

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Quarterly Report on

FORM 10-Q

(Mark one)

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

For the quarterly period ended January 1, 2016

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

For the transition period from _____ to _____

Commission File Number 1-7463

JACOBS ENGINEERING GROUP INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State of incorporation)

95-4081636

(I.R.S. employer identification number)

155 North Lake Avenue, Pasadena, California

(Address of principal executive offices)

91101

(Zip code)

(626) 578 – 3500

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check-mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

Number of shares of common stock outstanding at February 1, 2016 : 122,537,019

JACOBS ENGINEERING GROUP INC.

INDEX TO FORM 10-Q

		<u>Page No.</u>
PART I	<u>FINANCIAL INFORMATION</u>	
Item 1.	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets</u>	<u>3</u>
	<u>Consolidated Statements of Earnings - Unaudited</u>	<u>4</u>
	<u>Consolidated Statements of Comprehensive Income - Unaudited</u>	<u>5</u>
	<u>Consolidated Statements of Cash Flows - Unaudited</u>	<u>6</u>
	<u>Notes to Consolidated Financial Statements - Unaudited</u>	<u>8</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>23</u>
Item 4.	<u>Controls and Procedures</u>	<u>23</u>
PART II	<u>OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u>	<u>25</u>
Item 1A.	<u>Risk Factors</u>	<u>25</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>25</u>
Item 4.	<u>Mine Safety Disclosure</u>	<u>25</u>
Item 6.	<u>Exhibits</u>	<u>26</u>
	<u>SIGNATURES</u>	

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

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

	January 1, 2016 (Unaudited)	October 2, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 443,725	\$ 460,859
Receivables	2,424,447	2,548,743
Deferred income taxes	139,720	160,298
Prepaid expenses and other	104,404	113,076
Total current assets	3,112,296	3,282,976
Property, Equipment and Improvements, Net	361,006	381,238
Other Noncurrent Assets:		
Goodwill	3,059,279	3,048,778
Intangibles	345,770	353,419
Miscellaneous	737,500	719,515
Total other non-current assets	4,142,549	4,121,712
	<u>\$ 7,615,851</u>	<u>\$ 7,785,926</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 2,833	\$ 13,364
Accounts payable	421,206	566,866
Accrued liabilities	1,033,906	1,090,985
Billings in excess of costs	327,031	309,951
Total current liabilities	1,784,976	1,981,166
Long-term Debt	621,899	584,434
Other Deferred Liabilities	838,717	863,868
Commitments and Contingencies		
Stockholders' Equity:		
Capital stock:		
Preferred stock, \$1 par value, authorized - 1,000,000 shares; issued and outstanding - none	—	—
Common stock, \$1 par value, authorized - 240,000,000 shares; issued and outstanding— 122,776,878 shares and 123,152,966 shares, respectively	122,777	123,153
Additional paid-in capital	1,142,010	1,137,144
Retained earnings	3,511,197	3,496,212
Accumulated other comprehensive loss	(470,476)	(464,764)
Total Jacobs stockholders' equity	4,305,508	4,291,745
Noncontrolling interests	64,751	64,713
Total Group stockholders' equity	4,370,259	4,356,458
	<u>\$ 7,615,851</u>	<u>\$ 7,785,926</u>

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
For the Three Months Ended January 1, 2016 and December 26, 2014
(In thousands, except per share information)
(Unaudited)

	For the Three Months Ended	
	January 1, 2016	December 26, 2014
Revenues	\$ 2,847,934	\$ 3,187,005
Costs and Expenses:		
Direct cost of contracts	(2,407,460)	(2,667,559)
Selling, general and administrative expenses	(381,024)	(361,223)
Operating Profit	59,450	158,223
Other Income (Expense):		
Interest income	2,220	2,276
Interest expense	(3,543)	(5,318)
Miscellaneous income (expense), net	(340)	(486)
Total other income (expense), net	(1,663)	(3,528)
Earnings Before Taxes	57,787	154,695
Income Tax Expense	(7,481)	(48,500)
Net Earnings of the Group	50,306	106,195
Net Earnings Attributable to Noncontrolling Interests	(3,792)	(6,116)
Net Earnings Attributable to Jacobs	\$ 46,514	\$ 100,079
Net Earnings Per Share:		
Basic	\$ 0.38	\$ 0.78
Diluted	\$ 0.38	\$ 0.77

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

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended January 1, 2016 and December 26, 2014
(In thousands)
(Unaudited)

	For the Three Months Ended	
	January 1, 2016	December 26, 2014
Net Earnings of the Group	\$ 50,306	\$ 106,195
Other Comprehensive Income (Loss):		
Foreign currency translation adjustment	(16,502)	(48,373)
Gain (loss) on cash flow hedges	2,552	(1,919)
Change in pension liabilities	11,443	14,643
Other comprehensive loss before taxes	(2,507)	(35,649)
Income Tax Benefit (Expense):		
Foreign currency translation adjustments	—	—
Cash flow hedges	(723)	622
Change in pension liabilities	(2,482)	(2,928)
Income Tax Expense	(3,205)	(2,306)
Net Other Comprehensive Loss	(5,712)	(37,955)
Net Comprehensive Income of the Group	44,594	68,240
Net Comprehensive Income Attributable to Noncontrolling Interests	(3,792)	(6,116)
Net Comprehensive Income Attributable to Jacobs	\$ 40,802	\$ 62,124

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

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended January 1, 2016 and December 26, 2014
(In thousands)
(Unaudited)

	January 1, 2016	December 26, 2014
Cash Flows from Operating Activities:		
Net earnings attributable to the Group	\$ 50,306	\$ 106,195
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization:		
Property, equipment and improvements	22,167	26,006
Intangible assets	11,726	12,981
Stock based compensation	8,134	16,504
Tax benefit from stock based compensation	(5)	(279)
Equity in earnings of operating ventures, net	(5,505)	(4,616)
Change in pension plan obligations	3,062	(154)
Change in deferred compensation plans	(163)	(1,450)
(Gains) losses on disposals of assets, net	6,058	(22)
Changes in certain assets and liabilities, excluding the effects of businesses acquired:		
Receivables	90,783	65,538
Prepaid expenses and other current assets	7,740	5,230
Accounts payable	(143,971)	(80,520)
Accrued liabilities	(47,026)	(33,198)
Billings in excess of costs	25,141	23,948
Income taxes	3,114	14,543
Deferred income taxes	(2,744)	(2,602)
Other deferred liabilities	(3,476)	(9,162)
Other, net	1,376	29
Net cash provided by operating activities	26,717	138,971
Cash Flows from Investing Activities:		
Additions to property and equipment	(15,987)	(33,775)
Disposals of property and equipment	133	3,374
Sales of investments	—	13
Acquisitions of businesses, net of cash acquired	(10,500)	—
Net cash used for investing activities	(26,354)	(30,388)

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended January 1, 2016 and December 26, 2014
(In thousands)
(Unaudited)
(Continued)

	January 1, 2016	December 26, 2014
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	591,989	308,446
Repayments of long-term borrowings	(549,010)	(345,660)
Proceeds from short-term borrowings	465	112,638
Repayments of short-term borrowings	(10,911)	(103,187)
Proceeds from issuances of common stock	8,770	8,029
Common stock repurchases	(42,097)	(113,708)
Tax benefit from stock based compensation	5	279
Distributions to noncontrolling interests	(2,709)	(7,230)
Net cash used for financing activities	(3,498)	(140,393)
Effect of Exchange Rate Changes	(13,999)	(30,756)
Net Decrease in Cash and Cash Equivalents	(17,134)	(62,566)
Cash and Cash Equivalents at the Beginning of the Period	460,859	732,647
Cash and Cash Equivalents at the End of the Period	\$ 443,725	\$ 670,081

See the accompanying Notes to Consolidated Financial Statements.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED
January 1, 2016

Basis of Presentation

Unless the context otherwise requires:

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

The accompanying consolidated financial statements and financial information included herein have been prepared pursuant to the interim period reporting requirements of Form 10-Q. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted. Readers of this Quarterly Report on Form 10-Q should also read our consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended October 2, 2015 ("2015 Form 10-K") as well as Item 7— *Management's Discussion and Analysis of Financial Condition and Results of Operations*, included in our 2015 Form 10-K.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of our consolidated financial statements at January 1, 2016, and for the three month periods ended January 1, 2016 and December 26, 2014.

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

Please refer to Note 16— *Definitions* of Notes to Consolidated Financial Statements included in our 2015 Form 10-K for the definitions of certain terms used herein.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires us to employ estimates and make assumptions that affect the reported amounts of certain assets and liabilities, the revenues and expenses reported for the periods covered by the accompanying consolidated financial statements, and certain amounts disclosed in these Notes to the Consolidated Financial Statements. Although such estimates and assumptions are based on management's most recent assessment of the underlying facts and circumstances utilizing the most current information available and past experience, actual results could differ significantly from those estimates and assumptions. Our estimates, judgments, and assumptions are evaluated periodically and adjusted accordingly. Please refer to Note 2— *Significant Accounting Policies* of Notes to Consolidated Financial Statements included in our 2015 Form 10-K for a discussion of the significant estimates and assumptions affecting our consolidated financial statements.

Fair Value and Fair Value Measurements

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

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

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

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED
January 1, 2016
(continued)

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

Please refer to Note 2— *Significant Accounting Policies* of Notes to Consolidated Financial Statements included in our 2015 Form 10-K for a more complete discussion of the various items within the consolidated financial statements measured at fair value and the methods used to determine fair value.

New Accounting Standards

From time to time, the Financial Accounting Standards Board ("FASB") issues accounting standards updates (each being an "ASU") to its Accounting Standards Codification ("ASC"), which constitutes the primary source of U.S. GAAP. The Company regularly monitors ASUs as they are issued and considers their applicability to its business. All ASUs applicable to the Company are adopted by the due date and in the manner prescribed by the FASB.

