we provided engineering services for a new 46-km section of the A2 motorway in Poland. The complex project, which included several dozen structures and environmental protection features, was completed in just 22 months.

4 Dallas Area Rapid Transit (DART) is implementing a 45-mile, $2.5 billion expansion of its light rail facilities designed to connect neighboring suburbs with downtown Dallas, historical areas, and entertainment centers and reduce residents' reliance on the automobile. As a member of the joint venture General Engineering Consultants, we helped DART win a $700 million Federal Transit Administration-approved Full Funding Grant Agreement (FFGA)—the second-largest authorized in 2006.

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PHARMACEUTICALS & BIOTECHNOLOGY

The pharmaceuticals and biotechnology industries spent heavily this year, fueled in part by the global need for flu vaccine manufacturing capacity. We are contributing to meeting this need through projects for sanofi pasteur, Novartis, and GlaxoSmithKline in the U.S. and Ireland.

Most major biotechnology companies continue to expand their production capacity, focusing on Ireland, Singapore, and Puerto Rico. We are well positioned to support large projects in all of these locations.

Traditional chemical synthesis pharmaceuticals are still recovering from over capacity, but are poised to make new investments in existing facilities in 2007. With a global network of PharmaBio offices, we are well positioned to serve these projects. Our local presence enables us to service our clients' ongoing capital improvement programs as well as their major building projects.

We also see growth in the Indian pharmaceutical market driven by indigenous companies, inward investment by global manufacturers, and encouraged by improved intellectual property protection. Our operations in Delhi and Mumbai continue to grow to support these programs.

Our commitment to the pharmaceutical and biotechnology industries is unwavering and we look forward to continued robust growth in 2007.

"The Jacobs team understood the scope of the project and its priorities. In fact, Jacobs and Chiron acted as one team with the same goals. Their commitment was excellent."

Nicola Autano, Project Manager
Chiron Corporation
Rosia, Italy

1 We provide Bristol-Myers Squibb with ongoing design, construction assistance, and validation support for the sterile expansion of their parenteral drug facility in Manati, Puerto Rico. The expansion includes about 150,000 square feet of new and renovated space, with vial and syringe processing lines that use full isolation technologies. Our modular design and fabrication of construction components minimized congestion in a tight construction area.

2 We provided full EPCM services to expand Genzyme's recombinant protein manufacturing plant in Geel, Belgium. With resources from our Cincinnati and Antwerp offices, we designed the €132 million (US $169 million) project in a congested space using a 3D model to minimize field rework during construction.

3 Our relationship with sanofi pasteur continues with a comprehensive suite of EPCMQ services for the company's new influenza vaccine manufacturing facility in Swiftwater, Pennsylvania. The new facility will produce flu vaccine at more than twice the capacity than is produced in sanofi pasteur's existing Swiftwater facility. The co-located team is focused on safety for this fast-track project—and already received a letter of commendation from OSHA.

4 In Singapore, as GlaxoSmithKline develops its new US $70 million state-of-the-art R&D Pilot Plant for the manufacture phase 3 clinical trial material, we are there with EPCM services. Using modular construction and pre-cast design, we have been able to optimize the aggressive schedule and relieve construction congestion within the limited site footprint, increasing speed and safety.

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Photo courtesy of Genzyme.

BUILDINGS

"Jacobs has been instrumental in helping GSA manage the construction of the new Richmond Courthouse. Safety awareness, proactive planning, and effective management techniques are hallmarks of the services we consistently receive from Jacobs."

Michael A. Schiavone, Senior Project Manager
General Services Administration

In 2006, the aging, 76 million strong "Baby Boomer" generation, a growing number of school age children, and a continuing governmental commitment to modernized and new facilities for the military drove strong demand for design and program and construction management (PM/CM) services in the U.S. buildings market. In the U.K., government commitment to education has led to strong, continuing growth in our school, college, and university markets. In the Middle East, we capitalized on increasing investment in infrastructure, corporate buildings, and airports.

While we maintain our standing as a leader in PM/CM services in the U.S., we also continue to be one of the leading providers of planning and engineering design services to the healthcare industry in mainland Europe. The program for the new Arras Hospital in France, for example, involves reconstructing the existing historic site together with refurbishing the existing buildings. The concept integrates new technology, both information and communication, and results in a fundamental reorganization of the hospital. As part of an integrated design team with Group6 Architects and the hospital medical team, we collectively completed the design studies in less than 12 months, permitting the hospital to open in less than 4 years.

We expect these growth trends to continue in the coming year. Using advanced planning tools such as our proven charrette process, computer modeling, and sustainable design, we help our clients achieve cost and schedule certainty and enjoy tailored building solutions.

1 The National Museum of the Marine Corps in Quantico, Virginia, stirs the soul with a soaring design that evokes the image of the famous flag raising on Iwo Jima. Inside, innovative, high-tech interactive exhibits immerse visitors in the sights and sounds of Marines in action. We provided construction management on the project, resulting in 500,000 workhours with no lost-time incidents.

2 Working alongside the Conwy County (Wales) Borough Council, we developed feasibility reviews that enabled the council to implement the largest schools Private Finance Initiative (PFI) project in Wales. The resulting standardization of components created significant cost savings to fund additional improvements at three major school projects, including the John Bright School in the coastal town of Llandudno.

3 Our mission was to renovate and reconstruct a neonatal ICU and surgical facility in an occupied area of the University of California, Davis, Medical Center while mitigating airborne contaminants and implementing infection control protocols during construction. We delivered more than 2.9 million completed workhours without an accident and $6 million in client-approved value engineering savings.

4 Over the past 15 years, we successfully managed the construction of 18 major courthouses in nine General Services Administration regions—including the $120 million annex and renovation project at the E. Barrett Prettyman U.S. Courthouse in Washington, D.C.

