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

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 July 4, 2014

OR

☐ 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 1-7567

URS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**94-1381538**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
600 Montgomery Street, 26th Floor	
San Francisco, California	**94111-2728**
(Address of principal executive offices)	(Zip Code)

(415) 774-2700
(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 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 4, 2014
Common Stock, $.01 par value	69,123,739

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "anticipate," "believe," "estimate," "expect," "potential," "intend," "may," "plan," "predict," "project," "will," and similar terms used in reference to the merger agreement with AECOM Technology Corporation and the transactions contemplated thereby, future revenues, services, project awards and business trends; future accounting estimates; conversions of backlog and book of business into future revenues; future accounts receivable and days sales outstanding; future dividend payments and debt payments; future retirement plan expenses; future compliance with regulations; future legal proceedings and accruals; future insurance coverage and recoveries; future effectiveness of our disclosure and internal controls over financial reporting; and future economic and industry conditions. We believe that our expectations are reasonable and are based on reasonable assumptions; however, we caution against relying on any of our forward-looking statements as such forward-looking statements by their nature involve risks and uncertainties. A variety of factors, including but not limited to the following, could cause our business and financial results, as well as the timing of events, to differ materially from those expressed or implied in our forward-looking statements: risks associated with the ability to consummate the proposed transaction with AECOM and the timing of the closing of the proposed transaction; the failure to obtain the necessary debt financing arrangements set forth in the commitment letter received in connection with the proposed transaction with AECOM; the interest rate on any borrowings incurred in connection with the proposed transaction with AECOM; the impact of the indebtedness incurred to finance the proposed transaction with AECOM; the ability to successfully integrate our operations and employees with AECOM; the ability to realize anticipated benefits and synergies of the proposed transaction with AECOM; the potential impact of announcement of the proposed transaction with AECOM or consummation of the transaction on relationships, including with employees, customers and competitors; the outcome of any legal proceedings that have been or may be instituted against URS and/or AECOM and others following announcement of the proposed transaction; the ability to retain key personnel; the amount of the costs, fees, expenses and charges related to the proposed transaction and the actual terms of the financings that will be obtained for the proposed transaction with AECOM; declines in the economy or client spending; changes to the federal budget; changes in our book of business; our compliance with government regulations; integration of acquisitions; employee, agent or partner misconduct; our ability to procure government contracts; liabilities for pending and future litigation; environmental liabilities; changes in oil, natural gas and other commodity prices; weather conditions; availability of bonding and insurance; our reliance on government appropriations; unilateral termination provisions in government contracts; impairment of our goodwill; our ability to make accurate estimates and assumptions; our accounting policies; workforce utilization; our and our partners' ability to bid on, win, perform and renew contracts and projects; our dependence on partners, subcontractors and suppliers; customer payment defaults; our ability to recover on claims; impact of target and fixed-priced contracts on earnings; the inherent dangers at our project sites; the impact of changes in laws and regulations; nuclear indemnifications and insurance; misstatements in expert reports; a decline in defense spending; industry competition; our ability to attract and retain key individuals; retirement plan obligations; our leveraged position and the ability to service our debt; restrictive covenants in finance arrangements; risks associated with international operations; business activities in high security risk countries; information technology risks; natural and man-made disaster risks; our relationships with labor unions; our ability to protect our intellectual property rights; anti-takeover risks; and other factors discussed more fully in Part I, Item 2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 40 of this report, in Part II, Item 1A – "Risk Factors," beginning on page 64 of this report, and in Part I, Item 1A – "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 3, 2014, as well as in other reports subsequently filed from time to time with the United States ("U.S.") Securities and Exchange Commission. We assume no obligation to revise or update any forward-looking statements.

PART I. FINANCIAL INFORMATION:

PART II. OTHER INFORMATION:

URS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
- UNAUDITED
(*In millions, except per share data*)

	July 4, 2014	January 3, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 283	$ 284
Accounts receivable, including retentions of $139 and $117, respectively	1,374	1,393
Costs and accrued earnings in excess of billings on contracts	1,537	1,521
Less receivable allowances	(59)	(65)
Net accounts receivable	2,852	2,849
Other current assets	231	258
Total current assets	3,366	3,391
Investments in and advances to unconsolidated joint ventures	244	245
Property and equipment, net of accumulated depreciation of $715 and $676, respectively	592	608
Intangible assets, net	523	570
Goodwill	3,709	3,696
Other long-term assets	221	208
Total assets	$ 8,655	$ 8,718
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 51	$ 45
Accounts payable and subcontractors payable, including retentions of $29 and $29, respectively	692	688
Accrued salaries and employee benefits	523	507
Billings in excess of costs and accrued earnings on contracts	222	233
Other current liabilities	327	366
Total current liabilities	1,815	1,839
Long-term debt	1,779	1,667
Deferred tax liabilities	428	444
Self-insurance reserves	128	127
Pension and post-retirement benefit obligations	281	286
Other long-term liabilities	136	128
Total liabilities	4,567	4,491
Commitments and contingencies (Note 13)		
URS stockholders' equity:		
Preferred stock, authorized 3 shares; no shares outstanding	—	—
Common stock, par value $.01; authorized 200 shares; 89 and 89 shares issued, respectively; and 69 and 75 shares outstanding, respectively	1	1
Treasury stock, 20 and 14 shares at cost, respectively	(854)	(588)
Additional paid-in capital	3,059	3,038
Accumulated other comprehensive loss	(178)	(201)
Retained earnings	1,915	1,831
Total URS stockholders' equity	3,943	4,081
Noncontrolling interests	145	146
Total stockholders' equity	4,088	4,227
Total liabilities and stockholders' equity	$ 8,655	$ 8,718

See Notes to Condensed Consolidated Financial Statements

URS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
(*In millions, except per share data*)

	Three Months Ended		Six Months Ended	
	July 4, 2014	**June 28, 2013**	**July 4, 2014**	**June 28, 2013**
Revenues	$ 2,555	$ 2,792	$ 5,092	$ 5,595
Cost of revenues	(2,407)	(2,642)	(4,854)	(5,293)
General and administrative expenses	(27)	(23)	(49)	(46)
Equity in income of unconsolidated joint ventures	17	18	36	42
Operating income	138	145	225	298
Interest expense	(18)	(21)	(36)	(42)
Other income (expenses)	1	(3)	(3)	(6)
Income before income taxes	121	121	186	250
Income tax expense	(13)	(39)	(39)	(81)
Net income including noncontrolling interests	108	82	147	169
Noncontrolling interests in income of consolidated subsidiaries	(20)	(15)	(32)	(30)
Net income attributable to URS	$ 88	$ 67	$ 115	$ 139
Earnings per share (Note 3):				
Basic	$ 1.28	$ 0.91	$ 1.64	$ 1.88
Diluted	$ 1.27	$ 0.91	$ 1.63	$ 1.87
Weighted-average shares outstanding (Note 3):				
Basic	68.3	73.8	69.9	74.1
Diluted	68.8	74.0	70.5	74.4
Cash dividends declared per share (Note 11)	$ 0.22	$ 0.21	$ 0.44	$ 0.42

See Notes to Condensed Consolidated Financial Statements

URS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - UNAUDITED
(*In millions*)

	Three Months Ended		Six Months Ended	
	July 4, 2014	**June 28, 2013**	**July 4, 2014**	**June 28, 2013**
Comprehensive income:				
Net income including noncontrolling interests	$ 108	$ 82	$ 147	$ 169
Pension and post-retirement related adjustments, net of tax	(1)	2	—	6
Foreign currency translation adjustments, net of tax	39	(39)	22	(76)
Comprehensive income	146	45	169	99
Noncontrolling interests in comprehensive income of consolidated subsidiaries	(20)	(15)	(32)	(30)
Comprehensive income attributable to URS	$ 126	$ 30	$ 137	$ 69

See Notes to Condensed Consolidated Financial Statements

URS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(*In millions*)

	Six Months Ended	
	July 4, 2014	**June 28, 2013**
Cash flows from operating activities:		
Net income including noncontrolling interests	$ 147	$ 169
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	71	79
Amortization of intangible assets	49	55
Gain on disposal of property and equipment	(14)	(10)
Deferred income taxes	(10)	12
Stock-based compensation	18	23
Equity in income of unconsolidated joint ventures	(36)	(42)
Dividends received from unconsolidated joint ventures	44	52
Changes in operating assets, liabilities and other:		
Accounts receivable and costs and accrued earnings in excess of billings on contracts	6	129
Other current assets	11	25
Other long-term assets	(6)	(122)
Accounts payable, accrued salaries and employee benefits, and other current liabilities	(2)	(281)
Billings in excess of costs and accrued earnings on contracts	(14)	(25)
Other long-term liabilities	(2)	26
Total adjustments and changes	115	(79)
Net cash from operating activities	262	90
Cash flows from investing activities:		
Proceeds from disposal of property and equipment	33	26
Changes in restricted cash	3	2
Capital expenditures, less equipment purchased through capital leases and equipment notes	(42)	(46)
Net cash from investing activities	(6)	(18)