In May 2014, the FASB issued ASU No. 2014-09— *Revenue from Contracts with Customers* . The new guidance provided by ASU 2014-09 is intended to remove inconsistencies and perceived weaknesses in the existing revenue requirements, provide a more robust framework for addressing revenue issues, improve comparability, provide more useful information and simplify the preparation of financial statements. ASU 2014-09 was initially effective for annual and interim reporting periods beginning after December 15, 2016. On July 9, 2015 the FASB approved a one year deferral of the effective date of this standard. The revised effective date for the standard is for annual reporting periods beginning after December 15, 2017 and interim periods therein. The FASB also approved changes allowing for early adoption of the standard as of the original effective date. The Company continues to evaluate the impact that the new guidance may have on its consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update 2015-17— *Balance Sheet Classification of Deferred Taxes* . As part of the FASB's accounting simplification initiative, ASU 2015-17 removes the requirement to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. Instead, the update requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position.

ASU 2015-17 is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented. Early application is permitted. The Company does not expect the impact of this ASU to be material to its consolidated financial statements.

Business Combinations

During fiscal year 2016 , the Company acquired J.L. Patterson & Associates. This acquisition was not material to the Company's consolidated results for the first quarter of fiscal 2016 .

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED
January 1, 2016
(continued)

Receivables

The following table presents the components of receivables appearing in the accompanying Consolidated Balance Sheets at January 1, 2016 and October 2, 2015 as well as certain other related information (in thousands):

	January 1, 2016	October 2, 2015
Components of receivables:		
Amounts billed	\$ 1,289,617	\$ 1,213,892
Unbilled receivables and other	1,041,538	1,252,509
Retentions receivable	93,292	82,342
Total receivables, net	<u>\$ 2,424,447</u>	<u>\$ 2,548,743</u>
Other information about receivables:		
Amounts due from the United States federal government, included above, net of advanced billings	<u>\$ 299,972</u>	<u>\$ 327,157</u>
Claims receivable	<u>\$ 19,948</u>	<u>\$ 32,511</u>

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

Unbilled receivables and retentions receivable represent reimbursable costs and amounts earned and reimbursable under contracts in progress as of the respective balance sheet dates. Such amounts become billable according to the contract terms, which usually consider the passage of time, achievement of certain milestones, or completion of the project. We anticipate that substantially all of such unbilled amounts will be billed and collected over the next twelve months.

Claims receivable are included in receivables in the accompanying Consolidated Balance Sheets and represent certain costs incurred on contracts to the extent it is probable that such claims will result in additional contract revenue and the amount of such additional revenue can be reliably estimated.

Property, Equipment and Improvements, Net

Property, Equipment and Improvements, Net in the accompanying Consolidated Balance Sheets at January 1, 2016 and October 2, 2015 consisted of the following (in thousands):

	January 1, 2016	October 2, 2015
Land	\$ 23,469	\$ 23,757
Buildings	92,404	97,597
Equipment	582,064	592,491
Leasehold improvements	250,294	259,544
Construction in progress	22,116	17,229
	<u>970,347</u>	<u>990,618</u>
Accumulated depreciation and amortization	<u>(609,341)</u>	<u>(609,380)</u>
	<u>\$ 361,006</u>	<u>\$ 381,238</u>

Long-term Debt

Jacobs and certain of its subsidiaries have a \$1.6 billion long-term unsecured, revolving credit facility (the "2014 Facility") with a syndicate of large, U.S. and international banks and financial institutions. The 2014 Facility also provides an accordion feature that allows the Company and the lenders to increase the facility amount to \$2.1 billion. The 2014 Facility did not change interest rates for borrowings outstanding under the Company's prior credit facility, but did reduce the fees on the unused portion of the facility.

The total amount outstanding under the 2014 Facility in the form of direct borrowings at January 1, 2016 was \$621.9 million. The Company has issued \$2.5 million in letters of credit under the 2014 Facility leaving \$975.6 million of available borrowing capacity under the 2014 Facility at January 1, 2016. In addition, the Company had \$238.4 million issued under separate, committed and uncommitted letter-of-credit facilities for total issued letters of credit of \$240.9 million at January 1, 2016.

The 2014 Facility expires in February 2020 and permits the Company to borrow under two separate tranches in U.S. dollars, certain specified foreign currencies, and any other currency that may be approved in accordance with the terms of the 2014 Facility. Depending on the Company's Consolidated Leverage Ratio, borrowings under the 2014 Facility will bear interest at either a eurocurrency rate plus a margin of between 1.0% and 1.5% or a base rate plus a margin of between 0% and 0.5%. The 2014 Facility also provides for a financial letter of credit subfacility of \$300.0 million, permits performance letters of credit, and provides for a \$50.0 million subfacility for swingline loans. Letters of credit are subject to fees based on the Company's Consolidated Leverage Ratio at the time any such letter of credit is issued. The Company pays a facility fee of between 0.100% and 0.250% per annum depending on the Company's Consolidated Leverage Ratio. Amounts outstanding under the 2014 Facility may be prepaid at the option of the Company without premium or penalty, subject to customary breakage fees in connection with the prepayment of eurocurrency loans. The 2014 Facility contains affirmative, negative, and financial covenants customary for financings of this type including, among other things, limitations on certain other indebtedness, loans and investments, liens, mergers, asset sales and transactions with affiliates. In addition, the 2014 Facility contains customary events of default. We were in compliance with our debt covenants at January 1, 2016.

Revenue Accounting for Contracts / Accounting for Joint Ventures

In general, we recognize revenue at the time we provide services. Depending on the commercial terms of the contract, we recognize revenues either when costs are incurred, or using the percentage-of-completion method of accounting by relating contract costs incurred to date to the total estimated costs at completion. Contract losses are provided for in their entirety in the period they become known, without regard to the percentage-of-completion. For multiple contracts with a single customer we account for each contract separately. We also recognize as revenues, costs associated with claims and unapproved change orders to the extent it is probable that such claims and change orders will result in additional contract revenue, and the amount of such additional revenue can be reliably estimated. A significant portion of the Company's revenue is earned on cost reimbursable contracts. The percentage of revenues realized by the Company by type of contract during fiscal 2015 can be found in Note 1—*Description of Business and Basis of Presentation* of Notes to Consolidated Financial Statements included in our 2015 Form 10-K.

Certain cost-reimbursable contracts include incentive-fee arrangements. The incentive fees in such contracts can be based on a variety of factors but the most common are the achievement of target completion dates, target costs, and/or other performance criteria. Failure to meet these targets can result in unrealized incentive fees. We recognize incentive fees based on expected results using the percentage-of-completion method of accounting. As the contract progresses and more information becomes available, the estimate of the anticipated incentive fee that will be earned is revised as necessary. We bill incentive fees based on the terms and conditions of the individual contracts. In certain situations, we are allowed to bill a portion of the incentive fees over the performance period of the contract. In other situations, we are allowed to bill incentive fees only after the target criterion has been achieved. Incentive fees which have been recognized but not billed are included in Receivables in the accompanying Consolidated Balance Sheets.

Certain cost-reimbursable contracts with government customers as well as certain commercial clients provide that contract costs are subject to audit and adjustment. In this situation, revenues are recorded at the time services are performed based upon the amounts we expect to realize upon completion of the contracts. Revenues are not recognized for non-recoverable costs. In

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

January 1, 2016

(continued)

those situations where an audit indicates that we may have billed a client for costs not allowable under the terms of the contract, we estimate the amount of such nonbillable costs and adjust our revenues accordingly.

When we are directly responsible for subcontractor labor or third-party materials and equipment, we reflect the costs of such items in both revenues and costs. On those projects where the client elects to pay for such items directly and we have no associated responsibility for such items, these amounts are not reflected in either revenues or costs.

The following table sets forth pass-through costs included in revenues for each of the three months ended January 1, 2016 and December 26, 2014 (in thousands):

	For the Three Months Ended	
	January 1, 2016	December 26, 2014
Pass-through costs included in revenues	\$ 670,331	\$ 706,830

As is common to the industry, we execute certain contracts jointly with third parties through various forms of joint ventures and consortiums. Although the joint ventures own and hold the contracts with the clients, the services required by the contracts are typically performed by us and our joint venture partners, or by other subcontractors under subcontracting agreements with the joint ventures. The assets of our joint ventures, therefore, consist almost entirely of cash and receivables (representing amounts due from clients), and the liabilities of our joint ventures consist almost entirely of amounts due to the joint venture partners (for services provided by the partners to the joint ventures under their individual subcontracts) and other subcontractors. In general, at any given time, the equity of our joint ventures represents the undistributed profits earned on contracts the joint ventures hold with clients. Very few of our joint ventures have employees. None of our joint ventures have third-party debt or credit facilities. Our joint ventures, therefore, are simply mechanisms used to deliver engineering and construction services to clients. Rarely do they, in and of themselves, present any risk of loss to us or to our partners separate from those that we would carry if we were performing the contract on our own. Under U.S. GAAP, our share of losses associated with the contracts held by the joint ventures, if and when they occur, has always been reflected in our Consolidated Financial Statements.

Certain of our joint ventures meet the definition of a "variable interest entity" ("VIE"). As defined in U.S. GAAP, a VIE is a legal entity in which equity investors do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack any one of the following three characteristics: (i) the power, through voting rights or similar rights, to direct the activities of a legal entity that most significantly impact the entity's economic performance; (ii) the obligation to absorb the expected losses of the legal entity; or (iii) the right to receive the expected residual returns of the legal entity. Accordingly, entities issuing consolidated financial statements (i.e., a "reporting entity") shall consolidate a VIE if the reporting entity has a "controlling financial interest" in the VIE, as demonstrated by the reporting entity having both (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance; and (ii) the right to receive benefits from the VIE that could potentially be significant to the VIE or the obligation to absorb losses of the VIE that could potentially be significant to the VIE.

In evaluating our VIEs for possible consolidation, we perform a qualitative analysis to determine whether or not we have a "controlling financial interest" in the VIE as defined by U.S. GAAP. We consolidate only those VIEs over which we have a controlling financial interest. For the Company's unconsolidated joint ventures, we use the equity method of accounting. The Company does not currently participate in any significant VIEs in which it has a controlling financial interest.