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1 Pulp & paper companies continue the trend of outsourcing non-core business functions across their organizations. Our model for transitioning and delivering these services has created significant value for our clients by improving efficiency while reducing fixed overhead costs.

2 Continuing our long-term partnership with Boise Paper, we were selected as their engineering and procurement provider for the $70 million pressure-sensitive reconfiguration project at their mill in Wallula, Washington. This project leverages proprietary technology to achieve world leading scale, cost, and capital efficiency; provides differentiation in the market place; and offers process flexibility to produce a wide range of products.

3 Leveraging resources from local suppliers and from our local and U.K. offices, we helped Unilever accommodate a new food factory at its plant in Poznan, Poland. Despite a long, characteristically nasty Polish winter, our design and construction management team helped this project go from design to start-up in only eight months.

4 To speed up the project schedule, Kimberly-Clark opted for a modular approach in building a utility bridge for their Beech Island, South Carolina, plant expansion. Our offsite fabrication of the 15-module pipe rack cut the time by 2 months over a traditional stick-built schedule.

CONSUMER & FOREST PRODUCTS

Our consumer products clients rely on one factor above all for their growth—speed to market with innovative products. The consumer and forest products industries continue to demand increased manufacturing efficiency and reduced project costs while meeting the demand for new, innovative products at lower prices.

We focus our engineered work process, our India-based high-value design execution center, and value engineering tools on achieving predictable, repeatable project results, lowering risk, and freeing capital to advance product innovation. We support our multiple partnerships by leveraging our manufacturing process and project execution expertise, minimizing lifecycle costs, and delivering competitive advantage through speed to market. We were recently recognized by Coors, an alliance partner, as a "Gold Supplier" for our excellence in the areas of cost, quality, service, and innovation.

Global paper manufacturers continue consolidating and streamlining to reduce costs and manage inventory. U.S.-based companies are turning toward higher margin specialty products in the North American markets and capacity expansions internationally, looking to areas of cheap and plentiful raw materials.

We continue to focus on strategic industry initiatives that meet our clients' changing needs. For example, we are partnering with a European firm to advance high-speed papermaking technology in the U.S., strengthening our process capabilities and leadership position and helping our U.S. clients consolidate or upgrade existing mills to increase productivity, quality, and efficiency.

"Jacobs does a very good job of defining project scope and identifying and solving issues. They are a great asset in accomplishing my projects and I depend on their individual strengths. Jacobs does a very good job in looking after Weyerhaeuser's interests."

Bracky Bickerstaff, Senior Project Engineer
Weyerhaeuser
Plymouth, North Carolina

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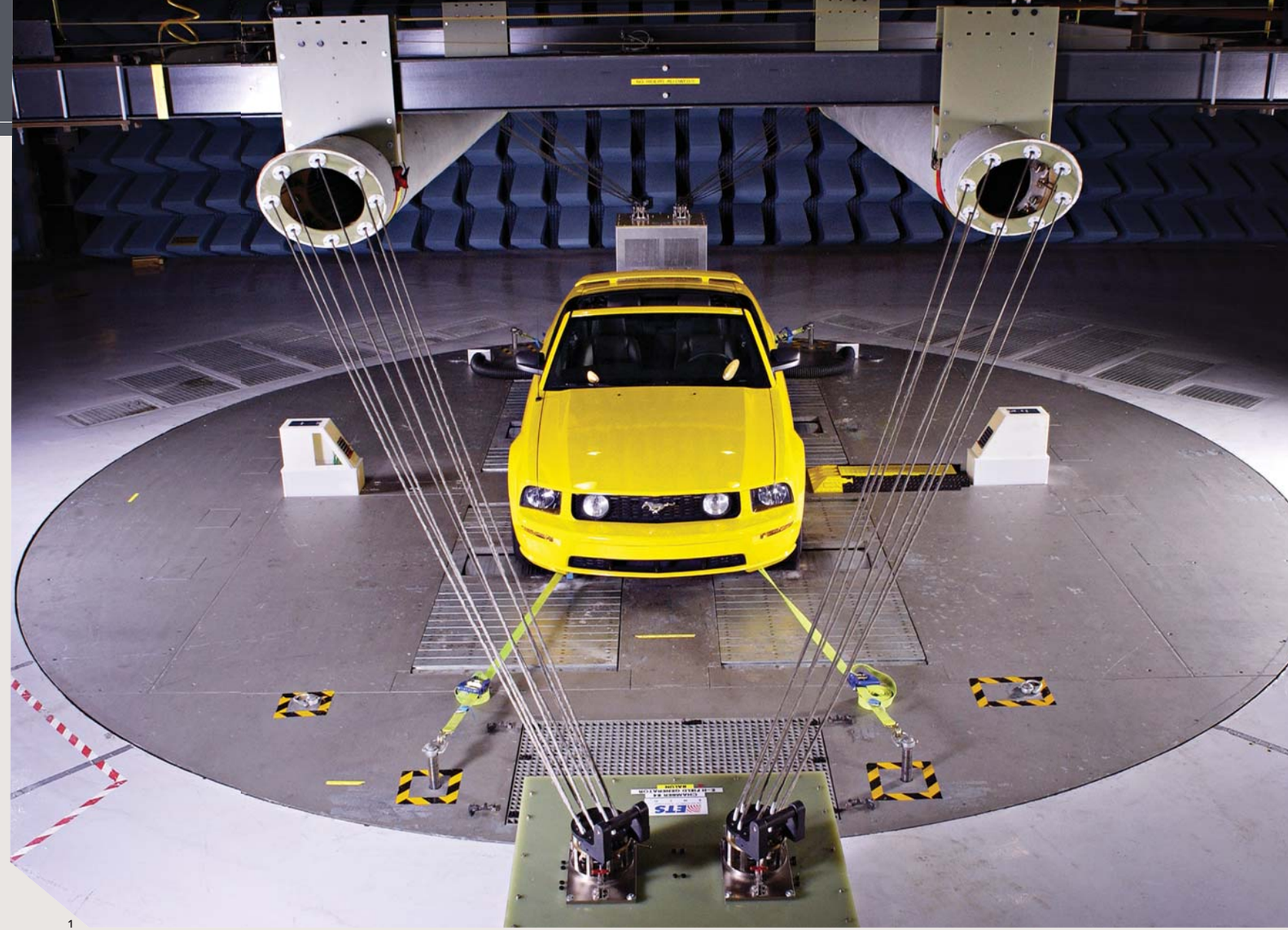
"The Visteon European Climatic Wind Tunnel is one of the most important capital projects Visteon has undertaken in the past five years. Throughout all the phases, the performance of Jacobs was outstanding. The project was not only completed on schedule and under budget, but was executed in a true teamwork fashion. The Visteon project team has the highest of praise for the Jacobs team and organization due to the incredible level of technical expertise that Jacobs brought to meet the challenges of this difficult project, while maintaining the utmost standard of safety."