See Notes to Condensed Consolidated Financial Statements

URS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED (Continued)
(*In millions*)

	Six Months Ended	
	July 4, 2014	**June 28, 2013**
Cash flows from financing activities:		
Payments on long-term debt	(3)	(2)
Borrowings from revolving line of credit	663	858
Payments on revolving line of credit	(581)	(823)
Net payments on other indebtedness	(11)	(24)
Net change in overdrafts	1	(13)
Excess tax benefits from stock-based compensation	—	2
Proceeds from employee stock purchases and exercises of stock options	2	13
Distributions to noncontrolling interests	(36)	(32)
Dividends paid	(31)	(31)
Repurchases of common stock	(266)	(93)
Net cash from financing activities	(262)	(145)
Net change in cash and cash equivalents	(6)	(73)
Effect of foreign exchange rate changes on cash and cash equivalents	5	(8)
Cash and cash equivalents at beginning of period	284	315
Cash and cash equivalents at end of period	$ 283	$ 234
Supplemental information:		
Interest paid	$ 36	$ 40
Taxes paid	$ 34	$ 98
Supplemental schedule of non-cash investing and financing activities:		
Equipment acquired with capital lease obligations and equipment note obligations	$ 31	$ 29
Cash dividends declared but not paid	$ 17	$ 16

See Notes to Condensed Consolidated Financial Statements

NOTE 1. BUSINESS, BASIS OF PRESENTATION, AND ACCOUNTING POLICIES

Overview

The accompanying unaudited condensed consolidated financial statements and related notes have been prepared in accordance with generally accepted accounting principles ("GAAP") in the U.S. for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

You should read our unaudited condensed consolidated financial statements in conjunction with the audited consolidated financial statements and related notes contained in our Revised Form 10-K for our fiscal year ended January 3, 2014, which was attached as Exhibit 99.1 to our Current Report on Form 8-K ("Current Report on Form 8-K") filed on August 1, 2014, as amended. The results of operations for the three and six months ended July 4, 2014 are not indicative of the operating results for the full year or for future years.

In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all normal and recurring adjustments that are necessary for a fair statement of our financial position, results of operations and cash flows for the interim periods presented.

Pending Merger

On July 11, 2014, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with AECOM Technology Corporation ("AECOM"), ACM Mountain I, LLC, a direct wholly-owned subsidiary of AECOM ("Merger Sub"), and ACM Mountain II, LLC, a direct wholly-owned subsidiary of AECOM ("Merger Sub I"). The Merger Agreement provides for the merger of Merger Sub with and into our company, with our company continuing as the surviving company and a direct wholly-owned subsidiary of AECOM (the "Merger"). Immediately thereafter, as part of a single integrated transaction with the Merger, pursuant to the Merger Agreement, we will merge with and into Merger Sub I, with Merger Sub I continuing as the surviving company and a direct wholly-owned subsidiary of AECOM. Subject to the terms and conditions of the Merger Agreement, holders of URS common stock will receive consideration to be determined at closing based on the average closing price of AECOM common stock during the five business days prior to the closing date. Each outstanding share of URS common stock will be exchanged for per share consideration consisting of
0.734 shares of AECOM common stock and $
33.00 in cash. URS stockholders may elect to receive cash or stock consideration, subject to proration in the event of oversubscription or undersubscription for cash consideration.

Completion of the Merger is subject to certain customary conditions, including approval by both the AECOM and URS stockholders, approval of the listing of the shares of AECOM common stock to be issued in the Merger on the New York Stock Exchange, receipt of required regulatory approvals and/or expiration or termination of applicable waiting periods, effectiveness of AECOM's registration statement on Form S-4 and receipt of customary opinions related to certain tax matters from the parties' respective counsels. On August 4, 2014, the Federal Trade Commission granted URS and AECOM early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The financial statements included in this Quarterly Report on Form 10-Q do not reflect any adjustments or otherwise give effect to the proposed Merger.

Principles of Consolidation and Basis of Presentation

Our condensed consolidated financial statements include the financial position, results of operations and cash flows of URS Corporation and our majority-owned subsidiaries and joint ventures that are required to be consolidated.

Investments in unconsolidated joint ventures are accounted for using the equity method and are included as "Investments in and advances to unconsolidated joint ventures" on our Condensed Consolidated Balance Sheets. All significant intercompany transactions and accounts have been eliminated in consolidation.

Use of and Changes in Estimates

The preparation of our unaudited condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the balance sheet dates, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, we review our estimates based on information that is currently available. Changes in facts and circumstances may cause us to revise our estimates.

Our business activities involve making significant estimates and assumptions in the normal course of business relating to our contracts. We focus on evaluating the performance of contracts individually. These estimates and assumptions can vary in the normal course of business as contracts progress, when estimated productivity assumptions change based on experience to-date and as uncertainties are resolved. We use the cumulative catch-up method applicable to construction contract accounting to account for revisions in estimates.

There were no material changes in estimates for the three and six months ended July 4, 2014.

During the six months ended June 28, 2013, our results of operations included the recognition of $26 million of performance-based incentive fees from our work managing chemical demilitarization programs. These changes in estimates resulted in increases of $26 million in operating income, $16 million in net income and $0.21 in diluted earnings per common share (“diluted EPS”) for the six months ended June 28, 2013. There were no material changes in estimates for the three months ended June 28, 2013.

NOTE 2. ADOPTED AND OTHER RECENTLY ISSUED STATEMENTS OF FINANCIAL 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. We regularly monitor ASUs as they are issued and consider their applicability to our business. All applicable ASUs are adopted by the due date and in the manner prescribed by the FASB. ASUs adopted during the six months ended July 4, 2014 did not have a material impact on our condensed consolidated financial statements.

In April 2014, the FASB issued an ASU related to discontinued operations. This ASU more narrowly defines discontinued operations as disposals of components of an entity, or groups of components, that represent a strategic shift that has or will have a major effect on an entity’s operations in the financial statements. It requires additional disclosures about discontinued operations, as well as disclosures about disposals of individual significant components of an entity that do not qualify as discontinued operations. This standard will be effective beginning with our first interim period in fiscal year 2015, with an option for early adoption. We are evaluating the potential effects of the adoption of this ASU on our future consolidated financial statements.

In May 2014, the FASB issued an ASU related to revenue recognition, which provides a new principle-based model of revenue recognition that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of this ASU is that an entity should recognize revenues when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires additional disclosures about the nature, amount, timing, and uncertainty of revenues and cash flows arising from customer contracts. This ASU will be effective beginning with our first interim period in fiscal year 2017. Early adoption is not permitted. The ASU allows for either full retrospective or modified retrospective adoption. We are evaluating the transition method that will be elected and the potential effects of the adoption of this ASU on our consolidated financial statements.

NOTE 3. EARNINGS PER SHARE

In our computation of diluted EPS, we exclude the potential shares related to nonvested restricted stock awards and units that have an anti-dilutive effect on EPS or that currently have not met performance conditions. For the three and six months ended July 4, 2014, there were no potential shares related to nonvested restricted stock awards that would have an anti-dilutive effect. For the three and six months ended June 28, 2013, potential shares that had an anti-dilutive effect were 0.6 million and 0.3 million shares, respectively.

The following table summarizes the components of weighted-average common shares outstanding for both basic and diluted EPS:

	Three Months Ended		Six Months Ended	
(In millions)	July 4, 2014	June 28, 2013	July 4, 2014	June 28, 2013
Weighted-average shares of common stock outstanding [1]	68.3	73.8	69.9	74.1
Effect of dilutive restricted stock awards and units and employee stock purchase plan shares	0.5	0.2	0.6	0.3
Weighted-average shares of common stock outstanding – Diluted	68.8	74.0	70.5	74.4

[1] Weighted-average shares of common stock outstanding are net of treasury stock and exclude nonvested restricted stock awards.