Disclosures About Defined Pension Benefit Obligations

The following table presents the components of net periodic benefit cost recognized in earnings during each of the three months ended January 1, 2016 and December 26, 2014 (in thousands):

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

January 1, 2016

(continued)

Component:	For the Three Months Ended	
	January 1, 2016	December 26, 2014
Service cost	\$ 8,676	\$ 8,576
Interest cost	15,702	16,658
Expected return on plan assets	(19,507)	(21,049)
Amortization of previously unrecognized items	5,733	5,410
Settlement (gain) loss	(163)	59
Net periodic benefit cost	<u>\$ 10,441</u>	<u>\$ 9,654</u>

Included in the above table are amounts relating to a U.S. pension plan, the participating employees of which are assigned to, and work exclusively on, a specific operating contract with the U.S. federal government. It is the expectation of the parties to this contract that the cost of this pension plan will be fully reimbursed by the U.S. federal government pursuant to applicable cost accounting standards. The underfunded amount for this pension plan is included in "Other Noncurrent Assets" in the accompanying Consolidated Balance Sheets at January 1, 2016. Net periodic pension costs for this pension plan for the three months ended January 1, 2016 were \$3.4 million and for the three months ended December 26, 2014 were \$1.5 million.

The following table presents certain information regarding Company cash contributions to our pension plans for fiscal 2016 (in thousands):

Cash contributions made during the first three months of fiscal 2016	\$ 7,379
Cash contributions we expect to make during the remainder of fiscal 2016	35,037
Total	<u>\$ 42,416</u>

Other Comprehensive Income

The following table presents amounts reclassified from change in pension liabilities in other comprehensive income to direct cost of contracts and selling, general and administrative expenses in the Company's Consolidated Statements of Earnings for the three months ended January 1, 2016 and December 26, 2014 related to the Company's defined benefit pension plans (in thousands):

	For the Three Months Ended	
	January 1, 2016	December 26, 2014
Amortization of Defined Benefit Items:		
Actuarial losses	\$ (4,461)	\$ (5,410)
Prior service cost	61	24
Total Before Income Tax	(4,400)	(5,386)
Income Tax Benefit	1,046	1,508
Total Reclassifications, After-tax	<u>\$ (3,354)</u>	<u>\$ (3,878)</u>

Income Taxes

During the three months ended January 1, 2016, the Company released a valuation allowance on deferred tax assets pertaining to foreign net operating losses, resulting in a one-time tax benefit of \$11.2 million recorded in Income Tax Expense in the accompanying Consolidated Statements of Earnings.

Earnings Per Share and Certain Related Information

The following table (i) reconciles the denominator used to compute basic earnings per share ("EPS") to the denominator used to compute diluted EPS for the three months ended January 1, 2016 and December 26, 2014; (ii) provides information regarding the number of non-qualified stock options and shares of restricted stock that were antidilutive and therefore disregarded in calculating the weighted average number of shares outstanding used in computing diluted EPS; and (iii) provides

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED
January 1, 2016
(continued)

the number of shares of common stock issued from the exercise of stock options and the release of restricted stock (in thousands):

	For the Three Months Ended	
	January 1, 2016	December 26, 2014
Shares used to calculate EPS:		
Weighted average shares outstanding (denominator used to compute basic EPS)	120,888	128,652
Effect of stock options and restricted stock	1,071	1,321
Denominator used to compute diluted EPS	121,959	129,973
Antidilutive stock options and restricted stock	4,011	3,169
Shares of common stock issued from the exercise of stock options and the release of restricted stock	287	396

Share Repurchases

On July 23, 2015, the Company's Board of Directors authorized a share repurchase program of up to \$500 million of the Company's common stock. The following table summarizes the activity under this program from the authorization date (in thousands, except per-share amounts):

Amount Authorized	Average Price Per Share (1)	Total Shares Retired	Shares Repurchased
\$500,000	\$41.09	1,024	1,024

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

Share repurchases may be executed through various means including, without limitation, open market transactions, privately negotiated transactions or otherwise. The share repurchase program does not obligate the Company to purchase any shares and expires on July 22, 2018. The authorization for the share repurchase program may be terminated, increased or decreased by the Company's Board of Directors in its discretion at any time. The timing of share repurchases may depend upon market conditions, other uses of capital, and other factors.

Commitments and Contingencies

In the normal course of business, we are subject to certain contractual guarantees and litigation. The guarantees to which we are a party generally relate to project schedules and plant performance. Most of the litigation in which we are involved has us as a defendant in workers' compensation, personal injury, environmental, employment/labor, professional liability, and other similar lawsuits.

We maintain insurance coverage for various aspects of our business and operations. Our insurance programs have varying coverage limits and maximums, and insurance companies may seek to not pay any claims we might make. We have also elected to retain a portion of losses that occur through the use of various deductibles, limits, and retentions under our insurance programs. As a result, we may be subject to future liability for which we are only partially insured or completely uninsured. We intend to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of our contracts. Our insurers are also subject to business risk and, as a result, one or more of them may be unable to fulfill their insurance obligations due to insolvency or otherwise.

Additionally, as a contractor providing services to the U.S. federal government and several of its agencies, we are subject to many levels of audits, investigations, and claims by, or on behalf of, the U.S. federal government with respect to our contract performance, pricing, costs, cost allocations, and procurement practices. Furthermore, our income, franchise, and similar tax

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

January 1, 2016

(continued)

returns and filings are also subject to audit and investigation by the Internal Revenue Service, most states within the U.S. as well as by various government agencies representing jurisdictions outside the U.S.

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

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

On August 9, 2014, the Company received a Notice of Arbitration from Motiva Enterprises LLC ("Motiva"). The arbitration is pending in Houston, Texas before the International Institute for Conflict Prevention and Resolution and is currently scheduled to begin on September 26, 2016. In 2006, Motiva contracted with Bechtel-Jacobs CEP Port Arthur Joint Venture ("BJJV"), a joint venture between Bechtel Corporation and Jacobs to perform professional services in connection with the expansion project at the Motiva Port Arthur, Texas refinery. In the Notice of Arbitration, Motiva asserts various causes of action and alleges fraud and breach of fiduciary duty and entitlement to equitable and monetary relief in excess of \$7 billion. BJJV has denied liability and is vigorously defending these claims, but the Company cannot provide assurance that BJJV will be successful in these efforts as litigation is subject to inherent uncertainties and unfavorable rulings can and do occur. Based on the information currently available to management, the Company does not expect this matter to have a material adverse effect on the Company's business, financial condition, results of operations and/or cash flows.

On September 30, 2015, Nui Phao Mining Company Limited ("NPMC") commenced arbitration proceedings against Jacobs E&C Australia Pty Limited ("Jacobs E&C"). The arbitration is pending in Singapore before the Singapore International Arbitration Centre. In March 2011, Jacobs E&C was engaged by NPMC for the provision of management, design, engineering, and procurement services for the Nui Phao mine/mineral processing project in Vietnam. In the Notice of Arbitration and in a subsequently filed Statement of Claim dated February 1, 2016, NPMC asserts various causes of action and alleges that the quantum of its claim exceeds \$167 million. Jacobs has denied liability and is vigorously defending this claim. No hearing date has been set. The Company does not expect this matter to have a material adverse effect on its financial condition, results of operations and/or cash flows.

On August 7, 2015, Jacobs and Jacobs Field Services N.A. Inc. (collectively the "Jacobs Parties") filed a demand for arbitration before the American Arbitration Association against Freeport-McMoran Corporation ("Freeport") alleging breach of contract for failure to pay invoices of approximately \$58 million and for statutory penalties for failure to pay, and asserting that they are entitled to a total of \$71.0 million in damages from Freeport (which amount includes the outstanding invoices). On August 28, 2015, Freeport filed an answering statement denying the Jacobs Parties' claims and asserting counterclaims against the Jacobs Parties for breach of contract and alleging damages of \$116.0 million. The Jacobs Parties have denied liability and are vigorously defending these claims. No hearing date has been set. The Company does not expect this matter to have a material adverse effect on its financial condition, results of operations and/or cash flows.

On December 7, 2009, the Judicial Council of California, Administrative Office of the Courts ("AOC") initiated an action in the San Francisco County Superior Court against Jacobs Facilities Inc. ("JFI") and Jacobs Project Management ("JPM"). On June 6, 2011, AOC filed an operative Second Amended Complaint, which added Jacobs as a defendant. The action arises out of an assignment and assumption agreement between AOC and JFI pursuant to which JFI agreed to provide regular maintenance and repairs at certain AOC court facilities. AOC alleged three causes of action: (i) breach of contract based on the expiration of JFI's contractor's license before the assignment and assumption agreement was executed; (ii) disgorgement of all fees paid to JFI and JPM under the contract pursuant to California's Contractors' State License Law ("CSLL"); and (iii) breach of Jacobs' parent guarantee agreement. JPM cross-claimed for unpaid sums for services that the licensed JPM had performed pursuant to the assigned contract between August 2009 and November 2009. A jury trial was held on the parties' CSLL claims in April 2012 and, on May 2, 2012, the jury returned a special verdict in favor of the Jacobs entities finding, among other things, that JPM was owed approximately \$4.7 million in unpaid fees and that JFI was not required to disgorge the approximate \$18.3 million that AOC had paid for its work under the contract. AOC subsequently dismissed its cause of action for breach of contract, and JPM dismissed its cross-claims other than those for its unpaid invoices. AOC's third cause of action for breach of

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED
January 1, 2016
(continued)

the parent guaranty was resolved by a stipulation, which provided that if AOC obtains a judgment against JFI, the judgment will also be against its parent, Jacobs. The trial court entered judgment in the Jacobs entities' favor. On August 20, 2015, the California Court of Appeal for the First Appellate District reversed the jury's verdict, holding that JFI had violated the CSLL. The Court of Appeal remanded for an evidentiary hearing to determine whether JFI and JPM had "substantially complied" with, and may therefore avoid disgorgement under, the CSLL. The Jacobs entities have contested, and will continue to vigorously contest, the AOC's claims and will vigorously litigate JPM's claim for unpaid sums. The Company does not expect this matter to have a material adverse effect on its financial condition, results of operations and/or cash flows.