Michael F. Johnson, Chairman and CEO
Visteon
Kerpen, Germany

2006 was a challenging year for U.S. automakers for many reasons, including increased foreign competition, waning consumer interest, and uncompetitive supplier pricing. However, business opportunities in the global automotive marketplace continue to grow. U.S. automakers and their suppliers continue to focus on new products and product development methodologies; this aligns well with one of our established strengths—the design, construction, and operation of testing facilities.

Our traditional strength in motor sports continues. Haas Racing, a participant in both the Busch Series and the Nextel Cup, turned to us for design and construction of a high-speed, rolling road equipped wind tunnel for their development center in Concord, North Carolina. Once completed, this new facility enables testing of full-scale vehicles up to 180 mph with moving ground plane simulation. Work continues with global clients BMW, Honda, Ford, General Motors (GM), and DaimlerChrysler.

As global sourcing and competition from India and China grow, the auto industry continues to hit rough patches in the road. However, we remain well positioned in the international automotive marketplace, and continue to offer technology-based services that enable automakers to take the next step in product development.



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◢ 1 We provide electromagnetic compatibility (EMC) testing for Ford Motor Company using facilities at GM's Milford Proving Ground in Michigan. This provides Ford with world-class EMC testing capabilities without the capital expense of a new facility while enhancing GM's productivity by as much as 25 percent and offseting operating expenses.

◢ 2 We're helping Wind Shear, Inc., a subsidiary of Haas CNC Racing, to design and construct a first-of-its-kind wind tunnel for the NASCAR community. Located in Concord, North Carolina, the 180 mph facility will have a rolling road to enable full-scale race car testing.

◢ 3 Our precision design and construction of the 48,000-square-foot High Feature Test Facility provides GM with optimized test productivity, flexible operations, high data quality, and accurate, repeatable test simulations. We saved GM a significant amount by precisely defining test requirements and developing robust system designs at the beginning of the program.

◢ 4 For Ford, we enhanced the capabilities of Wind Tunnel 7 and Node 7 soak rooms at the Driveability Test Facility to provide snow ingestion, defrost, and defog testing capabilities. These enhancements enable Ford to consolidate their cold room testing within a single site, thereby reducing their annual operational, maintenance, and utilities expenses by closing two outdated facilities at another site.

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CHEMICALS & BASIC RESOURCES

The Chemicals and Basic Resources industries showed continued recovery after an extended slump. In addition to long-term relationships with our North American and European owners, major programs in the Middle East and Asia allowed us to expand our presence globally to meet our clients' needs as they increase their international investments.

Of particular value is our leadership in advanced and specialty polymers. We are the contractor of choice for numerous companies to assist them in product development, design, construction, and taking new products to market.

We continue to add value through our formal alliances with global clients such as Rohm and Haas. Our numerous alliances and partnerships bring additional growth opportunities and help us broaden our range of services to include business consultation, preliminary and detail design, construction, maintenance, and turnarounds. In addition, our broad client base creates synergies between multiple sites and transfers best practices.

We also serve this industry with a focus on safety, reliability, maintainability, and a commitment to lower operating costs through our on-site maintenance and turnaround services.

Our clients are engaged in early feasibility planning as global industry volumes and prices strengthen. Our involvement in these early studies positions us to help owners capitalize on opportunities through sound, visionary business planning and design optimization.

"The most important elements toward reaching the high standards the team achieved were the entire Jacobs team's commitment and dedication towards Arkema's goals. We developed a sense that the project was not just being well managed, it was under the governance of a staff that took our interests to heart and did everything in its power to meet our objectives. We commend Jacobs and look forward to working with them again."

Richard A. Sander, Director,
Engineering & Construction
Arkema
Beaumont, Texas

1 Our continuing support for SABIC Europe, with EPCM services at their worldwide petrochemical production facilities in Geleen, The Netherlands, produced client satisfaction ratings above 90 percent. With a focus on quality assurance, cost management, and scheduling efficiency, we are helping this important client maximize production potential.

2 Using slurry dredged from the lake, Magadi Soda Company's Kenya facility accommodates washing, centrifuging, crushing, calcining, recrystalization, and drying processes. We provided detailed engineering services for this new $60 million natural soda ash plant. Our cost-saving designs included reconfiguring the compressed air system and redesigning the product silo roof structure.

3 Under our European Partnership, we support Borealis on diverse small capital projects at multiple locations in four countries. Performing EPCM services from our network of offices throughout Europe, we've delivered €8.67 million (US $11 million) to date in client-approved value engineering savings.