NOTE 4. ACCOUNTS RECEIVABLE AND COSTS AND ACCRUED EARNINGS IN EXCESS OF BILLINGS ON CONTRACTS

The following table summarizes the components of our accounts receivable and costs and accrued earnings in excess of billings on contracts ("Unbilled Accounts Receivable") with the U.S. federal government and with other customers as of July 4, 2014 and January 3, 2014:

(In millions)	July 4, 2014	January 3, 2014
Accounts receivable:		
U.S. federal government	$ 358	$ 353
Others	1,016	1,040
Total accounts receivable	$ 1,374	$ 1,393
Unbilled Accounts Receivable:		
U.S. federal government	$ 817	$ 856
Others	866	796
Total	1,683	1,652
Less: Amounts included in Other long-term assets	(146)	(131)
Unbilled Accounts Receivable	$ 1,537	$ 1,521

As of July 4, 2014 and January 3, 2014, we had one project with accounts receivable balances of $
99 million and $
82 million, respectively, relating to an outstanding claim. See Note 13, "Commitments and Contingencies," for further discussion regarding the Department of Energy ("DOE") Deactivation, Demolition, and Removal Project.

NOTE 5. JOINT VENTURES

We analyze all of our joint ventures and classify them into two groups:

- Joint ventures that must be consolidated either because they are not variable interest entities ("VIEs") and we hold the majority voting interest, or because they are VIEs of which we are the primary beneficiary; and
- Joint ventures that do not need to be consolidated either because they are not VIEs and we do not hold a majority voting interest, or because they are VIEs of which we are not the primary beneficiary.

We perform a quarterly review of our joint ventures to determine whether there were any changes in the status of the VIEs or changes to the primary beneficiary designation of each VIE. We determined that no such changes occurred during the six months ended July 4, 2014.

In the table below, we have aggregated financial information relating to our VIEs because their nature and risk and reward characteristics are similar. None of our current joint ventures that meets the characteristics of a VIE is individually significant to our consolidated financial statements.

Consolidated Joint Ventures

The following table presents the total assets and liabilities of our consolidated joint ventures:

(In millions)	**July 4, 2014**	**January 3, 2014**
Cash and cash equivalents	$ 89	$ 89
Net accounts receivable	215	200
Other current assets	2	3
Noncurrent assets	148	143
Total assets	$ 454	$ 435
Accounts and subcontractors payable	$ 108	$ 94
Billings in excess of costs and accrued earnings on contracts	5	15
Accrued expenses and other	34	40
Noncurrent liabilities	14	12
Total liabilities	161	161
Total URS equity	148	128
Noncontrolling interests	145	146
Total owners' equity	293	274
Total liabilities and owners' equity	$ 454	$ 435

Total revenues of the consolidated joint ventures were $296 million and $275 million for the three months ended July 4, 2014 and June 28, 2013, respectively, and $517 million and $529 million for the six months ended July 4, 2014 and June 28, 2013, respectively.

The assets of our consolidated joint ventures are restricted for use only by the particular joint venture and are not available for our general operations.

Unconsolidated Joint Ventures

We use the equity method of accounting for our unconsolidated joint ventures. Under the equity method, we recognize our proportionate share of the net earnings of these joint ventures as a single line item under "Equity in income of unconsolidated joint ventures" in our Condensed Consolidated Statements of Operations.

The table below presents financial information, derived from the most recent financial statements provided to us, in aggregate, for our unconsolidated joint ventures:

(In millions)	Unconsolidated VIEs
July 4, 2014	
Current assets	$ 676
Noncurrent assets	$ 31
Current liabilities	$ 449
Noncurrent liabilities	$ 30
January 3, 2014	
Current assets	$ 616
Noncurrent assets	$ 37
Current liabilities	$ 433
Noncurrent liabilities	$ 7
Three months ended July 4, 2014 (1)	
Revenues	$ 522
Cost of revenues	$ (469)
Income from continuing operations before tax	$ 53
Net income	$ 49
Three months ended June 28, 2013 (1)	
Revenues	$ 566
Cost of revenues	$ (507)
Income from continuing operations before tax	$ 59
Net income	$ 54
Six months ended July 4, 2014 (1)	
Revenues	$ 1,046
Cost of revenues	$ (941)
Income from continuing operations before tax	$ 105
Net income	$ 96
Six months ended June 28, 2013 (1)	
Revenues	$ 1,112
Cost of revenues	$ (994)
Income from continuing operations before tax	$ 118
Net income	$ 110

(1) Income from unconsolidated U.S. joint ventures is generally not taxable in most tax jurisdictions in the U.S. The tax expenses on our other unconsolidated joint ventures are primarily related to foreign taxes.

We received $25 million and $29 million, respectively, of distributions from unconsolidated joint ventures for the three months ended July 4, 2014 and June 28, 2013 and $44 million and $52 million, respectively, for the six months ended July 4, 2014 and June 28, 2013.

Exposure to Loss

In addition to potential losses arising out of the carrying values of the assets and liabilities of our unconsolidated joint ventures, our maximum exposure to loss also includes performance assurances and guarantees we sometimes provide to clients on behalf of joint ventures that we do not directly control. We enter into these guarantees primarily to support the contractual obligations associated with the joint ventures' projects. The potential payment amount of an outstanding performance guarantee is typically the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts.

However, the majority of the unconsolidated joint ventures in which we participate involve cost-reimbursable, level-of-effort projects that are accounted for as service-type projects, not engineering and construction projects that would follow the percentage-of-completion or completed-contract accounting method. Revenues for service-type contracts are recognized in proportion to the number of service activities performed, in proportion to the direct costs of performing the service activities, or evenly across the period of performance, depending upon the nature of the services provided. The services we provide on these cost-reimbursable contracts are management and operations services for government clients and operations and maintenance services for non-government clients. We believe that, due to the continual changes we experience in client funding and scope definitions, reliable estimates of performance guarantees cannot be calculated because they cannot be reliably predicted. In addition, we participate in joint ventures in which the level of our participation is so minimal that we do not have access to those joint ventures' estimates to complete. The joint ventures where we perform engineering and construction contracts and where we have access to the estimates to complete, which are needed to calculate the performance guarantees, are immaterial.

NOTE 6. GOODWILL

Interim Goodwill Impairment Review

Based on the implied value of the potential Merger with AECOM to URS stockholders, we performed an interim goodwill impairment test as of July 4, 2014 for all of our seven reporting units. A goodwill impairment review involves a two-step process. The first step is a comparison of each reporting unit's fair value to its carrying value. If the carrying value of the reporting unit is higher than its fair value, there is an indication that an impairment may exist and the second step must be performed to measure the amount of the impairment.

In reaching our estimate of fair value, we considered the fair values derived from using both the income and market approaches. We gave primary weight to the income approach because it was deemed to be the most applicable. The fair value measurements from the income approach were calculated using unobservable inputs to our discounted cash flows, which inputs are classified as Level 3 within the fair value hierarchy. The income approach uses a reporting unit's projection of estimated cash flows and discounts those back to the present using a weighted-average cost of capital that reflects current market conditions. To arrive at the cash flow projections used in the calculation of fair values for our goodwill impairment review, we use market participant estimates of economic and market activity for the next ten years. The key assumptions we used to estimate the fair values of our reporting units are:

- Revenue growth rates;
- Operating margins;
- Capital expenditure needs;
- Working capital requirements;
- Discount rates; and
- Terminal value capitalization rate ("Capitalization Rate")

Of the key assumptions, the discount rates and the Capitalization Rate are market-driven. These rates are derived from the use of market data and employment of the weighted-average cost of capital. The key assumptions that are company-driven include the revenue growth rates and the projected operating margins. They reflect the influence of other potential assumptions, since the assumptions we identified that affect the projected operating results would ultimately affect either the revenue growth or the profitability (operating margin) of the reporting unit. For example, any adjustment to contract volume and pricing would have a direct impact on revenue growth, and any adjustment to the reporting unit's cost structure or operating leverage would have a direct impact on the profitability of the reporting unit. Actual results may differ from those assumed in our forecasts and changes in assumptions or estimates could materially affect the determination of the fair value of a reporting unit, and therefore could affect the amount of potential impairment.

We also consider indications obtained from the market approach. We applied market multiples derived from stock market prices of companies that are engaged in the same or similar lines of business as our reporting units and that are actively traded on a free and open market, and applied market multiples derived from transactions of significant interests in companies engaged in the same or similar lines of business as our reporting units and a control premium to arrive at the fair values.

When performing our impairment analysis, we also reconcile the sum of the fair values of our reporting units with our market capitalization to determine if the sum reasonably reconciles with the external market indicators. If our reconciliation indicates a significant difference between our external market capitalization and the sum of the fair values of our reporting units, we review and adjust the assumptions employed in our analysis, and examine if the implied control premium is reasonable in light of current market conditions.

Goodwill is allocated to the reporting units based on the respective fair values of the reporting units at the time of the various acquisitions that gave rise to the recognition of goodwill or at the time of a reorganization that impacts the composition of the reporting units.