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

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

- The discussion of the critical and significant accounting policies used by the Company in preparing its consolidated financial statements. The most current discussion of our critical accounting policies appears in *Management's Discussion and Analysis of Financial Condition and Results of Operations* of our 2015 Form 10-K, and the most current discussion of our significant accounting policies appears in Note 2— *Significant Accounting Policies* in Notes to Consolidated Financial Statements of our 2015 Form 10-K;
- The Company's fiscal 2015 audited consolidated financial statements and notes thereto included in our 2015 Form 10-K; and
- Item 7— *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in our 2015 Form 10-K.

In addition to historical information, this MD&A may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not directly relate to any historical or current fact. When used herein, words such as "expects," "anticipates," "believes," "seeks," "estimates," "plans," "intends," "future," "will," "would," "could," "can," "may," and similar words are intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although such statements are based on management's current estimates and expectations, and/or currently available competitive, financial, and economic data, forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause our actual results to differ materially from what may be inferred from the forward-looking statements. Some of the factors that could cause or contribute to such differences include, but are not limited to, those listed and discussed in Item 1A— *Risk Factors* , included in our 2015 Form 10-K. We undertake no obligation to release publicly any revisions or updates to any forward-looking statements. We encourage you to read carefully the risk factors described in our 2015 Form 10-K and in other documents we file from time to time with the United States Securities and Exchange Commission.

The 2015 Restructuring

During the second quarter of fiscal 2015 , the Company began implementing a series of initiatives intended to improve operational efficiency, reduce costs, and better position itself to drive growth of the business in the future (the "2015 Restructuring"). The 2015 Restructuring was not completed in fiscal 2015, and actions related to the 2015 Restructuring continued into fiscal 2016. Actions related to the 2015 Restructuring completed during the first quarter of fiscal 2016 include involuntary terminations, the abandonment of certain leased offices, combining operational organizations, and the co-location of employees into other existing offices. We are not exiting any service types or client end-markets. The Company's consolidated results of operations for the first quarter of fiscal 2016 include \$68.4 million pre-tax costs associated with the 2015 Restructuring. The Company's consolidated results of operations for the first quarter of fiscal 2015 do not include any restructuring-related costs. The costs of the 2015 Restructuring are included in selling, general, and administrative expense in the accompanying Consolidated Statements of Earnings for the first quarter of fiscal 2016. The following table summarizes the effects of the 2015 Restructuring on the Company's consolidated results of operations for the three month period ended January 1, 2016 (in thousands, except for earnings per share):

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

	Three Months Ended		
	January 1, 2016		
	U.S. GAAP	Effects of 2015 Restructuring	Without 2015 Restructuring
Consolidated pre-tax earnings	\$ 57,787	\$ (68,383)	\$ 126,170
Tax expense	(7,481)	20,247	(27,728)
Net earnings of the Group	50,306	(48,136)	98,442
Non-controlling interests	(3,792)	—	(3,792)
Net earnings of Jacobs	\$ 46,514	\$ (48,136)	\$ 94,650
Diluted earnings per share	\$ 0.38	\$ (0.40)	\$ 0.78

Overview - Three Months Ended January 1, 2016

The Company's GAAP net earnings for the three months ended January 1, 2016 decreased by \$53.6 million , or 53.5% , compared to the corresponding period last year. Excluding the effects of the 2015 Restructuring, the Company's adjusted net earnings for the three months ended January 1, 2016 totaled \$94.7 million , representing a decrease of \$5.4 million , or 5.4% , from the corresponding first quarter period last year. Included in the results of operations for the first quarter of fiscal 2016 is an \$11.2 million income tax benefit associated with the release of a valuation allowance against certain deferred tax assets relating to certain foreign net operating losses.

The effects of lower prices of crude oil and certain commodities, including copper and iron ore, continue to put pressure on the capital spending plans of our clients operating in the Chemicals & Polymers, Oil & Gas-Upstream, and Mining and Minerals industries and markets. However, we experienced higher volumes of business activity during the first quarter of fiscal 2016 for clients operating the Pharmaceuticals and Biotechnology, Refining - Downstream, and Infrastructure industry groups and markets as compared to the corresponding period last year. We believe actions taken pursuant to the Company's 2015 Restructuring have lowered the Company's overall cost structure, which is helping to offset negative pressures we are experiencing in certain of our markets.

Backlog at January 1, 2016 was \$18.2 billion , and represents a decrease of 4.6% over backlog at December 26, 2014 . On a constant currency basis, backlog was down 2.2%.

The Company repurchased and retired 1.0 million shares of its common stock during the three months ended January 1, 2016 under its July 23, 2015 share repurchase program, which was first utilized in the first quarter of fiscal 2016 . Total cash spent for the shares repurchased during the first quarter of fiscal 2016 was \$42.1 million .

Results of Operations

Net earnings for the first quarter of fiscal 2016 ended January 1, 2016 decreased \$53.6 million , or 53.5% , to \$46.5 million (or \$0.38 per diluted share) from \$100.1 million (or \$0.77 per diluted share) for the corresponding period last year. Included in net earnings for the first quarter of fiscal 2016 are the costs associated with the 2015 Restructuring. Excluding the effects of the 2015 Restructuring occurring in the first quarter of fiscal 2016 , adjusted net earnings for the first quarter of fiscal 2016 decreased \$5.4 million , or 5.4% , to \$94.7 million (or \$0.78 per diluted share) from \$100.1 million (or \$0.77 per diluted share) for the corresponding period last year. Included in the results of operations for the first quarter of fiscal 2016 is an \$11.2 million income tax benefit associated with the release of a valuation allowance against certain deferred tax assets relating to certain foreign net operating losses.

Total revenues for the first quarter of fiscal 2016 decreased by \$339.1 million , or 10.6% , to \$2.85 billion , from \$3.19 billion for the first quarter of fiscal 2015 . The decrease in revenues was due primarily to reduced pass-through costs included in revenues combined with lower volumes in the Chemicals and Polymers, National Government, Mining and Minerals, and Oil & Gas - Upstream markets. Also contributing to the decrease in revenues in the first quarter of fiscal 2016 as compared to the corresponding period last year was effects of the strengthening U.S. dollar relative to certain foreign currencies.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

The following table sets forth our revenues by the various types of services we provide for the three months ended January 1, 2016 and December 26, 2014 , (in thousands):

	For the Three Months Ended	
	January 1, 2016	December 26, 2014
Technical Professional Services Revenues:		
Project Services	\$ 1,387,675	\$ 1,623,587
Process, Scientific, and Systems Consulting	258,915	308,937
Total Technical Professional Services Revenues	1,646,590	1,932,524
Field Services Revenues:		
Construction	897,050	947,792
Operations and Maintenance ("O&M")	304,294	306,689
Total Field Services Revenues	1,201,344	1,254,481
Total Revenues	\$ 2,847,934	\$ 3,187,005

Project Services revenues for the three months ended January 1, 2016 decreased \$235.9 million , or 14.5% , from the corresponding period last year. The decrease in Project Services revenues was due primarily to lower business volumes in the North American and U.K. Chemicals and Polymers and Oil & Gas - Upstream markets, driven principally by the decline in oil and other commodity prices, combined with the effects of the strengthening U.S. dollar.

Process, Scientific, and Systems Consulting revenues for the three months ended January 1, 2016 decreased \$50.0 million , or 16.2% , from the corresponding period last year. The decrease was due primarily to lower pass through costs included in revenues and the winding down of certain projects in the first quarter of fiscal 2016 when compared to the prior comparable period. The revenues in this service type relate to science, engineering, and technical support services provided primarily to U.S. federal government clients and its various agencies.

Construction revenues for the three months ended January 1, 2016 decreased \$50.7 million , or 5.3% , from the corresponding period last year. The decrease is primarily due to the winding down of a U.S. project in the Mining and Minerals market along with lower volumes in this market overall.

Operations and Maintenance revenues for the three months ended January 1, 2016 were essentially flat as compared to the corresponding period last year.

The following table sets forth our revenues by the industry groups and markets in which our clients operate for the three months ended January 1, 2016 and December 26, 2014 (in thousands):

	For the Three Months Ended	
	January 1, 2016	December 26, 2014
National Government Programs	\$ 590,793	\$ 668,342
Refining - Downstream	551,735	508,888
Chemicals and Polymers	487,622	698,356
Infrastructure	392,828	385,585
Buildings	221,160	230,031
Oil & Gas - Upstream	194,311	246,014
Industrial and Other	179,128	177,914
Pharmaceuticals and Biotechnology	160,313	129,785
Mining and Minerals	70,044	142,090
	\$ 2,847,934	\$ 3,187,005

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

For the three months ended January 1, 2016, revenues from clients operating in the National Government Programs market decreased \$77.5 million, or 11.6%, to \$590.8 million from \$668.3 million for the corresponding period last year. The decrease was due primarily to lower pass through costs included in revenues and the winding down of certain projects in the first quarter of fiscal 2016 when compared to the corresponding period of the prior year.

For the three months ended January 1, 2016, revenues from clients operating in the Refining - Downstream market increased \$42.8 million, or 8.4%, to \$551.7 million from \$508.9 million for the corresponding period last year. The increase occurred within our operations in the U.S. and the U.K., and was partially offset by lower volumes in Canada.

For the three months ended January 1, 2016, revenues from projects for clients operating in the Chemicals and Polymers industries decreased \$210.7 million, or 30.2%, to \$487.6 million from \$698.4 million for the corresponding period last year. The decrease in revenues was due primarily to the normal winding-down and completion of certain projects in the U.S, the U.K., and Europe. While our clients in these industries continue to evaluate the effects of lower feed stock prices relative to near- and long-term demand and the impact on their capital spending programs, we intend to emphasize in the market place our capabilities in FEED (front-end engineering design) and pre-FEED services as well as our maintenance and sustaining capital services. We have long-term relationships with numerous chemical companies around the world, and we continue to believe this industry group will provide strong growth opportunities in the long-term.

For the three months ended January 1, 2016, revenues from clients operating in the Infrastructure market increased \$7.2 million, or 1.9%, to \$392.8 million from \$385.6 million for the corresponding period last year. The increase was due primarily to higher volume in Australia and New Zealand. We believe market conditions may continue to improve within this industry group, particularly for transportation, water, and certain other projects around the globe.