4 We installed 90 pieces of equipment for the boric acid expansion project at the Rio Tinto Minerals Boron Operations plant in Boron, California—including a 19-foot by 100-foot crystallizer. We kept the plant running during installation and the conversion of the entire control system.

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"On the Center for Nanoscale Materials project, each team member from Jacobs had a separate role and performed that role very well. The depth of service provided by Jacobs was outstanding. Whether it was underground boring or claims analysis, whatever the situation or need, somewhere within Jacobs there was a specialist that could be called upon for support. The 'power' of Jacobs was important to this project. Jacobs provided what we needed."

Karen Hellman, Office of Project Management
Argonne National Laboratory
Argonne, Illinois

Concerns over global competitiveness, security, and economic issues spurred our commitment to basic research in energy science, particle physics, nuclear power generation, and stockpile stewardship.

Our involvement in the development and operation of advanced scientific facilities in the U.S. continues in 2007. By applying our multidisciplinary design, construction, and enterprise management skills in the fields of tunnels/underground, buildings and test/technical systems development, and operations, we are setting the stage for expanded relationships with national laboratories, national research universities, and the U.S. departments of energy and defense.

In Europe, the international science community has initiated work on ITER (International Thermonuclear Experimental Reactors) in the south of France. We expect this project, which anticipates first plasma at the end of 2016, to create opportunities in France, the U.K., and the U.S. as part of the cooperative effort within the international community.

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© 2006 Diamond Light Source.

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1 The Diamond Light Source in South Oxfordshire, U.K., is a new scientific facility that will explore the basic structure of matter. To ensure stability for sensitive experimentation, we designed a foundation system that cost-effectively optimizes overall performance by using 1,500 concrete piles to anchor the building into the stable layer of natural chalk 15 meters below the site's surface.

2 We're expanding our relationship with the University of Chicago by serving as their business and facility operations partner at the Argonne National Laboratory. Argonne is one of the U.S. Department of Energy's major multi-program laboratories, and is known for world-class innovation in energy, economics, health, and national security, supporting over 200 research projects.

3 First neutrons were produced in April 2006 at the $1.4 billion Spallation Neutron Source (SNS) in Oak Ridge, Tennessee, the world's leading facility for conducting neutron scattering research. Along with our joint venture partner, we were 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.

4 We completed major construction of the National Ignition Facility at the Lawrence Livermore Laboratory in 2006, a fitting commemoration of our tenth year working with the facility. During the project we achieved more than 500,000 workhours with no lost-time incidents, and we are reinventing our support role as we transition to operations.

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ENVIRONMENTAL PROGRAMS

The U.S. environmental market improved this year with the announcement of new military base realignments and closures. The Army's plans for restructuring and redeploying its force structure is underway, and cleanup activities at former Department of Defense (DoD) sites continued.

Our focus for the coming year includes DoD buildup and redeployment in the Pacific Rim in conjunction with our buildings and technology segments; cleanup activities at selected Department of Energy (DOE) sites; and navigable waterways improvements in the Midwest and Gulf Coast in conjunction with our civil/infrastructure segment.

In the U.K., the market for decommissioning of civilian nuclear facilities is robust, with the continuing divestiture of British Nuclear Group by the Government. Government discussions to support new construction and to progress toward solutions on nuclear waste disposal continue to create market opportunities.

"We have found Jacobs to be a wonderful partner with the Fuels Division, Marine Corps Air Station (MCAS) Futenma. Our projects have included complex interactions as well as completing construction, while keeping the facility operational and open. These factors make the facility projects particularly challenging and we have been very pleased with Jacobs' ability to be flexible and work with us to achieve our overall goals."

SSgt. Raymond R. King,
Station Fuels Operations Chief
MCAS Futenma
Okinawa, Japan

1 In helping to restore the legendary harbor at New Bedford, Massachusetts, we delivered more than $5.6 million in client-approved cost savings to date to the U.S. Army Corps of Engineers (USACE) New England District. We have achieved this savings by avoiding unnecessary capital expenditures and implementing process improvements that enhance production.

2 Continuing the accelerated clean-up at the DOE's Oak Ridge Reservation, our team (performing work under contract DE-AC05-980R22700) completed demolition of a former gaseous diffusion facility—used for more than 30 years to enrich uranium for weapons and fuel for nuclear power plants—$8.5 million under budget and 4 months ahead of schedule.

3 Combining support services and staff from seven of our locations, we quickly mobilized more than 100 engineering personnel to support safe removal and processing of waste from Silos 1, 2, and 3 at the DOE's Fernald, Ohio, closure site. As always, safety came first—personnel performed more than 200,000 hours of professional services with zero accidents.

4 During excavation and thermal treatment at an inactive defense site in Cold Bay, Alaska, we encountered a number of buried drums. Wearing respirators and Tyvek® protective fabric, we conducted air monitoring and safely removed, sampled, and disposed of the drums. Our rapid response helped keep this project for the USACE Alaska District on schedule.

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OIL & GAS

Continuing high prices maintained high activity levels in oil and gas. Developing the huge oil sands reserves in Canada continues, and Middle East producers also continue to upgrade their raw material with new refining capacity and adding new petrochemical complexes. With global growth forecasts of 4 to 5 percent per year through to 2015, and with refined products demand expected to grow by 15 to 30 percent in the same period in North America and Asia, an additional 15 million barrels per day of crude oil production and processing capacity is needed.

Intense investment in major capital projects is expected to proceed unabated for at least the next few years as projects develop to meet this demand. Our technical capabilities, global reach, and ample resources continue to enable us to support our clients to meet the evolving challenges. Our multi-region strategy, using our high-value engineering center in India and our established modular capabilities, continues to help our clients address the emerging industry-wide shortage of design and construction resources.