We performed the first step of the analysis to compare the fair value of each reporting unit to its carrying amount. Based on the analysis performed, the fair values of all of our reporting units exceeded their respective carrying values, indicating that no impairment exists, and therefore the second step of the analysis was not deemed necessary.

Below is a table showing, for each reporting unit, the percentage of its fair value that exceeded its carrying value:

(In millions)	Goodwill Balance as of July 4, 2014	Reporting Unit Fair Value	Reporting Unit Carrying Value	Percent Above Carrying Value
Infrastructure & Environment Operating Segment	$ 749	$ 1,824	$ 1,460	25%
Within the Federal Services Operating Segment:				
Federal Services Group	708	1,001	877	14%
Global Management and Operations Services Group	565	1,076	934	15%
Federal Services Operating Segment	1,273	2,077	1,811	15%
Within the Energy & Construction Operating Segment:				
Civil Construction & Mining Group	294	375	348	8%
Industrial/Process Group	248	425	393	8%
Power Group	735	888	840	6%
Total Energy & Construction Operating Segment	1,277	1,688	1,581	7%
Oil & Gas Operating Segment	410	1,293	1,235	5%
Total	$ 3,709	$ 6,882	$ 6,087	13%

NOTE 7. BILLINGS IN EXCESS OF COSTS AND ACCRUED EARNINGS ON CONTRACTS

Billings in excess of costs and accrued earnings on contracts consisted of the following:

(In millions)	July 4, 2014	January 3, 2014
Billings in excess of costs and accrued earnings on contracts	$ 182	$ 193
Project-related legal liabilities and other project-related reserves	37	35
Estimated losses on uncompleted contracts	3	5
Total	$ 222	$ 233

NOTE 8. INDEBTEDNESS

Indebtedness consisted of the following:

(In millions)	July 4, 2014	January 3, 2014
Term loan, net of debt issuance costs	$ 602	$ 602
3.85% Senior Notes (net of discount)	400	400
5.00% Senior Notes (net of discount)	599	599
Revolving line of credit	84	—
Other indebtedness	145	111
Total indebtedness	1,830	1,712
Less:		
Current portion of long-term debt	51	45
Long-term debt	$ 1,779	$ 1,667

2011 Credit Facility

As of both July 4, 2014 and January 3, 2014, the outstanding balance of the term loan under our senior credit facility ("2011 Credit Facility") was $605 million. As of July 4, 2014 and January 3, 2014, the interest rates applicable to the term loan were 1.68% and 1.67%, respectively. Loans outstanding under our 2011 Credit Facility bear interest, at our option, at the base rate or at LIBOR plus, in each case, an applicable per annum margin. The applicable margin is determined based on the better of our debt ratings or our leverage ratio in accordance with a pricing grid. The interest rate at which we normally borrow is LIBOR plus 150 basis points.

We were in compliance with the covenants of our 2011 Credit Facility as of July 4, 2014.

As of both July 4, 2014 and January 3, 2014, the estimated fair market value of the term loan under our 2011 Credit Facility was approximately $603 million. The carrying value of this term loan on our Condensed Consolidated Balance Sheets as of both July 4, 2014 and January 3, 2014 was $605 million, excluding unamortized issuance costs. The fair value of our term loan as of July 4, 2014 was derived by taking the mid-point of the trading prices from an observable market input (Level 2) in the secondary loan market and multiplying it by the outstanding balance of our term loan. The fair value of our term loan as of January 3, 2014 was determined to be at par less issuance fees as the agreement was amended on December 19, 2013 (Level 2).

Senior Notes

On March 15, 2012, URS Corporation, the parent company ("Parent"), and URS Fox US LP ("Fox LP"), a 100% owned subsidiary of Parent issued, in a private placement, $
400 million aggregate principal amount of
3.85% Senior Notes due on April 1, 2017 and $
600 million aggregate principal amount of
5.00% Senior Notes due on April 1, 2022. Substantially all of the Senior Notes were exchanged for new Senior Notes registered under the Securities Act of 1933, as amended, as of January 9, 2014 (collectively, the "Senior Notes"). As of July 4, 2014, the outstanding balance of the Senior Notes was $999 million, net of $1 million of discount.

The Senior Notes are our general unsecured senior obligations and rank equally with our other existing and future unsecured senior indebtedness. The Senior Notes are fully and unconditionally guaranteed (each a "Guarantee" or, collectively, the "Guarantees") on a joint-and-several basis by each of our current and future domestic subsidiaries that are guarantors under our 2011 Credit Facility or that are 100% owned domestic obligors or 100% owned domestic guarantors, individually or collectively, under any future indebtedness of our subsidiaries in excess of $
100 million (the "Guarantors"). The Guarantees are the Guarantors' unsecured senior obligations and rank equally with the Guarantors' other existing and future unsecured senior indebtedness.

The Guarantee of a Guarantor will, so long as no event of default shall have occurred and be continuing with respect to the Senior Notes, be automatically and unconditionally released and discharged without any action on the part of the trustee or the holders of the Senior Notes:

(a) with respect to a Guarantor which, individually or together with the Parent's other domestic subsidiaries, no longer has any indebtedness of borrowed money in excess of $100 million outstanding and no longer guarantees, individually or together with the Parent's other domestic subsidiaries, any indebtedness in excess of $100 million incurred by the Parent or any of the Parent's other 100% owned domestic subsidiaries;

(b) unless the Guarantor is the surviving entity (i) upon the sale, lease or exchange of all or substantially all of the Guarantor's assets to any person or entity not an affiliate of the Parent or (ii) upon any sale, exchange or transfer, to any person or entity not an affiliate of the Parent, of all of the Parent's direct and indirect interest in such Guarantor;

(c) upon the full and final payment and performance of all obligations under the indenture and the Senior Notes;

(d) upon liquidation and dissolution of a Guarantor in a transaction that is not prohibited by the indenture; or

(e) upon legal defeasance, covenant defeasance or satisfaction and discharge of the indenture.

In addition, the Guarantee of any domestic subsidiary that is a Guarantor will be automatically and unconditionally released and discharged, without any further action required by such Guarantor, the trustee, or the holders of the Senior Notes, if at any time such domestic subsidiary of the Parent that is a Guarantor is no longer a domestic subsidiary of the Parent.

We were in compliance with the covenants of our Senior Notes as of July 4, 2014.

As of July 4, 2014 and January 3, 2014, the estimated fair market values of the Senior Notes were approximately $1 billion and $ 983 million, respectively. The carrying value of the Senior Notes on our Condensed Consolidated Balance Sheets as of both July 4, 2014 and January 3, 2014 was $1 billion, excluding unamortized discount. The fair value of the Senior Notes was derived by taking quoted prices of comparable bonds and making an adjustment to reflect our credit to determine the price of the Senior Notes (Level 2) in the trading market and multiplying it by the outstanding balance of the notes.

Revolving line of credit

Our revolving line of credit is used to fund daily operating cash needs and to support our standby letters of credit. In the ordinary course of business, the use of our revolving line of credit is a function of collection and disbursement activities. Our daily cash needs generally follow a predictable pattern that parallels our payroll cycles, which dictate, as necessary, our short-term borrowing requirements.

As of July 4, 2014, we had an outstanding balance of $84 million on our revolving line of credit. We had no outstanding debt balances on our revolving line of credit as of January 3, 2014. As of July 4, 2014, we had issued $98 million of letters of credit, leaving $818 million available under our revolving credit facility.

Other Indebtedness

Our other indebtedness included notes payable and capital leases for office equipment, computer equipment, furniture, vehicles and automotive equipment, and construction equipment, five-year loan notes, and foreign lines of credit. As of July 4, 2014 and January 3, 2014, we maintained several credit lines with an aggregate borrowing capacity of $47 million and $51 million, respectively, and had remaining borrowing capacity of $46 million and $49 million, respectively.

NOTE 9. INCOME TAXES

Our effective income tax rates for the three and six months ended July 4, 2014 decreased to 10.8% and 20.7%, from 32.3% and 32.5% for the three and six months ended June 28, 2013, respectively. The lower rates were primarily attributable to tax benefits, discrete to the quarter, of approximately $9 million recognized from the reorganization of Canadian affiliates and approximately $13 million recognized from entering into service agreements with foreign affiliates during the second quarter of 2014.