For the three months ended January 1, 2016, revenues from clients operating in the Buildings market decreased \$8.9 million, or 3.9%, to \$221.2 million from \$230.0 million for the corresponding period last year. Although revenues for this industry group and market declined on a year-over-year basis, we see growth opportunities globally in the fields of health care, higher education, transportation, mission critical, and certain other technically complex buildings and facilities.

For the three months ended January 1, 2016, revenues on projects for clients operating in the Oil & Gas-Upstream market decreased \$51.7 million, or 21.0%, to \$194.3 million from \$246.0 million for the corresponding period last year. The decline in crude oil prices has dampened our client's near-term capital spending plans. As a result, we see certain clients deploying more of their capital budgets to sustaining capital-type programs (small-cap projects and maintenance-driven work), an area where the Company is strong.

For the three months ended January 1, 2016, revenues on projects for clients operating in the Pharmaceuticals & Biotechnology market increased \$30.5 million, or 23.5%, to \$160.3 million from \$129.8 million for the corresponding period last year. We continue to see inquiries by clients involving facilities relating to biologics and other pharmaceutical plants. Accordingly, we continue to believe that this market is strong with a developing pipeline of projects in Europe and Asia.

For the three months ended January 1, 2016, revenues from clients operating in the Mining and Minerals market decreased \$72.0 million, or 50.7%, to \$70.0 million from \$142.1 million for the corresponding period last year. The decrease in revenues was due to the winding down of several projects in North and South America and Australia without significant new work being added. Globally, continuing pressure on commodity prices have caused our clients in these industries to behave more conservatively when it comes to new spend. It is possible that this situation may continue for the foreseeable future. Accordingly, the Company is refocusing and reallocating its resources onto brownfield and sustaining capital-type projects. Longer-term, we believe we are well positioned to realize incremental business when the current pricing environment improves.

Direct costs of contracts for the first quarter of fiscal 2016 decreased \$260.1 million, or 9.8%, to \$2.4 billion from \$2.7 billion for the corresponding period last year. Direct costs of contracts include all costs incurred in connection with and directly for the benefit of client contracts, including depreciation and amortization relating to assets used in providing the services required by the related projects. The level of direct costs of contracts may fluctuate between reporting periods due to a variety of factors, including the amount of pass-through costs we incur during a period. On those projects where we are responsible for subcontract labor or third-party materials and equipment, we reflect the amounts of such items in both revenues and costs (and we refer to such costs as "pass-through costs"). On other projects where the client elects to pay for such items directly and we have no associated responsibility for such items, these amounts are not considered pass-through costs and are, therefore, not reflected in either revenues or costs. To the extent that we incur a significant amount of pass-through costs in a period, our direct costs of contracts are likely to increase as well.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

Pass-through costs included in revenues for the first quarter of fiscal 2016 decreased \$36.5 million , or 5.2% , to \$670.3 million from \$706.8 million for the corresponding period last year. In general, pass-through costs are more significant on projects that have a higher content of field services activities. Pass-through costs are generally incurred at specific points during the life cycle of a project and are highly dependent on the needs of our individual clients and the nature of the clients' projects. However, because we have hundreds of projects which start at various times within a fiscal year, the effect of pass-through costs on the level of direct costs of contracts can vary between fiscal years without there being a fundamental or significant change to the underlying business. The decrease in pass-through costs was due primarily to the decline in our field services activity.

As a percentage of revenues, direct costs of contracts for the three months ended January 1, 2016 and December 26, 2014 was 84.5% and 83.7% , respectively. The relationship between direct costs of contracts and revenues will fluctuate between reporting periods depending on a variety of factors including the mix of business during the reporting periods being compared as well as the level of margins earned from the various types of services provided. Generally, the more procurement we do on behalf of our clients (i.e., where we purchase equipment and materials for use on projects and/or procure subcontracts in connection with projects) and the more field services revenues we have relative to technical, professional services revenues, the higher the ratio will be of direct costs of contracts to revenues. Because revenues from pass-through costs typically have lower margin rates associated with them, it is not unusual for us to experience an increase or decrease in such revenues without experiencing a corresponding increase or decrease in our gross margins and operating profit.

Selling, general and administrative ("SG&A") expenses for the first quarter of fiscal 2016 increased \$19.8 million , or 5.5% , to \$381.0 million from \$361.2 million for the corresponding period last year. The increase for the current three month period as compared to the prior year was due primarily to costs associated with the 2015 Restructuring recorded during the first quarter of fiscal 2016 . Excluding the impact of the 2015 Restructuring, adjusted SG&A expenses for the first quarter of fiscal 2016 decreased \$48.6 million , or 13.4% , to \$312.6 million from \$361.2 million for the corresponding period last year.

Net interest expense for the three months ended January 1, 2016 decreased \$1.7 million , or 56.5% , to \$1.3 million from \$3.0 million for the corresponding period last year. The decrease for the three month period as compared to the corresponding prior year period was due primarily to lower debt levels in the first quarter of fiscal 2016 as compared to the same period last year.

The Company's effective income tax rate for the first quarter ended January 1, 2016 declined to 12.9% from 31.4% for the corresponding period last year. The decrease in the tax rate for the three months ended January 1, 2016 as compared to the corresponding period last year was primarily the result of an \$11.2 million tax benefit associated with the release of a valuation allowance against certain deferred tax assets relating to certain foreign net operating losses.

Backlog Information

We include in backlog the total dollar amount of revenues we expect to record in the future as a result of performing work under contracts that have been awarded to us. Our policy with respect to O&M contracts, however, is to include in backlog the amount of revenues we expect to receive for one succeeding year, regardless of the remaining life of the contract. For national government programs (other than national government O&M contracts), our policy is to include in backlog the full contract award, whether funded or unfunded, excluding option periods. Because of the nature, size, expected duration, funding commitments, and the scope of services required by our contracts, the timing of when backlog will be recognized as revenues can vary greatly between individual contracts. Backlog is not necessarily an indicator of future revenues.

Consistent with industry practice, substantially all of our contracts are subject to cancellation or termination at the option of the client. In a situation where a client terminates a contract, we typically are entitled to receive payment for work performed up to the date of termination, and in certain instances, we may be entitled to allowable termination and cancellation costs. While management uses all information available to it to determine backlog, our backlog at any given time is subject to changes in the scope of services to be provided as well as increases or decreases in costs relating to the contracts included therein.

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

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

The following table summarizes our backlog at January 1, 2016 and December 26, 2014 (in millions):

	January 1, 2016	December 26, 2014
Technical professional services	\$ 11,421.4	\$ 13,222.4
Field services	6,801.0	5,885.0
Total	<u>\$ 18,222.4</u>	<u>\$ 19,107.4</u>

Our backlog decreased \$0.9 billion, or 4.6%, to \$18.2 billion at January 1, 2016 from \$19.1 billion at December 26, 2014. Of the \$0.9 billion decrease, approximately \$470.0 million is due to the effects of foreign exchange. Although backlog at January 1, 2016 includes new awards from clients operating in many of the industry groups and markets we serve, these awards were insufficient to off-set the effects of work-off, project cancellations, and reductions in scope. In addition, backlog has been further challenged as it relates to clients operating in the petroleum, chemicals, and mining and minerals industries due to the effects of the continuing low crude oil prices and certain commodities; i.e., copper and iron ore.

Liquidity and Capital Resources

At January 1, 2016, our principal sources of liquidity consisted of \$443.7 million of cash and cash equivalents and \$975.6 million of available borrowing capacity under our \$1.6 billion revolving credit facility (the "2014 Facility"; refer to the Note *Long-term Debt* in Notes to Consolidated Financial Statements appearing under Part 1 - Item 1 of this Quarterly Report on Form 10-Q). We finance much of our operations and growth through cash generated by our operations.

During the three months ended January 1, 2016, our cash and cash equivalents decreased by \$17.1 million from \$460.9 million at October 2, 2015 to \$443.7 million at January 1, 2016. This compares to a net decrease of \$ 62.6 million of cash and cash equivalents during the three months ended December 26, 2014.

The three most significant factors contributing to the *lower decrease* in cash and cash equivalents during the first quarter of fiscal 2016 as compared to the first quarter of fiscal 2015 are: (i) \$71.6 million *less* cash used in fiscal 2016 as compared to fiscal 2015 to repurchase shares of the Company's common stock; and (ii) \$60.3 million *less* cash used in fiscal 2016 as compared to fiscal 2015 related to the Company's net debt activity; off-set in part by (iii) \$55.9 million in *lower* Group net earnings in fiscal 2016 as compared to fiscal 2015.

Our operations provided net cash inflows of \$26.7 million during the three months ended January 1, 2016. This compares to net cash inflows of \$139.0 million for the corresponding period last year. The \$112.3 million decrease in cash flows from operating activities during the three months ended January 1, 2016 as compared to the corresponding period last year was due primarily to a \$59.8 million decrease in cash generated from changes within our working capital accounts (discussed below) and a \$55.9 million decrease in Group net earnings.

With respect to the Company's working capital accounts, the Company's cash flows from operations are greatly affected by the cost-plus nature of our customer contracts. Because such a high percentage of our revenues is earned on cost-plus type contracts, and due to the significance of revenues relating to pass-through costs, most of the costs we incur are included in invoices we send to clients. Although we continually monitor our accounts receivable, we manage the operating cash flows of the Company by managing the working capital accounts in total, rather than by the individual elements. The primary elements of the Company's working capital accounts are accounts receivable, accounts payable, and billings in excess of cost. Accounts payable consist of obligations to third parties relating primarily to costs incurred for projects which are generally billable to clients. Accounts receivable consist of amounts due from our clients — a substantial portion of which is for project-related costs. Billings in excess of cost consist of billings to and payments from our clients for costs yet to be incurred.

This relationship between revenues and costs, and between receivables and payables, is unique to our industry, and facilitates review of our liquidity at the total working capital level. The \$59.8 million decrease in cash flows relating to our working capital accounts is not indicative of any known trend within our operations and was due primarily to the timing of cash receipts and payments within our working capital accounts. Contributing to the decrease in cash flows relating to our working capital accounts were higher cash payments in fiscal 2016 relating to liabilities accrued as part of the fiscal 2015 and 2014 restructuring activities, as compared to the first quarter of fiscal 2015 and the timing of income tax payments in the U.S. and Europe.