"Hard to say it better than this—safety, quality, and timeliness. A great success, excellent work, and superb coordination, cooperation, and assistance from Operations. Greatly appreciated."

Mark Hamlyn, Area Manager, Maintenance
Suncor
Fort McMurray, Alberta, Canada

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1 Our field services team supports Chevron's $640 million-per-year capital improvement program in five different locations in California's San Joaquin Valley. Our work on the steam line project in Bakersfield at the Cymric Oil Reserve Lease overcame many challenges with all system testing certified on the first pass—a significant achievement.

2 Time is everything in the oil and gas industry. As part of our maintenance contract, repairs to the 5C-50 coke drum were completed 24 hours ahead of schedule with zero incidents, saving Suncor $1 million.

3 At BP Exploration's Forties Pipeline System in Scotland, we have completed the construction phase of the Resolution Mercaptan Removal project at an installed value of $90 million. We recently surpassed one million workhours with no lost-time incidents while pioneering new chlorine dioxide technology to treat contaminated process water.

4 Under a seven year, €700 million (US $895 million) contract, our joint venture provides Nederlandse Aardolie Maatschappij B.V. (NAM) and Shell UK with engineering, maintenance, and safety management services for more than 50 offshore platforms in the potentially hazardous environment of the southern North Sea.

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Photo courtesy of NASA.

1 We developed and installed a system to collect and analyze impact data from orbiting space debris. This system, equipped with 22 collection boxes and 44 temperature sensors on each wing to collect data for impact analysis correlation during the flight, predicts potential damage to the leading edges of the Space Shuttle wings from debris during ascent and on-orbit operations.

2 Collaborating closely with the F-35 JSF (Joint Strike Fighter) Program Office as well as air system and engine manufacturers, we are developing a value-driven global enterprise to support more than 3,000 F-35 JSF tactical aircraft that will be operated by 13 military services in 9 countries.

3 At the Aberdeen Test Center in Aberdeen Proving Ground, Maryland, the DoD puts leading-edge military vehicles through punishing performance and handling tests. Today, we're helping design and construct a state-of-the-art test course to accommodate the unique military automotive fleet and enable critical testing at sustained high speeds.

4 Since the 1960s, we've supported the Air Force Research Laboratory at Edwards Air Force Base in California. Through our Research Operations Support Services (ROSS) contract, we supported this year's Atlas Pluto launch while simultaneously conducting a rigorous Solid Rocket Booster (SRB) qualification testing program for a redesigned nozzle.

AEROSPACE & DEFENSE

Things are changing. National security concerns relating to long-term operations in Iraq, Afghanistan, the Korean Peninsula, and the Pacific Rim led to increasing pressure on defense programs. Although Congress shifts to Democratic leadership in 2007, we expect continuing bi-partisan support for both the U.S. Department of Defense (DoD) and NASA 2007 budgets. We continue to support our clients with systems engineering, research and development, design and analysis, testing and evaluation, space flight hardware development, information technology and logistics support services, and advanced test facility operations and maintenance.

Our focus remains on delivering enhanced defensive systems ranging from force protection equipment to smart munitions and sensor systems that provide real-time intelligence to our military. While our DoD support operations continue to meet the demand for high-level technical and engineering support services in these areas, they are also expanding to support new defense opportunities with the Ministries of Defence in Australia and the U.K.

Similarly, as the vision for NASA's Constellation Program crystallizes, we are leveraging our unique expertise as NASA's primary services support contractor to support system level integration for complex components of the Crew Exploration Vehicle, Orion, and the Crew Launch Vehicle—the backbone of our U.S. space exploration initiative.

"All members of the Jacobs team contribute daily performing each task, from the mundane to the complex, with professionalism. They are knowledgeable in their respective areas of expertise and provide sound advice. Team Jacobs is fully integrated with the CCPMO and delivers what is required on time and with due diligence."

Commander Rich Blank, CCPMO Deputy
United States Special Operations Command
MacDill AFB, Florida

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BOARD OF DIRECTORS

(sitting from left to right)

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

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

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

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

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

(standing from left to right)

EDWARD V. FRITZKY
Director (Retired. Former Director of Amgen; Former President and Chairman of the Board of Immunex Corporation)

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

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

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

LINDA FAYNE LEVINSON
Director (Former Partner of GRP Partners)

EXECUTIVE MANAGEMENT

(sitting from left to right)

JOHN McLACHLAN
Senior Vice President, Strategy & Acquisitions

ROBERT M. CLEMENT
Senior Vice President, Global Sales

GREGORY J. LANDRY
Group Vice President, Western Region

LAURENCE R. SADOFF
Group Vice President, Global Field Services

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

ROGERS F. STARR
President, Jacobs Technology, Inc.

ALLYN B. TAYLOR
Group Vice President, Civil

(row 2 from left to right)

MARK S. WILLIAMS
Senior Vice President, Information Technology

NAZIM G. THAWERBHOY
Senior Vice President & Controller

NOEL G. WATSON
Chairman of the Board

ANDREW F. KREMER
Group Vice President, Mainland Europe

ROBERT G. NORFLEET
Senior Vice President, Quality & Safety

PATRICIA H. SUMMERS
Senior Vice President, Global Human Resources

WILLIAM G. MITCHELL
Group Vice President, U.K. Infrastructure

ARLAN C. EMMERT
Group Vice President, Northern Region

CRAIG L. MARTIN
President and Chief Executive Officer

PETER M. EVANS
Group Vice President, Southern Region

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

(row 3 from left to right)

JOHN W. PROSSER, JR.
Executive Vice President, Finance, Administration & Treasurer

WALTER C. BARBER
Group Vice President, Middle East & Asia

MICHAEL J. HIGGINS
Group Vice President, Federal Operations

WARREN M. DEAN
Group Vice President, Facilities

GEORGE A. KUNBERGER, JR.
Executive Vice President, Operations

THOMAS R. HAMMOND
Executive Vice President, Operations

FINANCIAL PERSPECTIVES

"Jacobs has one of the strongest corporate cultures and reputations for diversification in the E&C world. The firm's entire business model is built around sustained growth and a relationship-based approach, with the majority of its work derived from long-term relationships among a select group of repeat business clients across a broad range of industries. This is quite different from the 'bid & build' discrete and transactional approach of many other E&Cs."