NOTE 10. EMPLOYEE RETIREMENT PLANS

Defined Benefit Plans

We sponsor a number of pension and unfunded supplemental executive retirement plans. The components of our net periodic pension costs relating to our defined benefit plans for the three and six months ended July 4, 2014 and June 28, 2013 were as follows:

	Three Months Ended			
	Domestic Plans		Foreign Plans	
(In millions)	July 4, 2014	June 28, 2013	July 4, 2014	June 28, 2013
Service cost	$ 2	$ 2	$ —	$ —
Interest cost	5	5	7	6
Expected return on plan assets	(5)	(5)	(7)	(6)
Amortization of:				
Net loss	2	4	—	—
Net periodic pension costs	$ 4	$ 6	$ —	$ —

	Six Months Ended			
	Domestic Plans		Foreign Plans	
(In millions)	July 4, 2014	June 28, 2013	July 4, 2014	June 28, 2013
Service cost	$ 4	$ 4	$ —	$ —
Interest cost	10	9	13	11
Expected return on plan assets	(11)	(10)	(13)	(11)
Amortization of:				
Net loss	4	8	—	—
Net periodic pension costs	$ 7	$ 11	$ —	$ —

During the three and six months ended July 4, 2014, we made cash contributions, including employer-directed benefit payments, of $7 million and $14 million, respectively, to the domestic and foreign defined benefit plans. We expect to make additional cash contributions, including estimated employer-directed benefit payments, of approximately $34 million for the remainder of our 2014 fiscal year.

NOTE 11. STOCKHOLDERS' EQUITY

Dividend Program

Our Board of Directors declared the following dividends:

Declaration Date	Dividend Per Share	Record Date	Total Maximum Payment	Payment Date
(In millions, except per share data)				
February 28, 2014	$ 0.22	March 21, 2014	$ 16	April 11, 2014
May 9, 2014	$ 0.22	June 20, 2014	$ 16	July 11, 2014
August 8, 2014	$ 0.22	September 19, 2014	NA	October 10, 2014

NA = Not available

Equity Incentive Plans

On March 27, 2014, 1.4 million shares of restricted stock awards and units were granted under our 2008 Equity Incentive Plan ("2008 Plan") to our executive officers and other employees. We recognize stock-based compensation expense for awards with performance conditions if and when it is probable that the performance condition will be achieved.

A summary of the status of and changes in our nonvested restricted stock awards and units, according to their contractual terms, as of and for the six months ended July 4, 2014, is presented below:

	Six Months Ended July 4, 2014	
	Shares *(in millions)*	Weighted-Average Grant Date Fair Value
Nonvested at January 3, 2014	2.8	$ 43.66
Granted	1.4	$ 46.94
Vested	(0.5)	$ 45.81
Forfeited	(0.7)	$ 43.14
Nonvested at July 4, 2014	3.0	$ 45.62

Stock Repurchase Program

For fiscal years 2012 and 2013, the number of shares authorized for repurchase under the repurchase program was
3.0 million shares, plus the number of shares equal to the difference between the number of shares authorized to be repurchased in the prior year and the actual number of shares repurchased during the prior year, not to exceed
6.0 million shares in aggregate. In February 2014, our Board of Directors approved a modification of our stock repurchase program to allow for the repurchase of up to
12.0 million shares of our common stock in fiscal year 2014. The Board of Directors may modify, suspend, extend or terminate the program at any time.

The following table summarizes our stock repurchase activities for the three and six months ended July 4, 2014 and June 28, 2013:

	Three Months Ended		Six Months Ended	
(In millions, except average price paid per share)	July 4, 2014	June 28, 2013	July 4, 2014	June 28, 2013
Common stock repurchase shares	—	1.0	5.7	2.0
Average price paid per share	$ —	$ 48.26	$ 46.45	$ 45.55
Cost of common stock repurchased	$ —	$ 48	$ 266	$ 93

NOTE 12. SEGMENT AND RELATED INFORMATION

We operate our business through the following four segments:

- *Our* ***Infrastructure & Environment Division*** provides program management, planning, design, engineering, construction and construction management, operations and maintenance, and decommissioning and closure services to the U.S. federal government, state and local government agencies, and private sector clients in the U.S. and internationally.

- *Our* ***Federal Services Division*** provides services to a wide variety of U.S. federal government agencies, as well as to national governments in other countries. This includes program management, planning, design, engineering, systems engineering and technical assistance, construction and construction management, operations and maintenance, management and operations, IT, and decommissioning and closure services.

- *Our* ***Energy & Construction Division*** provides program management, planning, design, engineering, construction and construction management, operations and maintenance, and decommissioning and closure services to private sector clients as well as federal, state, and local government agencies.

- *Our* ***Oil & Gas Division*** provides services to oil and gas industry clients throughout the U.S. and Canada. This includes oilfield services, such as rig transportation and fluid hauling; oil and gas production services, including mechanical, electrical and instrumentation services; pipeline and facility construction; engineering; and maintenance services.

These four segments operate under separate management groups and produce discrete financial information. Their operating results also are reviewed separately by management. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in our Current Report on Form 8-K. The information disclosed in our condensed consolidated financial statements is based on the four segments that compose our current organizational structure.

Effective with the beginning of our fiscal year 2014, we realigned our Global Management and Operations Services Group, which was previously a component of our Energy & Construction Division, under the operations and management of our Federal Services Division. The realignment of this group consolidated the majority of our business with U.S. federal government agencies and national governments outside the U.S. in our Federal Services Division. We also realigned a portion of our facility construction, process engineering, and operations and maintenance services to the oil and gas industry among our Oil & Gas, Infrastructure & Environment, and Energy & Construction Divisions. These changes, which restructured elements of our oil and gas business from an organization based on legacy acquisitions to one based on service, are designed to improve our ability to provide integrated services to our oil and gas clients. To reflect these realignments, we have revised the prior year amounts to conform to our current year presentation.

The following table presents summarized financial information for our reportable segments. "Inter-segment, eliminations and other" in the following table includes eliminations of inter-segment sales and investments in subsidiaries. The segment balance sheet information presented below is included for informational purposes only. We do not allocate resources based upon the balance sheet amounts of individual segments. Our long-lived assets consist primarily of property and equipment.

	Three Months Ended		Six Months Ended	
(In millions)	July 4, 2014	June 28, 2013	July 4, 2014	June 28, 2013
Revenues				
Infrastructure & Environment	$ 824	$ 947	$ 1,674	$ 1,845
Federal Services	728	790	1,377	1,697
Energy & Construction	562	641	1,106	1,179
Oil & Gas	463	459	977	967
Inter-segment, eliminations and other	(22)	(45)	(42)	(93)
Total revenues	$ 2,555	$ 2,792	$ 5,092	$ 5,595
Equity in income of unconsolidated joint ventures				
Infrastructure & Environment	$ —	$ —	$ 1	$ 1
Federal Services	16	15	35	36
Energy & Construction	1	2	2	4
Oil & Gas	—	1	(2)	1
Total equity in income of unconsolidated joint ventures	$ 17	$ 18	$ 36	$ 42
URS operating income (1)				
Infrastructure & Environment	$ 52	$ 60	$ 87	$ 99
Federal Services	79	76	126	180
Energy & Construction	12	19	16	27
Oil & Gas	2	(2)	13	8
Corporate (2)	(27)	(23)	(49)	(46)
Total URS operating income	$ 118	$ 130	$ 193	$ 268
Operating income				
Infrastructure & Environment	$ 52	$ 60	$ 87	$ 100
Federal Services	95	89	152	204
Energy & Construction	16	21	22	33
Oil & Gas	2	(2)	13	7
Corporate (2)	(27)	(23)	(49)	(46)
Total operating income	$ 138	$ 145	$ 225	$ 298
Depreciation and amortization				
Infrastructure & Environment	$ 13	$ 12	$ 25	$ 25
Federal Services	11	11	22	22
Energy & Construction	10	11	19	22
Oil & Gas	23	30	49	61
Corporate	3	2	5	4
Total depreciation and amortization	$ 60	$ 66	$ 120	$ 134

(1) We are providing information regarding URS operating income (loss) by segment because management uses this information to assess performance and make decisions about resource allocation. URS operating income is defined as segment operating income after reductions for pre-tax noncontrolling interests.

(2) Corporate includes expenses related to corporate functions and acquisition-related expenses.