With respect to the Company's trade accounts receivable, we believe, in general, that our credit risk is not significant in spite of the fact that we provide services to clients operating in a wide range of industries as well as in a number of countries outside the U.S. Our private sector customers include large, well-known, and well-established multi-national companies, and our government customers consist of national, state, and local agencies located principally in the U.S., the U.K., and Australia.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

Although we have not historically experienced significant collection issues with either of our governmental or commercial customers, we are currently reassessing how we extend credit to customers operating in certain of the industry groups and markets we service.

We used \$26.4 million of cash and cash equivalents for investing activities during the three months ended January 1, 2016 as compared to \$30.4 million used during the corresponding period last year. The decrease in cash used is due to the lower additions of property and equipment in fiscal 2016 as compared to the prior fiscal year partially offset by a small acquisition in fiscal 2016.

Our financing activities resulted in net cash outflows of \$3.5 million during the three months ended January 1, 2016. This compares to net cash outflows of \$140.4 million during the corresponding period last year. The \$136.9 million in lower cash outflows during fiscal 2016 as compared to the previous year was due primarily to (i) \$71.6 million less cash used in fiscal 2016 as compared to fiscal 2015 to repurchase shares of the Company's common stock (discussed in further detail in Part II, Item 2 of this Quarterly Report on Form 10-Q), and (ii) \$60.3 million less cash used in fiscal 2016 to pay-down the Company's long-term debt.

The Company had \$443.7 million of cash and cash equivalents at January 1, 2016. Of this amount, approximately \$97.4 million was held in the U.S. and \$346.3 million was held outside of the U.S. (primarily in the U.K., the Eurozone, Chile, and India). Other than the tax cost of repatriating funds to the U.S. (see Note 9—*Income Taxes* of Notes to Consolidated Financial Statements included in our 2015 Form 10-K), there are no material impediments to repatriating these funds to the U.S.

We believe we have adequate liquidity and capital resources to fund our operations, support our acquisition strategy, and service our debt for the next twelve months. We had \$443.7 million in cash and cash equivalents at January 1, 2016, and our consolidated working capital position was \$1.3 billion at that date. In addition, there was \$975.6 million of borrowing capacity remaining under the 2014 Facility at January 1, 2016. We believe that the capacity, terms and conditions of the 2014 Facility, combined with cash on-hand and the other committed and uncommitted facilities we have in place, are adequate for our working capital and general business requirements for the next twelve months.

The Company had \$240.9 million of letters of credit outstanding at January 1, 2016. Of this amount, \$2.5 million was issued under the 2014 Facility and \$238.4 million was issued under separate, committed and uncommitted letter-of-credit facilities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Interest Rate Risk

Please see the Note *Long-term Debt* in Notes to Consolidated Financial Statements appearing under Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for a discussion of the 2014 Facility.

Foreign Currency Risk

In situations where our operations incur contract costs in currencies other than their functional currency, we attempt to have a portion of the related contract revenues denominated in the same currencies as the costs. In those situations where revenues and costs are transacted in different currencies, we sometimes enter into foreign exchange contracts in order to limit our exposure to fluctuating foreign currencies. We follow the provisions of ASC 815—*Derivatives and Hedging* in accounting for our derivative contracts. The Company does not currently have exchange rate sensitive instruments that would have a material effect on our consolidated financial statements or results of operations.

Item 4. Controls and Procedures.

The Company's management, with the participation of its Executive Chairman (principal executive officer) and Chief Financial Officer (principal financial officer), evaluated the effectiveness of the Company's disclosure controls and procedures as defined by Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of January 1, 2016, the end of the period covered by this Quarterly Report on Form 10-Q (the "Evaluation Date"). Based on that evaluation, the Executive Chairman (principal executive officer) and Chief Financial Officer (principal financial officer) concluded that the Company's disclosure controls and procedures were effective as of the Evaluation Date.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

There were no changes in the Company's system of internal control over financial reporting during the quarter ended January 1, 2016 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II - OTHER INFORMATION**Item 1. Legal Proceedings.**

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

Item 1A. Risk Factors.

Please refer to Item 1A—*Risk Factors* in our 2015 Form 10-K, which is incorporated herein by reference, for a discussion of some of the factors that have affected our business, financial condition, and results of operations in the past and which could affect us in the future. There have been no material changes to those risk factors during the period covered by this Quarterly Report on Form 10-Q.

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

There were no sales of unregistered equity securities during the first quarter of fiscal 2016 .

Share Repurchases

A summary of repurchases of our common stock made during each fiscal month during the first quarter of fiscal 2016 is as follows (in thousands, except per-share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Numbers of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 3, 2015 through October 30, 2015	435	\$ 39.83	435	\$ 482,673
October 31, 2015 through November 27, 2015	247	41.44	247	472,453
November 28, 2015 through January 1, 2016	343	42.45	343	457,903
Total	1,024	41.09	1,024	457,903

(1) Includes commissions paid.

(2) On July 23, 2015, the Board of Directors approved a program to repurchase up to \$500 million of the Company's common stock over the next three years. Share repurchases may be executed through various means including, without limitation, open market transactions, privately negotiated transactions or otherwise. The share repurchase program does not oblige the Company to purchase any shares and expires on July 22, 2018. The authorization for the share repurchase program may be terminated, increased, or decreased by the Company's Board of Directors in its discretion at any time. The timing of our share repurchases may depend upon market conditions, other uses of capital, and other factors.

Item 3. Mine Safety Disclosure.

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) by the federal Mine Safety and Health Administration. Under the Mine Act, an independent contractor, such as Jacobs, that performs services or construction of a mine is included within the definition of a mining operator. We do not act as the owner of any mines.

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Quarterly Report on Form 10-Q.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES**Item 6. Exhibits****(a) Exhibits**

†10.3	Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan, as amended and restated, effective December 9, 2015.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95	Mine Safety Disclosure.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
†	Being filed herewith.
#	Indicates management contract or compensatory plan or arrangement.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

SIGNATURES

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

JACOBS ENGINEERING GROUP INC.

By: /s/ Kevin C. Berryman
Kevin C. Berryman
Executive Vice President
and Chief Financial Officer
(Principal Financial Officer)

Date: February 3, 2016

JACOBS ENGINEERING GROUP INC.

**1999 Outside Director Stock Plan
(As Amended and Restated effective December 9, 2015)**

1. Purpose.

The purpose of the Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan (the "Plan") is to attract and retain the services of experienced and knowledgeable independent directors of Jacobs Engineering Group Inc. (the "Company") for the benefit of the Company and its stockholders and to provide an additional incentive for such directors to continue to work for the best interests of the Company and its stockholders through continuing ownership of its Common Stock.

On December 9, 2015, the Board of Directors unanimously approved the amendment and restatement of the Plan, subject to approval by the Company's shareholders at the Annual Meeting. In order for the amendment and restatement of the Plan to take effect, it must be approved by the Company's shareholders. If this amendment and restatement is not approved by the Company's shareholders, the version of the Plan as in effect immediately prior to December 9, 2015 will continue to operate according to its terms.

2. Definitions.

Unless the context clearly indicates otherwise, the following terms, when used in this Plan, shall have the meanings set forth in this Paragraph 2.

"Award" means any award of an Option or Stock Award granted pursuant to the Plan.

"Award Agreement" means any agreement, contract document or other instrument evidencing an Award.

"Board of Directors" shall mean the Board of Directors of the Company.

"Change in Control" means, with respect to the Company, a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A under the 1934 Act, provided that such a change in control shall be deemed to have occurred at such time as (a) any "person" (as that term is used in Sections 13(d) and 14(d)(2) of the 1934 Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities representing 35% or more of the combined voting power for election of directors of the then outstanding securities of the Company or any successor of the Company; (b) during any period of two (2) consecutive years or less, individuals who at the beginning of such period constituted the Board of Directors cease, for any reason, to constitute at least a majority of the Board of Directors, unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; (c) the consummation of any merger or consolidation as a result of which the Common Stock (as defined below) shall be changed, converted or exchanged (other than by merger or consolidation with a wholly owned subsidiary of the Company) or any liquidation of the Company or any sale or other disposition of 50% or more of the assets or earning power of the Company; or (d) the consummation of any merger or consolidation of which the Company is a party as a result of which the persons who were shareholders of the Company immediately prior to the effective date of the merger or consolidation shall have beneficial ownership of less than 50% of the combined voting power for election of directors of the surviving corporation following the effective date of such merger or consolidation; provided, however, that no Change in Control shall be deemed to have occurred if, prior to such time as a Change in Control would otherwise be deemed to have occurred, the Board of Directors of the Company determines otherwise. Notwithstanding the foregoing, with respect to an Award that is (i) subject to Section 409A and (ii) if a Change in Control would accelerate the timing of payment thereunder, then the term "Change in Control" shall mean a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company as defined in Section 409A and the authoritative guidance issued thereunder, but only to the extent inconsistent with the above definition, and only to the minimum extent necessary to comply with Section 409A as determined by the Board.

"Common Stock" shall mean the Common Stock, \$1.00 par value, of the Company or such other class of shares or other securities as may be applicable pursuant to the provisions of Paragraph 5.

"Company" shall mean Jacobs Engineering Group Inc.

"Disabled" means a condition under which an Outside Director:

(a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or

(b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving long term disability benefits or social security disability payments.

"Fair Market Value" shall mean the closing price of the Common Stock as reported in the composite transactions report of the National Securities Exchange on which the Common Stock is then listed ("Exchange"). If such day is a day that the Exchange is not open, then the Fair Market Value shall be determined by reference to the closing price of the Common Stock for the immediately preceding trading day.

"Forfeiture Restrictions" is defined in Paragraph 11.

"Grant Price" shall mean the average of the Fair Market Values of the Common Stock for the ten trading days ending on the second trading day prior to the date for which the Grant Price is being determined, but in no event less than 85% of the Fair Market Value of the Common Stock for the day the Grant Price is being determined. If the day for which the Grant Price is being determined is a day that the Exchange is not open, then the Grant Price shall be determined by reference to the relevant price or prices as of the immediately preceding trading day.