BARRY B. BANNISTER, *CFA, Stifel Nicolas*
January 24, 2006

"Jacobs is an excellent company poised for solid growth. Jacobs is the second-largest public U.S. E&C company. Their strategy is to provide high-quality services at lower costs during the construction phase and throughout the operating life of the structure. Repeat business is a focus with 70 percent of operating profits coming from 40-50 customers."

ANDREW OBIN, *Merrill Lynch*
January 25, 2006

"Beyond healthy industry fundamentals, we have a positive view on Jacobs' preferred-relationship business model, which focuses on growth through the development of long-term client partnerships versus competing for one-time transactional projects, which is more common with many of the other companies in the E&C industry."

RICHARD S. PAGET, *CFA, Morgan Joseph & Co. Inc.*
June 14, 2006

"Unlike many other E&C companies, Jacobs has consistently managed its business to produce 'free cash flow.' Jacobs has been one of the most profitable and consistent companies in the E&C industry. Its impressive return on capital and superior earnings growth has historically warranted premium valuations over other E&C industry participants and the broad market in general. The company has done an outstanding job of managing its cash flow, giving it ample opportunity to fund its growth internally while supplementing that growth with strategic acquisitions."

DAVID YUSCHAK, *CFA, Sanders Morris Harris*
March 6, 2006

"We continue to believe Jacobs is among the best positioned major E&C companies that we cover."

JOHN B. ROGERS, *CFA, D.A. Davidson & Co.*
January 25, 2006

"Jacobs continues to further strengthen its solid balance sheet. We believe this balance sheet positions them to continuously explore acquisition opportunities while maintaining valuation discipline."

SANJAY SHRESTHA, *First Albany Capital*
May 1, 2006

FORWARD-LOOKING STATEMENTS AND OTHER SAFE HARBOR APPLICATIONS

Statements included in this 2006 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. Although such statements are based on management's current estimates and expectations, and currently available competitive, financial and economic data, forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause the results of the Company to differ materially from what may be inferred from the forward-looking statements. When used in this 2006 Summary Annual Report, words such as "anticipate," "estimate," "expect," "seeks," "intend," "plan," "believe," and similar words are intended in part to identify forward-looking statements. Some of the factors that could cause or contribute to such differences are listed and discussed in Item 1A—Risk Factors of the Company's most recent Annual Report on Form 10-K and include the following: increased competition for professional services; the Company's ability to hire and retain qualified personnel; cancellation, adjustment, or suspension of contracts in backlog; future funding and compliance with contracts with the U.S. federal government and other governments and their agencies; cost overruns on contracts; international operations, unfavorable political developments, natural disasters and weak foreign economies; timing and funding of new awards; rising inflation, interest rates and/or construction costs; risks and uncertainties of acquisitions; dilution of share ownership; outcome of pending and future claims and litigation; and anti-takeover provisions of Delaware law and the Company's charter documents. The list set forth in Item 1A—Risk Factors of the Company's most recent Annual Report on Form 10-K and the list set forth above are not all-inclusive, and the Company undertakes no obligation to release publicly any revisions or updates to any forward-looking statements that are contained in this 2006 Summary Annual Report. Readers of this 2006 Summary Annual Report are encouraged to read carefully the Company's most recent Annual Report on Form 10-K (including discussions contained in Items 1—Business, 1A—Risk Factors, 3—Legal Proceedings, and 7—Management's Discussion and Analysis of Financial Condition and Results of Operations contained therein) and other documents the Company files from time to time with the United States Security and Exchange Commission ("SEC") for a further description of the Company's Risk Factors.

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, 2006 and 2005, 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, 2006; and in our report dated December 7, 2006 (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, 2006, 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 7, 2006 (not presented separately herein) expressed an unqualified opinion thereon.

Ernst & Young LLP

Los Angeles, California
December 7, 2006

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 2006 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)