Reconciliations of URS operating income (loss) by segment to segment operating income (loss) for the three and six months ended July 4, 2014 and June 28, 2013 are as follows:

	Three Months Ended July 4, 2014				
(In millions)	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Corporate**
URS operating income (loss)	$ 52	$ 79	$ 12	$ 2	$
Noncontrolling interests	—	16	4	—	
Operating income (loss)	$ 52	$ 95	$ 16	$ 2	$

	Three Months Ended June 28, 2013				
(In millions)	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Corporate**
URS operating income (loss)	$ 60	$ 76	$ 19	$ (2)	$
Noncontrolling interests	—	13	2	—	
Operating income (loss)	$ 60	$ 89	$ 21	$ (2)	$

	Six Months Ended July 4, 2014				
(In millions)	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Corp**
URS operating income (loss)	$ 87	$ 126	$ 16	$ 13	
Noncontrolling interests	—	26	6	—	
Operating income (loss)	$ 87	$ 152	$ 22	$ 13	

	Six Months Ended June 28, 2013					
(In millions)	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Corporate**	**Consolidated**
URS operating income (loss)	$ 99	$ 180	$ 27	$ 8	$ (46)	$ 268
Noncontrolling interests	1	24	6	(1)	—	30
Operating income (loss)	$ 100	$ 204	$ 33	$ 7	$ (46)	$ 298

Total investments in and advances to unconsolidated joint ventures and property and equipment, net of accumulated depreciation, were as follows:

(In millions)	July 4, 2014	January 3, 2014
Infrastructure & Environment	$ 7	$ 8
Federal Services	98	95
Energy & Construction	20	21
Oil & Gas	119	121
Total investments in and advances to unconsolidated joint ventures	$ 244	$ 245
Infrastructure & Environment	$ 149	$ 136
Federal Services	38	39
Energy & Construction	48	53
Oil & Gas	328	351
Corporate	29	29
Total property and equipment, net of accumulated depreciation	$ 592	$ 608

Total assets by segment were as follows:

(In millions)	July 4, 2014	January 3, 2014
Infrastructure & Environment	$ 2,180	$ 2,119
Federal Services	2,684	2,728
Energy & Construction	2,146	2,118
Oil & Gas	1,479	1,496
Corporate	166	257
Total assets	$ 8,655	$ 8,718

Major Customers and Other

Our largest clients are from our federal market sector. Within this sector, we have multiple contracts with our two major customers: the U.S. Army and the DOE. For the purpose of analyzing revenues from major customers, we do not consider the combination of all federal departments and agencies as one customer. The different federal agencies manage separate budgets. As such, reductions in spending by one federal agency do not affect the revenues we could earn from another federal agency. In addition, the procurement processes for federal agencies are not centralized, and procurement decisions are made separately by each federal agency. The loss of the federal government, the U.S. Army, or DOE as clients would have a material adverse effect on our business.

Our revenues from the U.S. Army and DOE by division for the three and six months ended July 4, 2014 and June 28, 2013 are presented below:

	Three Months Ended		Six Months Ended	
(In millions, except percentages)	**July 4, 2014**	**June 28, 2013**	**July 4, 2014**	**June 28, 2013**
The U.S. Army [(1)]				
Infrastructure & Environment	$ 34	$ 32	$ 67	$ 65
Federal Services	203	254	378	643
Energy & Construction	58	28	96	52
Total U.S. Army	$ 295	$ 314	$ 541	$ 760
Revenues from the U.S. Army as a percentage of our consolidated revenues	12%	11%	11%	14%
DOE				
Infrastructure & Environment	$ —	$ 1	$ 1	$ 2
Federal Services	225	212	410	422
Energy & Construction	—	—	1	—
Total DOE	$ 225	$ 213	$ 412	$ 424
Revenues from DOE as a percentage of our consolidated revenues	9%	8%	8%	8%
Revenues from the federal market sector as a percentage of our consolidated revenues	32%	34%	31%	36%

(1) The U.S. Army includes U.S. Army Corps of Engineers.

NOTE 13. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we and our affiliates are subject to various disputes, audits, investigations and legal proceedings. Additionally, as a government contractor, we are subject to audits, investigations, and claims with respect to our contract performance, pricing, costs, cost allocations, and procurement practices. The final outcomes of these various matters cannot be predicted or estimated with certainty. We are including information regarding the following matters:

- *USAID Egyptian Projects:* In March 2003, Washington Group International, Inc., a Delaware company ("WGI Delaware"), our wholly owned subsidiary, was notified by the Department of Justice that the federal government was considering civil litigation against WGI Delaware for potential violations of the U.S. Agency for International Development ("USAID") source, origin, and nationality regulations in connection with five of WGI Delaware's USAID-financed host-country projects located in Egypt beginning in the early 1990s.
  In November 2004, the federal government filed an action in the United States District Court for the District of Idaho against WGI Delaware, Contrack International, Inc., and MISR Sons Development S.A.E., an Egyptian construction company, asserting violations under the Federal False Claims Act, the Federal Foreign Assistance Act of 1961, as well as common law theories of payment by mistake and unjust enrichment.
  The federal government seeks damages and civil penalties (including doubling and trebling of damages) for violations of the statutes as well as a refund of the approximately $
  373 million paid to WGI Delaware under the specified contracts. WGI Delaware has denied any liability in the action and contests the federal government's damage allegations and its entitlement to recovery. All USAID projects under the contracts have been completed and are fully operational.

  In March 2005, WGI Delaware filed motions in Idaho District Court and the United States Bankruptcy Court in Nevada contending that the federal government's Idaho action is barred under the plan of reorganization approved by the Bankruptcy Court in 2002 when WGI Delaware emerged from bankruptcy protection. In 2006, the Idaho action was stayed pending the bankruptcy-related proceedings.
  On April 24, 2012, the Bankruptcy Court ruled that the bulk of the federal government's claims under the False Claims and the Federal Foreign Assistance Acts are not barred. On November 7, 2012, WGI Delaware appealed the Bankruptcy Court's decision to the Ninth Circuit Bankruptcy Appellate Panel. On August 2, 2013, the Appellate Panel affirmed the Bankruptcy Court's decision. On September 26, 2013, WGI Delaware appealed the Appellate Panel's decision to the United States Ninth Circuit Court of Appeals.

  WGI Delaware intends to continue to defend this matter vigorously; however, WGI Delaware cannot provide assurance that it will be successful in these efforts. The potential range of loss and the resolution of these matters cannot be determined at this time primarily due to the very limited factual record that exists in light of the limited discovery that has been conducted to-date in the Idaho litigation; the fact that the matter involves unique and complex bankruptcy, international, and federal regulatory legal issues; the uncertainty concerning legal theories and their potential resolution by the courts; and the overall age of this matter, as well as a number of additional factors. Accordingly, no amounts have been accrued for the federal government claims in the Idaho action.

- *New Orleans Levee Failure Class Action Litigation:* From July 1999 through May 2005, Washington Group International, Inc., an Ohio company ("WGI Ohio"), a wholly owned subsidiary acquired by us on November 15, 2007, performed demolition, site preparation, and environmental remediation services for the U.S. Army Corps of Engineers on the east bank of the Inner Harbor Navigation Canal (the "Industrial Canal") in New Orleans, Louisiana. On August 29, 2005, Hurricane Katrina devastated New Orleans. The storm surge created by the hurricane overtopped the Industrial Canal levee and floodwall, flooding the Lower Ninth Ward and other parts of the city.

  Fifty-nine personal injury and property damage class action lawsuits were filed in Louisiana State and federal court against several defendants, including WGI Ohio, seeking $
  200 billion in damages plus attorneys' fees and costs. Plaintiffs are residents and property owners who claim to have incurred damages from the breach and failure of the hurricane protection levees and floodwalls in the wake of Hurricane Katrina.

  All
  59 lawsuits were pleaded as class actions but none have yet been certified as class actions. Along with WGI Ohio, the U.S. Army Corps of Engineers, the Board for the Orleans Levee District, and its insurer, St. Paul Fire and Marine Insurance Company were also named as defendants. At this time WGI Ohio and the Army Corps of Engineers are the remaining defendants. These 59 lawsuits, along with other hurricane-related cases not involving WGI Ohio, were consolidated in the United States District Court for the Eastern District of Louisiana ("District Court").

  Plaintiffs allege that defendants were negligent in their design, construction and/or maintenance of the New Orleans levees. Specifically, as to WGI Ohio, plaintiffs allege that work WGI Ohio performed adjacent to the Industrial Canal damaged the levee and floodwall, causing or contributing to breaches and flooding. WGI Ohio did not design, construct, repair or maintain any of the levees or the floodwalls that failed during or after Hurricane Katrina. Rather, WGI Ohio performed work adjacent to the Industrial Canal as a contractor for the federal government.