Notwithstanding the foregoing, in the event that an Outside Director is elected or re-elected to the Board of Directors following the start of the averaging period that would otherwise be used to determine the Grant Price of an Option issued to such Outside Director pursuant to Paragraph 6, the Grant Price of the Option issued to the Outside Director shall equal the Fair Market Value of the Common Stock for the day the Grant Price is being determined.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Outside Director" shall have the meaning given the term "Non-Employee Director" by Rule 16b-3 adopted under the 1934 Act.

"Option" shall mean an Option granted pursuant to this Plan.

"Plan" shall mean this Jacobs Engineering Group Inc. 1999 Outside Director Stock Plan as set forth herein, as the same may be amended from time to time.

"Restricted Stock" is defined in Paragraph 11.

"Restricted Stock Unit" means a Stock Award granted pursuant to Paragraph 11 of this Plan, pursuant to which shares of Common Stock may be issued in the future.

"Stock Award" shall mean a grant of Common Stock, Restricted Stock or Restricted Stock Units pursuant to Paragraph 11 of this Plan.

"Tax Date" shall mean the date as of which any federal, state, local or foreign tax is required to be withheld from an Outside Director in connection with the exercise of an Option, the sale or other disposition of Common Stock acquired upon the exercise of an Option, the receipt of a Stock Award, the release of Restricted Stock Forfeiture Restrictions, or the acquisition of Common Stock pursuant to an award of Restricted Stock Units.

3. Shares of Common Stock Subject to the Plan .

(a) Subject to the provisions of Paragraph 5, the aggregate number of shares of Common Stock upon which Awards may be granted under the Plan shall not exceed 1,100,000 shares.

(b) The shares to be delivered under the Plan shall be made available, at the discretion of the Board of Directors, from either authorized but unissued shares of Common Stock or previously issued shares reacquired by the Company, including shares purchased in the open market.

(c) If any outstanding Option granted under the Plan expires, lapses, is terminated or is forfeited for any reason, then the unissued shares of Common Stock that were allocable to the unexercised portion of such Option shall again be available for issuance upon exercise of an Option granted under this Plan.

(d) Notwithstanding anything to the contrary herein, no Outside Director shall receive in excess of \$600,000 of compensation in any calendar year, determined by adding (i) all cash compensation to such Outside Director and (ii) the fair market value of all Awards granted to such Outside Director in such calendar year, based on the fair market value of such Awards on the Grant Date (as determined in a manner consistent with that used for Director compensation for proxy statement disclosure purposes in the year in which the Award occurs). The foregoing limit on Outside Director compensation only applies to compensation for customary Board services, and does not apply to compensation for special Board services, e.g. chairing the Board, which shall be subject to the limit set forth in the next sentence of this paragraph. The Board may make exceptions to this limit for individual Outside Directors in extraordinary circumstances, so long as this paragraph would not be violated if the \$600,000 figure were instead \$750,000, as the Board may determine in its sole discretion, provided that the Outside Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving Outside Directors.

4. Administration of the Plan.

(a) The Plan shall be administered by the Board of Directors. The Board of Directors may authorize any officer or officers of the Company to execute and deliver Award Agreements and other documents on behalf of the Company.

(b) Subject to the provisions of the Plan, the Board of Directors is authorized and directed to interpret the Plan, to establish, amend and rescind policies relating to the Plan, to direct the Company to execute agreements and amendments thereto setting forth the terms and conditions of grants of Awards made under the Plan and to make such other determinations and to take such other actions as are consistent with the Plan and are necessary or appropriate for the administration of the Plan. Notwithstanding the foregoing, the Board of Directors shall not have the authority to make any determination, to adopt any policy or to take any action that would cause grants and exercises under the Plan to cease to be exempt from Section 16(b) of the 1934 Act by virtue of Rule 16b-3, or any successor rule, thereunder.

(c) Except as provided in Paragraph 15, any determination, decision or action of the Board of Directors in connection with the construction, interpretation, administration or application of the Plan shall be final, binding and conclusive upon all Plan participants and their transferees, beneficiaries, legal representatives, executors and other successors and assigns and upon all other persons. No member of the Board of Directors, and no other person acting upon the authorization and direction of the Board of Directors, shall be liable for any determination, decision or action made in good faith with respect to the Plan.

(d) The Company shall indemnify and hold harmless the members of the Board of Directors, and other persons who are acting upon the authorization and direction of the Board of Directors, from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission in connection with the performance of such persons' duties, responsibilities and obligations under the Plan, other than such liabilities, costs and expenses as may result from the bad faith, willful misconduct or criminal acts of such persons.

5. Adjustment Provisions.

(a) Subject to the provisions of Paragraph 5(b) and Paragraph 15, if the outstanding shares of Common Stock of the Company are increased, decreased or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed in respect of such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or any other change in the corporate structure of the Company affecting the Common Stock, the Board of Directors may, in its sole discretion determine that an appropriate and proportionate adjustment in each of the following is appropriate: (i) the maximum number and kind of securities provided in Paragraph 3(a) of this Plan, (ii) the number and kind of shares or other securities subject to then outstanding Options and/or Stock Awards and (iii) the price for each share or other unit of any other securities subject to such Options, but without change in the aggregate purchase price as to which such Options remain exercisable. Such adjustment shall be made by the Board of Directors, whose determination in that respect shall be final, binding and conclusive.

(b) Notwithstanding anything to the contrary hereunder, upon a Change in Control, all Awards then outstanding under the Plan shall be fully vested and exercisable, except as provided in any applicable Award Agreement.

(c) Adjustments under this Paragraph 5 shall be approved by the Board of Directors. Except as provided in Paragraph 15, the Board of Directors' determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional interests shall be issued under the Plan on account of any such adjustment.

6. Grants of Options to Outside Directors.

All Options are intended to be non-qualified (non-statutory) stock options.

An Outside Director may, by giving written notice to the Company not less than seven days prior to the date on which an Option shall be due to be granted:

(i) Decline to accept further grants of Options under this Plan; or

(ii) Revoke a previous election to decline to accept further grants of Options under this Plan, in which case such Outside Director may, in the discretion of the Board of Directors, thereafter receive Annual Grants made after such revocation.

An Outside Director who declines to accept grants of Options under this Plan may not receive anything of value in lieu of such grant, either at the time of such election or at any time thereafter.

7. Terms of Outside Director Options.

(a) Option Agreement. Each Option shall be evidenced by a written agreement (which may be in electronic form) containing such terms and conditions as the Board of Directors deems appropriate (an "Option Agreement"). An Option Agreement shall not be effective unless and until it has been executed by a duly authorized officer of the Company and by the Outside Director to whom the Option is being granted.

(b) Option Price. The price of the shares of Common Stock subject to each Option shall be the Grant Price on the date such Option is granted.

(c) Exercisability. Unless otherwise provided in this Plan or an Award Agreement:

(i) No Option may be exercised in whole or in part until one year following the date upon which the Option is granted;

(ii) Subject to the provisions of Paragraph 7(c)(i), which shall at all times preempt the provisions of this Subparagraph 7(c)(ii), an installment of 25% of each Option shall become exercisable one year following the date of grant, with additional installments of 25% becoming exercisable on each anniversary date of the grant, so that all Options are fully exercisable at the end of four years from the date of grant;

(iii) If an Outside Director dies or becomes Disabled while in office all installments of all Options held by such director shall vest and become fully exercisable; and

(iv) Except as provided in paragraph (iii) above, no installment of an Option that has not become exercisable on the date on which the holder thereof ceases to be a director of the Company shall thereafter become exercisable by such holder or his successors and assigns.

8. Expiration of Options. An Option may not be exercised after the first to occur of the following events:

(a) Except as provided below, upon the expiration of three months from the date of the Outside Director's disqualification or removal from the Board of Directors, or, if earlier, upon the expiration of the remaining term of the Option; however, if the Outside Director dies within said three-month period, upon the expiration of one year from the date of death or, if earlier, upon the expiration of the remaining term of the Option;

(b) In the case of the death of an Outside Director while in office, upon the expiration of the terms stated in the Option Agreements held by such director at the time of death;

(c) In the case of an Outside Director who is Disabled, upon the expiration of the terms stated in the Option Agreements held by such director at the time of the Disability; or

(d) In the case of the resignation of an Outside Director, the expiration of the remaining term of the Option.

An Option may not be exercised to any extent by anyone after the expiration of ten years from the date the Option was granted.

9. Exercise of Options.

(a) Following the death or disability of an Outside Director, any exercisable portion of such Option may, prior to the time when such portion becomes unexercisable under the provisions of Paragraph 8, above, be exercised by the Outside Director's personal representative or by any person empowered to do so under court order, or by will or the laws of descent and distribution, unless otherwise determined by the Board of Directors.

(b) *Manner of Exercise.* An Option, or any exercisable portion thereof, may be exercised solely by delivery to the Company of all of the following prior to the time when such Option or portion thereof becomes unexercisable under Paragraph 8:

(i) Notice in writing signed by the Outside Director or other person then entitled to exercise such Option or portion, stating that such Option or portion is exercised;

(ii) Either:

(x) Full payment (in cash or by check) for the shares with respect to which such Option or portion is thereby exercised; or

(y) Upon conditions established by the Board of Directors, by the delivery or constructive exchange of shares of Common Stock owned by the Outside Director for such period of time as may be established by the Board of Directors, such shares having a Fair Market Value equal to the aggregate exercise price of the Options being exercised; or

(z) Any combination of the consideration provided in the foregoing subsections (x) and (y);

(iii) In the event the Option or a portion thereof is being exercised by any person or persons other than the Outside Director to whom it was originally granted, appropriate proof, reasonably satisfactory to the Company, of the authority of such person or persons to exercise the Option or such portion thereof; and

(iv) The Board of Directors may make such provisions, subject to applicable rules and regulations, as it may deem appropriate for the withholding or payment by the Outside Director of any withholding taxes that it determines are required in connection with the exercise of an Option, and an Outside Director's rights in stock issued pursuant to such exercise are subject to satisfaction of such conditions. If permitted by the Board of Directors, an Outside Director may elect to satisfy all or any portion of such taxes by instructing the Company to withhold shares of Common Stock issued pursuant to the exercise of the Option (up to the minimum required tax withholding rate for the Outside Director or such other rate that will not cause an adverse accounting consequence or cost). If shares of Common Stock are withheld to satisfy tax liabilities, the value of such shares shall be computed using the Fair Market Value of the Common Stock on the Tax Date.