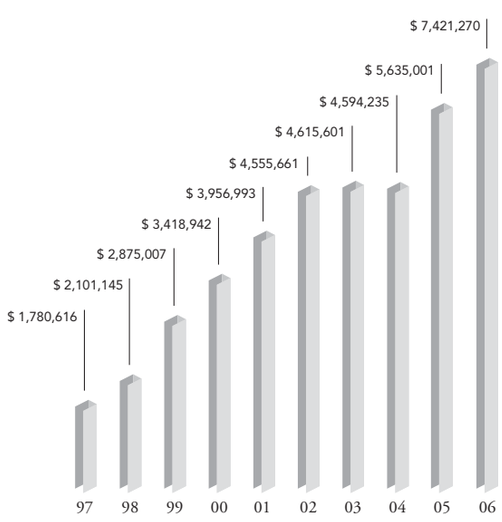
	2006	2005*	2004*	2003*	2002*	2001*	2000*	1999*	1998*	1997*
Results of Operations:										
Revenues	$ 7,421,270	$ 5,635,001	$ 4,594,235	$ 4,615,601	$ 4,555,661	$ 3,956,993	$ 3,418,942	$ 2,875,007	$ 2,101,145	$ 1,780,616
Net earnings	196,883	131,608	115,574	112,645	97,475	75,876	42,355	57,976	50,418	43,022
Financial Position:										
Current ratio	1.75 to 1	1.70 to 1	1.58 to 1	1.59 to 1	1.32 to 1	1.35 to 1	1.24 to 1	1.25 to 1	1.54 to 1	1.56 to 1
Working capital	$ 776,766	$ 552,336	$ 397,599	$ 358,683	$ 234,486	$ 245,500	$ 167,160	$ 144,638	$ 197,659	$ 178,203
Current assets	1,817,961	1,337,431	1,083,513	970,097	974,903	946,159	851,023	729,620	566,007	497,361
Total assets	2,853,884	2,378,859	2,093,819	1,688,096	1,688,093	1,568,111	1,392,929	1,226,114	810,731	738,933
Long-term debt	77,673	89,632	78,758	17,806	85,732	164,308	146,820	135,371	26,221	54,095
Stockholders' equity	1,423,214	1,165,780	1,027,802	859,669	703,722	602,872	504,096	454,645	374,647	325,598
Return on average equity	15.21 %	12.00 %	12.25 %	14.41 %	14.92 %	13.71 %	8.84 %	13.98 %	14.40 %	14.12 %
Backlog:										
Technical professional services	$ 5,153,400	$ 4,329,000	$ 3,989,000	$ 3,383,200	$ 3,045,600	$ 2,490,100	$ 2,217,200	$ 1,628,100	$ 1,004,500	$ 912,057
Total	9,777,700	8,643,000	7,452,500	7,041,000	6,674,200	5,912,500	5,430,100	4,448,200	3,329,500	3,050,000
Per share Information:										
Basic EPS	$ 3.38	$ 2.31	$ 2.06	$ 2.04	$ 1.80	$ 1.43	$ 0.81	$ 1.12	$ 0.98	$ 0.84
Diluted EPS	3.27	2.24	2.01	2.00	1.76	1.39	0.80	1.09	0.97	0.83
Stockholders' equity	23.65	19.86	17.90	15.24	12.70	11.06	9.52	8.59	7.18	6.26
Average Number of Shares of Common Stock and Common Stock Equivalents Outstanding (Diluted)	60,187	58,690	57,433	56,392	55,396	54,496	52,947	52,956	52,192	51,978

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.

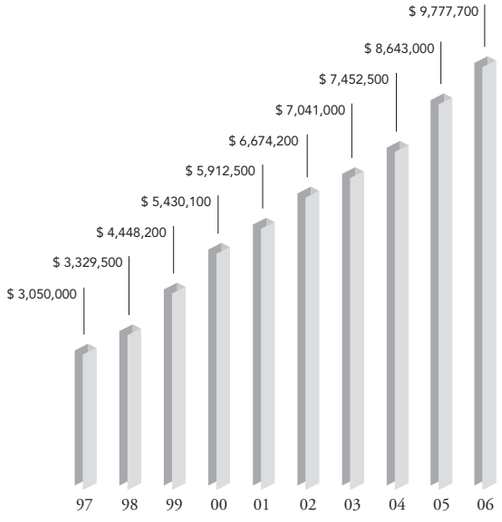
Net earnings for fiscal 2000 included an after-tax charge of $23.7 million, or $0.45 per diluted share, relating to the settlement of certain litigation.

**Adjusted to include the effects of stock-based compensation in accordance with SFAS 123R using the modified retrospective application method of adoption.*

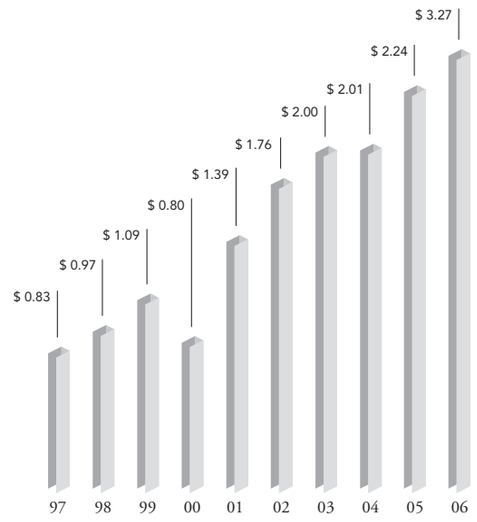
**Adjusted to include the effects of stock-based compensation in accordance with SFAS 123R using the modified retrospective application method of adoption.*



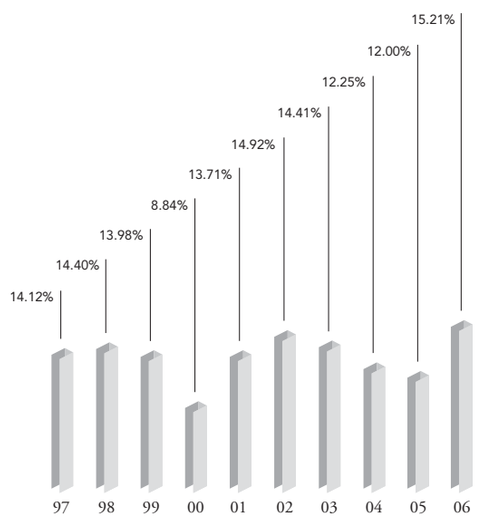
REVENUES
in thousands



TOTAL BACKLOG
in thousands



EARNINGS PER SHARE (DILUTED)



RETURN ON AVERAGE EQUITY

CONSOLIDATED BALANCE SHEETS

September 30, 2006 and 2005 (in thousands, except share information)