  WGI Ohio filed a motion for summary judgment, seeking dismissal on grounds that government contractors are immune from liability. On December 15, 2008, the District Court granted WGI Ohio's motion for summary judgment, but several plaintiffs appealed that decision to the United States Fifth Circuit Court of Appeals on April 27, 2009. On September 14, 2010, the Court of Appeals reversed the District Court's summary judgment decision and WGI Ohio's dismissal, and remanded the case back to the District Court for further litigation. On August 1, 2011, the District Court decided that the government contractor immunity defense would not be available to WGI Ohio at trial, but would be an issue for appeal. Five of the cases were tried in District Court from September 12, 2012 through October 3, 2012.
  On April 12, 2013, the District Court ruled in favor of WGI Ohio and the Army Corps of Engineers, finding that the five plaintiffs failed to prove that WGI Ohio's or the Army Corps of Engineers' actions caused the failure of the Industrial Canal floodwall during Hurricane Katrina. On July 1, 2013, WGI Ohio filed a motion for summary judgment in District Court to dismiss all other related cases as a result of the District Court's April 2013 decision. On December 20, 2013, the District Court dismissed the majority of the lawsuits and the remainder of the outstanding claims is being transferred to the District Court for final judgment of dismissal.

  WGI Ohio intends to continue to defend these matters vigorously until all claims are dismissed; however, WGI Ohio cannot provide assurance that it will be successful in these efforts. The potential range of loss and the resolution of these matters cannot be determined at this time primarily due to the likelihood of an appeal; uncertainty concerning legal theories and factual bases that plaintiffs may present and their resolution by courts or regulators; and uncertainty about the plaintiffs' claims, if any, that might survive certain key motions of our affiliate, as well as a number of additional factors.

- *DOE Deactivation, Demolition, and Removal Project*: WGI Ohio executed a cost-reimbursable task order with the DOE in 2007 to provide deactivation, demolition and removal services at a New York State project site that, during 2010, experienced contamination and performance issues. In February 2011, WGI Ohio and the DOE executed a Task Order Modification that changed some cost-reimbursable contract provisions to at-risk. The Task Order Modification, including subsequent amendments, requires the DOE to pay all project costs up to $
106 million, requires WGI Ohio and the DOE to equally share in all project costs incurred from $
106 million to $
146 million, and requires WGI Ohio to pay all project costs exceeding $
146 million. In addition, in September 2011, WGI Ohio voluntarily paid a civil penalty related to the contamination incident. Through July 4, 2014, WGI Ohio has incurred total project costs of $
280 million.

  Due to unanticipated requirements and permitting delays by federal and state agencies, as well as delays and related ground stabilization activities caused by Hurricane Irene, WGI Ohio has been required to perform work outside the scope of the Task Order Modification. In April 2013, WGI Ohio submitted claims against the DOE pursuant to the Contracts Disputes Acts seeking recovery of $
118 million in unfunded requests for equitable adjustments ("REAs"), including additional fees on expanded work scope. Through July 4, 2014, the DOE has approved one of the REAs for $
1 million and has authorized $
34 million of additional funding primarily related to the hurricane-caused impacts. As of July 4, 2014, WGI Ohio has recorded $
99 million in accounts receivable for project costs incurred to date in excess of the DOE contracted amount that may not be collected unless and until the claims are favorably resolved. In addition, due to continuing delays and disagreements about the responsibilities for the scope of the remaining project completion costs, WGI Ohio is unable to determine its portion of the remaining project completion costs, which may exceed $
300 million.

  WGI Ohio can provide no certainty that it will recover the $
118 million in submitted DOE claims and fees incurred through April 2013 related to REAs, hurricane-caused work or other directed changes, as well as any other project costs after April 2013 that WGI Ohio is obligated to incur including the remaining project completion costs, which could negatively impact our future results of operations.

- *Bolivian Mine Services Agreement*: In 2009, a mine service agreement performed by our wholly owned subsidiary, Washington Group Bolivia, was unilaterally terminated for convenience by the mine owner.
  The mine owner disputed the fair market value of mining equipment it was required to repurchase under the terms of the mine services agreement. Subsequently, on November 16, 2010, Washington Group Bolivia received a formal claim asserting breaches of contractual obligations and warranties, including the failure to adhere to the requisite professional standard of care while performing the mine services agreement.
  On June 17, 2011, Washington Group Bolivia received a formal demand for arbitration pursuant to the Rules of Arbitration of the International Chamber of Commerce ("ICC") asserting claims up to $
  53 million. Washington Group Bolivia brought a $
  50 million counterclaim on August 3, 2012 against the mine owner asserting claims of wrongful termination and lost productivity. Arbitration on the mine owner's claims and Washington Group Bolivia's counterclaims commenced before the ICC. In the course of the arbitration proceedings, the mine owner reduced its claims to approximately $
  32 million, while Washington Group Bolivia refined its counterclaim amount to not more than $
  63 million.
  On August 9, 2013, an $
  11 million ICC arbitration tribunal award was issued against Washington Group Bolivia and, on September 5, 2013, the mine owner petitioned the United States District Court of Colorado to confirm the ICC arbitration award. On October 1, 2013, Washington Group Bolivia filed a cross motion to partially vacate the ICC arbitration award in the District Court of Colorado. On February 3, 2014, the District Court of Colorado entered judgment confirming the ICC arbitration award and denied Washington Group Bolivia's motion to partially vacate the award. Washington Group Bolivia has paid the award, and a satisfaction of judgment was filed by the mine owner with the Court on February 25, 2014.

  We have accrued an estimated probable loss of $
  11 million related to this matter; however, we expect the loss to be recoverable under our insurance program.

- *Canadian Pipeline Contract*:
  In January 2010, a pipeline owner filed an action in the Court of Queen's Bench of Alberta, Canada against Flint Energy Services Ltd. ("Flint"), a company we acquired in May 2012, as well as against a number of other defendants, alleging that the defendants negligently provided pipe coating and insulation system services, engineering, design services, construction services, and other work, causing damage to and abandonment of the line.
  The pipeline owner alleges it has suffered approximately C$
  85 million in damages in connection with the abandonment and replacement of the pipeline. Flint was the construction contractor on the pipeline project. Other defendants were responsible for engineering and design-services and for specifying and providing the actual pipe, insulation and coating materials used in the line. In January 2011, the pipeline owner served a Statement of Claim on Flint and, in September 2011, Flint filed a Statement of Defense denying that the damages to the coating system of the pipeline were caused by any negligence or breach of contract of Flint. Flint believes the damages were caused or contributed to by the negligence of one or more of the co-defendants and/or by the negligent operation of the pipeline owner.

  Flint intends to continue to defend this matter vigorously; however, it cannot provide assurance that it will be successful, in whole or in part, in these efforts. The potential range of loss and the resolution of this matter cannot be determined at this time primarily due to the early stage of the discovery; the substantial uncertainty regarding the actual cause of the damage to or loss of the line; the nature and amount of each individual damage claim against the various defendants; and the uncertainty concerning legal theories and factual bases that the customer may present against all or some of the defendants.

- *AECOM Merger Class-action Lawsuits*: In connection with the AECOM Merger, beginning on July 21, 2014, multiple putative class action lawsuits were filed in the Court of Chancery of the State of Delaware by purported URS stockholders against URS Corporation: *Falato v. URS Corp., et al., City of Atlanta Firefighters' Pension Fund v. Creel, et al., Petroutson v. URS Corp., et al., Miller v. URS Corp., et al., Oklahoma Police Pension & Retirement System v. Creel, et al., Cambridge Retirement System v. Creel, et al.* and *Sheet Metal Workers Local No. 33 Cleveland District Pension Plan v. URS Corp., et al.* The actions named as defendants URS Corporation, the members of the URS Board of Directors, AECOM Technology and its affiliates. A number of the actions also named as a defendant JANA Partners LLC. The complaints allege, among other things, that some or all members of the URS Board of Directors breached their fiduciary duties by approving the Merger, and that the other defendants aided and abetted those alleged breaches. The complaints seek, among other relief, class certification, preliminary and permanent.

  URS Corporation intends to defend these matters vigorously; however, URS Corporation cannot provide assurance that it will be successful in these efforts. The potential range of loss and the resolution of these matter cannot be determined at this time primarily due to the early stage of the proceedings; the nature and amount of each individual damage claim against the various defendants; the uncertainty concerning legal theories and factual bases that the plaintiffs may present against all or some of the defendants; and uncertainty about the plaintiffs' claims, if any, that might survive certain key motions, as well as a number of additional factors.

The resolution of outstanding claims and legal proceedings is subject to inherent uncertainty, and it is reasonably possible that any resolution of these claims and legal proceedings could have a material adverse effect on us, including a substantial charge to our earnings and operating results for that period; however, an estimate of all the reasonably possible losses cannot be determined at this time.