Any election to use Common Stock to satisfy a withholding tax obligation must either (A) be in a written instrument signed by the Outside Director and stating the number of shares to be withheld or surrendered or a formula pursuant to which such number may be determined and be irrevocable; or (B) otherwise be made in compliance with the Rules and Regulations of the Securities and Exchange Commission under the 1934 Act relating to such elections, as from time to time in effect.

In no event shall the Company be required to issue fractional shares.

(c) *Rights as a Shareholder.* A holder of an Option shall not be, and shall not have any of the rights or privileges of, a shareholder of the Company with respect to any shares of Common Stock purchasable upon the exercise of such Option unless and until such Option shall have been exercised and a certificate or certificates evidencing such shares shall have been issued by the Company to such holder.

(d) *Conditions to Issuance of Stock Certificates.* The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased upon the exercise of any Option or portion thereof unless and until all legal requirements applicable to such issuance or delivery have, in the opinion of counsel to the Company, been complied with. In connection with any such issuance or transfer, the person acquiring the shares

shall, if requested by the Company, give assurances satisfactory to such counsel in respect of such matters as such counsel may deem desirable to assure compliance with all applicable legal requirements.

10. Restrictions on Transferability.

Unless determined otherwise by the Board of Directors, an Award may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Outside Director, only by the Outside Director personally. If the Board of Directors makes an Award transferable, such Award will contain such additional terms and conditions as the Board of Directors deems appropriate.

11. Stock Awards.

(a) In the discretion of the Board of Directors, the Company may make Stock Awards to Outside Directors. Stock Awards may be in the form of Common Stock, Restricted Stock Units, or Restricted Stock or any combination thereof. Unless otherwise determined by the Board of Directors, Stock Awards may not be made to an individual who has at any time been employed by the Company.

(b) Stock Awards to Outside Directors for the first year that they serve as directors shall be in the form of Restricted Stock or Restricted Stock Units. Restricted Stock awarded under this Plan may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of, and in the event of the Outside Director's ceasing to serve as a director of the Company for any reason (including death and Disability unless the Board of Directors in its sole discretion terminates the Forfeiture Restrictions following the death or Disability of such Outside Director), the Outside Director shall be obligated, for no consideration, to forfeit and surrender such shares (to the extent then subject to the Forfeiture Restrictions) to the Company. The restrictions against disposition and the obligation to forfeit and surrender shares to the Company are herein referred to as "Forfeiture Restrictions", and the shares that are then subject to the Forfeiture Restrictions are referred to as "Restricted Stock." Certificates evidencing Restricted Stock shall be appropriately legended to reflect the Forfeiture Restrictions. Restricted Stock Units are Stock Awards denominated in units of Common Stock under which the issuance of Common Stock is subject to such vesting conditions (including continued service as an Outside Director) and other terms and conditions as the Board of Directors deems appropriate. Each Restricted Stock Unit will be equal to one share of Common Stock and will, subject to satisfaction of any vesting and/or other terms and conditions, entitle an Outside Director to the issuance of one share of Common Stock in settlement of the award.

(c) The Forfeiture Restrictions with respect to Restricted Stock awarded to an Outside Director shall lapse and be of no further force and effect, and Restricted Stock Units awarded to an Outside Director shall vest, in each case upon the expiration of such period of time as may be fixed by the Board of Directors prior to the issuance of such Stock Award. In no event shall the restriction period be less than six months from the date the Stock Award is granted unless otherwise provided in an Award Agreement.

(d) All of the foregoing restrictions, terms and other conditions regarding shares of Restricted Stock or Restricted Stock Units shall be evidenced by a written agreement between the Company and the Outside Director containing such terms and conditions as the Board of Directors shall approve.

(e) The Board of Directors may make such provisions as it may deem appropriate, subject to applicable rules and regulations, for the withholding or payment by the Outside Director of any withholding taxes that it determines are required in connection with Stock Awards and the lapse of Forfeiture Restrictions on Restricted Stock, and an Outside Director's rights in such stock are subject to satisfaction of such conditions. If permitted by the Board of Directors, an Outside Director may elect to satisfy all or any portion of such taxes by instructing the Company to withhold shares of Common Stock (up to the minimum required tax withholding rate for the Outside Director, or such other rate that will not cause an adverse accounting consequence or cost) from a Stock Award or from Restricted Stock as to which the Restrictions have lapsed.

(f) If shares of Common Stock are withheld to satisfy tax liabilities, the value of such shares shall be computed using the Fair Market Value of the Common Stock on the Tax Date.

(g) The Board shall be authorized to establish procedures pursuant to which the payment of any award may be deferred.

(h) An Outside Director may, by giving written notice to the Company not less than seven days prior to the date on which a Stock Award shall be due to be granted:

(i) Decline to accept further grants of Stock Awards under this Plan; or

(ii) Revoke a previous election to decline to accept further grants of Stock Awards under this Plan, in which case such Outside Director may, in the discretion of the Board of Directors, thereafter receive Annual Grants made after such revocation.

An Outside Director who declines to accept grants of Stock Awards under this Plan may not receive anything of value in lieu of such grant, either at the time of such election or at any time thereafter.

12. Effective Date of the Plan .

This Plan is conditional upon the approval of the shareholders of the Company, and the Plan shall be null and void if it is not approved by the shareholders within twelve months of its approval by the Board of Directors.

13. Amendment, Suspension and Termination of Plan .

Except as provided in this Paragraph 13 and in Paragraph 15, the Board of Directors may amend or terminate the Plan at any time and in any respect.

(a) No amendment of the Plan shall become effective without the approval of the Company's shareholders if such approval is required in order to comply with Rule 16b-3 under the 1934 Act or any other applicable law, rule or regulation.

(b) Unless required by applicable law, rule or regulation, no amendment or termination of the Plan shall affect in a material and adverse manner any Option granted prior to the date of such amendment or termination without the written consent of the Outside Director holding such affected Option.

(c) This Plan is intended to comply with all requirements for the exemption from Section 16(b) of the 1934 Act applicable to Outside Directors provided by Rule 16-3 or its successors under the 1934 Act. To the extent any provision of the Plan does not so comply and cannot for any reason be amended by the Board of Directors or the shareholders of the Company so as to comply, the provision shall, to the extent permitted by law and deemed advisable by the Board of Directors, be deemed null and void with respect to the holder of Options granted under this Plan.

(d) Other than pursuant to Section 5(a), the Board of Directors shall not without the approval of the Company's stockholders (a) lower the option price per share of an Option after it is granted, (b) cancel an Option in exchange for cash or another Option or Stock Award (other than in connection with a Change in Control), or (c) take any other action with respect to an Option that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the shares are listed.

14. Governing Law .

This Plan shall be governed by and construed and enforced in accordance with, the laws of the State of Delaware without giving effect to its choice of law rules.

15. Code Section 409A

It is intended that the Options and Restricted Stock Awards issued pursuant to this Plan shall not constitute "deferrals of compensation" within the meaning of Section 409A of the Internal Revenue Code and, as a result, shall not be subject to the requirements of Section 409A. It is further intended that Restricted Stock Units issued pursuant to this Plan shall avoid any "plan failures" within the meaning of Code section 409A(a)(1). The Plan is to be interpreted in a manner consistent with these intentions.

Notwithstanding any other provision in this Plan, a new Option or Restricted Stock Award may not be issued if such Option or Restricted Stock Award would not be in compliance with Section 409A, and an existing Option or Restricted Stock Award may not be modified in a manner that would cause such Option or Restricted Stock Award to not be in compliance with Section 409A.

16. Termination of the Plan .

Unless previously terminated by the Board of Directors, the Plan shall terminate when there are no longer any Awards outstanding.

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

I, Steven J. Demetriou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended January 1, 2016 of Jacobs Engineering Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Steven J. Demetriou

Steven J. Demetriou
Chief Executive Officer

February 3, 2016

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

I, Kevin C. Berryman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended January 1, 2016 of Jacobs Engineering Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kevin C. Berryman

Kevin C. Berryman
Chief Financial Officer

February 3, 2016

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

In connection with the Quarterly Report of Jacobs Engineering Group Inc. (the “Company”) on Form 10-Q for the quarter ended January 1, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven J. Demetriou, Chief Executive Officer of the Company (principal executive officer), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven J. Demetriou

Steven J. Demetriou

Chief Executive Officer

February 3, 2016

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

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

In connection with the Quarterly Report of Jacobs Engineering Group Inc. (the “Company”) on Form 10-Q for the quarter ended January 1, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin C. Berryman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin C. Berryman

Kevin C. Berryman

Executive Vice President
and Chief Financial officer

February 3, 2016

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

Mine Safety Disclosure

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) by the federal Mine Safety and Health Administration (“MSHA”). Under the Mine Act, an independent contractor, such as Jacobs, that performs services or construction of a mine is included within the definition of a mining operator. We do not act as the owner of any mines. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by MSHA.

The following table provides information for the quarter ended January 1, 2016 .

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)	Legal Actions Pending as of Last Day of Period (#)
Mine ID: 02-00024 Contractor ID: IPL						\$ —		No	No		2	3
Mine ID: 02-00144 Contractor ID: IPL						\$ —		No	No			
Mine ID: 02-03131 Contractor ID: IPL						\$ —		No	No			
Mine ID: 02-00137 Contractor ID: IPL						\$ —		No	No			
Mine ID: 02-00150 Contractor ID: IPL						\$ —		No	No			
Mine ID: 26-01962 Contractor ID: IPL						\$ —		No	No			
Mine ID: 29-00708 Contractor ID: IPL						\$ —		No	No			2
Mine ID: 29-00762 Contractor ID: IPL						\$ —		No	No			
Mine ID: 26-02755 Contractor ID: IPL						\$ —		No	No		9	
Mine ID: 04-00743 Contractor ID: Y713						\$ —		No	No			
Totals	—	—	—	—	—	\$ —	—	No	No	—	11	5

Notes:

(1) Jacobs received zero MSHA citations during the quarter ended January 1, 2016 .

(2) Jacobs is contesting all pending citations.