	2006	2005*
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 434,067	$ 239,849
Receivables	1,304,262	1,029,923
Deferred income taxes	46,727	46,147
Prepaid expenses and other	32,905	21,512
Total current assets	1,817,961	1,337,431
Property, Equipment and Improvements, Net	171,276	154,971
Other Noncurrent Assets:		
Goodwill	554,986	547,909
Miscellaneous	309,661	338,548
Total other noncurrent assets	864,647	886,457
	$ 2,853,884	$ 2,378,859
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$ 14,474	$ 6,351
Accounts payable	397,007	257,013
Accrued liabilities	495,700	407,771
Billings in excess of costs	112,260	109,978
Income taxes payable	21,754	3,982
Total current liabilities	1,041,195	785,095
Long-term Debt	77,673	89,632
Other Deferred Liabilities	304,531	331,797
Minority Interests	7,271	6,555
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—58,995,813 shares and 58,129,997 shares, respectively	58,996	58,130
Additional paid-in capital	417,905	354,935
Retained earnings	1,023,968	850,065
Accumulated other comprehensive loss	(77,655)	(97,350)
Total stockholders' equity	1,423,214	1,165,780
	$ 2,853,884	$ 2,378,859

*Adjusted to include the effects of stock-based compensation in accordance with SFAS 123R using the modified retrospective application method of adoption.

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

For the Years Ended September 30, 2006, 2005 and 2004 (in thousands, except per share information)

	2006	2005*	2004*
Revenues	$ 7,421,270	$ 5,635,001	$ 4,594,235
Costs and Expenses:			
Direct costs of contracts	(6,487,022)	(4,828,697)	(3,929,560)
Selling, general and administrative expenses	(632,692)	(591,413)	(486,123)
Operating Profit	301,556	214,891	178,552
Other Income (Expense):			
Interest income	15,209	4,349	3,065
Interest expense	(7,496)	(6,471)	(3,565)
Miscellaneous income (expense), net	(3,982)	(3,293)	658
Total other income (expense), net	3,731	(5,415)	158
Earnings Before Taxes	305,287	209,476	178,710
Income Tax Expense	(108,404)	(77,868)	(63,136)
Net Earnings	$ 196,883	$ 131,608	$ 115,574
Net Earnings Per Share:			
Basic	$ 3.38	$ 2.31	$ 2.06
Diluted	$ 3.27	$ 2.24	$ 2.01

*Adjusted to include the effects of stock-based compensation in accordance with SFAS 123R using the modified retrospective application method of adoption.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2006, 2005 and 2004 (in thousands)

	2006	2005*	2004*
Cash Flows from Operating Activities:			
Net earnings	$ 196,883	$ 131,608	$ 115,574
Depreciation and amortization	48,262	46,357	34,154
Stock based compensation	17,156	27,849	20,477
Other, net (primarily changes in the working capital and deferred income tax accounts)	(38,770)	(55,519)	(83,395)
Net cash provided by operating activities	223,531	150,295	86,810
Cash Flows from Investing Activities:			
Additions to property and equipment, net of disposals	(52,678)	(42,548)	(29,295)
Acquisitions of businesses, net of cash acquired	(10,955)	—	(163,752)
Other, net	(3,935)	(25,782)	(10,013)
Net cash used for investing activities	(67,568)	(68,330)	(203,060)
Cash Flows from Financing Activities:			
Net change in long-term borrowings	(18,070)	11,860	58,263
Net change in short-term borrowings	7,948	5,439	(3,121)
Proceeds from issuance of common stock	29,388	37,059	27,661
Other, net	29,053	6,338	9,501
Net cash provided by financing activities	48,319	60,696	92,304
Effect of Exchange Rate Changes	(10,064)	(2,887)	(2,134)
Increase (Decrease) in Cash and Cash Equivalents	194,218	139,774	(26,080)
Cash and Cash Equivalents at Beginning of Period	239,849	100,075	126,155
Cash and Cash Equivalents at End of Period	$ 434,067	$ 239,849	$ 100,075
Other Cash Flow Information:			
Interest paid	$ 5,852	$ 5,216	$ 2,396
Income taxes paid	$ 86,600	$ 71,500	$ 76,763

*Adjusted to include the effects of stock-based compensation in accordance with SFAS 123R using the modified retrospective application method of adoption.

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
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

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Cover
(from left)
Borealis, Engineering Partnership, Europe
NASA, Space Shuttle Launch, Kennedy Space Center, Florida
Seattle-Tacoma International Airport, Seattle, Washington

Market Profile
(top left to right)
ConocoPhillips, Refinery, Los Angeles, California
San Diego County Water Authority, Lake Hodges Projects, California
Bristol-Myers Squibb, Parenteral Drug Facility, Manati, Puerto Rico
Marine Corps Heritage Foundation, National Museum of the Marine Corps, Quantico, Virginia
Confidential Client
Ford Motor Company, EMC Testing, Milford Proving Ground, Michigan

(bottom left to right)
SABIC, Petrochemical Production Facilities, Geleen, The Netherlands
Diamond Light Source, Ltd., South Oxfordshire, U.K.
U.S. Army Corps of Engineers, New England District, New Bedford Harbor, Massachusetts
Chevron, Cymric Oil Reserve Lease, Bakersfield, California
NASA, Space Shuttle Launch, Kennedy Space Center, Florida

Inside Front Cover Flap
(left to right)
Total, Refinery Revamp, Antwerp, Belgium
Nederlandse Aardolie Maatschappij BV, Offshore Platforms, North Sea

Inside Back Cover
(left to right)
General Services Administration, Eisenhower Executive Office Building, Washington, D.C.
Ford Motor Company, EMC Testing, Milford Proving Ground, Michigan
Lawrence Livermore National Laboratory, National Ignition Facility, Livermore, California

Back Cover
(left to right)
Coors Brewing Company, Golden, Colorado
Genzyme, Recombinant Protein Manufacturing Plant, Geel, Belgium
U.S. Army Corps of Engineers, Alaska District, Inactive Defense Site, Cold Bay, Alaska

JACOBS

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