Insurance

Generally, our insurance program covers workers' compensation and employer's liability, general liability, automobile liability, professional errors and omissions liability, property, marine property and liability, aviation liability, management liability, and contractor's pollution liability (in addition to other policies for specific projects). We have also elected to retain a portion of the losses that occur through the use of various deductibles, limits, and self-insured retentions under our insurance programs. In addition, our insurance policies contain exclusions and sublimits that insurance providers may use to deny or restrict coverage. Excess liability, contractor's pollution liability, and professional liability insurance policies provide coverages on a "claims-made" basis, covering only claims actually made and reported during the policy period currently in effect. Thus, if we do not continue to maintain these policies, we will have no coverage for claims made after the termination date even for claims based on events that occurred during the term of coverage. While we intend to maintain these policies, we may be unable to maintain existing coverage levels.

Guarantee Obligations and Commitments

As of July 4, 2014, we had the following guarantee obligations and commitments:

We have agreed to indemnify one of our joint venture partners up to $25 million for any potential losses, damages, and liabilities associated with lawsuits in relation to general and administrative services we provide to the joint venture.

As of July 4, 2014, we had $46 million in bank guarantees outstanding under foreign credit facilities and other banking arrangements.

We also maintain a variety of commercial commitments that are generally made to support provisions of our contracts. In addition, in the ordinary course of business, we provide letters of credit to clients and others against advance payments and to support other business arrangements. We are required to reimburse the issuers of letters of credit for any payments they make under the letters of credit.

In the ordinary course of business, we may provide performance assurances and guarantees related to our services. For example, these guarantees may include surety bonds, arrangements among our client, a surety, and us to ensure we perform our contractual obligations pursuant to our client agreement. If our services under a guaranteed project are later determined to have resulted in a material defect or other material deficiency, then we may be responsible for monetary damages or other legal remedies. When sufficient information about claims on guaranteed projects is available and monetary damages or other costs or losses are determined to be probable, we recognize such guarantee losses.

NOTE 14. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

On March 15, 2012, the Parent and Fox LP issued the Senior Notes. See Note 8, "Indebtedness," for more information.

Consistent with the arrangement between Parent and Fox LP, $
399 million and $
600 million of the Senior Notes are included in the liabilities of Parent and Fox LP, respectively, as of July 4, 2014. As of January 3, 2014, $299 million and $700 million of the Senior Notes are included in the liabilities of Parent and Fox LP, respectively.

The following is our condensed consolidating financial information, segregating the issuers, guarantor subsidiaries and non-guarantor subsidiaries, as of July 4, 2014 and January 3, 2014, and for the three and six months ended July 4, 2014 and June 28, 2013.

CONDENSED CONSOLIDATING BALANCE SHEET – UNAUDITED
As of July 4, 2014

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$ 54	$ —	$ 25	$ 247	$ (43)	$ 283
Accounts receivable, including retentions	—	—	761	624	(11)	1,374
Costs and accrued earnings in excess of billings on contracts	—	—	966	575	(4)	1,537
Less receivable allowances	—	—	(23)	(36)	—	(59)
Net accounts receivable	—	—	1,704	1,163	(15)	2,852
Intercompany accounts receivable	489	25	2,235	430	(3,179)	—
Other current assets	14	—	122	117	(22)	231
Total current assets	557	25	4,086	1,957	(3,259)	3,366
Investments in and advances to subsidiaries and unconsolidated joint ventures	5,454	67	1,520	178	(6,975)	244
Property and equipment, net	28	—	179	385	—	592
Intangible assets, net	—	—	207	316	—	523
Goodwill	—	—	2,230	1,479	—	3,709
Other long-term assets	18	—	109	97	(3)	221
Total assets	$ 6,057	$ 92	$ 8,331	$ 4,412	$ (10,237)	$ 8,655
LIABILITIES AND EQUITY						
Current liabilities:						
Current portion of long-term debt	$ 2	$ —	$ 23	$ 26	$ —	$ 51
Accounts payable and subcontractors payable, including retentions	11	—	410	332	(61)	692
Accrued salaries and employee benefits	38	—	350	135	—	523
Billings in excess of costs and accrued earnings on contracts	—	—	120	102	—	222
Intercompany accounts payable	1,726	—	1,125	328	(3,179)	—
Short-term intercompany notes payable	66	—	21	230	(317)	—
Other current liabilities	32	9	276	29	(19)	327
Total current liabilities	1,875	9	2,325	1,182	(3,576)	1,815
Long-term debt	1,007	600	47	125	—	1,779
Deferred tax liabilities	—	—	357	74	(3)	428
Self-insurance reserves	—	—	11	117	—	128
Pension and post-retirement benefit obligations	—	—	117	164	—	281
Long-term intercompany notes payable	—	—	568	1,166	(1,734)	—
Other long-term liabilities	4	—	102	30	—	136
Total liabilities	2,886	609	3,527	2,858	(5,313)	4,567
URS stockholders' equity	3,943	24	5,454	1,497	(6,975)	3,943
Intercompany notes receivable	(772)	(541)	(650)	(88)	2,051	—
Total URS stockholders' equity	3,171	(517)	4,804	1,409	(4,924)	3,943
Noncontrolling interests	—	—	—	145	—	145
Total stockholders' equity	3,171	(517)	4,804	1,554	(4,924)	4,088
Total liabilities and stockholders' equity	$ 6,057	$ 92	$ 8,331	$ 4,412	$ (10,237)	$ 8,655

CONDENSED CONSOLIDATING BALANCE SHEET - UNAUDITED
As of January 3, 2014

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$ 107	$ —	$ 20	$ 205	$ (48)	$ 284
Accounts receivable, including retentions	—	—	815	590	(12)	1,393
Costs and accrued earnings in excess of billings on contracts	—	—	980	547	(6)	1,521
Less receivable allowances	—	—	(30)	(35)	—	(65)
Net accounts receivable	—	—	1,765	1,102	(18)	2,849
Intercompany accounts receivable	440	19	2,439	422	(3,320)	—
Other current assets	42	—	108	118	(10)	258
Total current assets	589	19	4,332	1,847	(3,396)	3,391
Investments in and advances to subsidiaries and unconsolidated joint ventures	5,731	52	1,488	192	(7,218)	245
Property and equipment at cost, net	29	—	166	413	—	608
Intangible assets, net	—	—	229	341	—	570
Goodwill	—	—	2,230	1,466	—	3,696
Other long-term assets	19	—	106	87	(4)	208
Total assets	$ 6,368	$ 71	$ 8,551	$ 4,346	$ (10,618)	$ 8,718
LIABILITIES AND EQUITY						
Current liabilities:						
Current portion of long-term debt	$ 2	$ —	$ 16	$ 27	$ —	$ 45
Accounts payable and subcontractors payable, including retentions	3	—	421	331	(67)	688
Accrued salaries and employee benefits	34	—	345	128	—	507
Billings in excess of costs and accrued earnings on contracts	—	—	126	107	—	233
Intercompany accounts payable	1,952	—	1,052	316	(3,320)	—
Short-term intercompany notes payable	66	—	21	189	(276)	—
Other current liabilities	50	9	277	40	(10)	366
Total current liabilities	2,107	9	2,258	1,138	(3,673)	1,839
Long-term debt	907	700	28	32	—	1,667
Deferred tax liabilities	—	—	371	76	(3)	444
Self-insurance reserves	—	—	11	116	—	127
Pension and post-retirement benefit obligations	—	—	124	162	—	286
Long-term intercompany notes payable	—	—	564	1,263	(1,827)	—
Other long-term liabilities	3	—	94	31	—	128
Total liabilities	3,017	709	3,450	2,818	(5,503)	4,491
URS stockholders' equity	4,081	19	5,731	1,468	(7,218)	4,081
Intercompany notes receivable	(730)	(657)	(630)	(86)	2,103	—
Total URS stockholders' equity	3,351	(638)	5,101	1,382	(5,115)	4,081
Noncontrolling interests	—	—	—	146	—	146
Total stockholders' equity	3,351	(638)	5,101	1,528	(5,115)	4,227
Total liabilities and stockholders' equity	$ 6,368	$ 71	$ 8,551	$ 4,346	$ (10,618)	$ 8,718

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS – UNAUDITED
For the Three Months Ended July 4, 2014

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ —	$ —	$ 1,525	$ 1,115	$ (85)	$ 2,555
Cost of revenues	—	—	(1,431)	(1,061)	85	(2,407)
General and administrative expenses	(26)	—	—	(1)	—	(27)
Equity in income (loss) in subsidiaries	95	7	48	(4)	(146)	—
Equity in income of unconsolidated joint ventures	—	—	2	15	—	17
Intercompany royalty and general and administrative charges	22	—	(23)	1	—	—
Operating income (loss)	91	7	121	65	(146)	138
Interest expense	(9)	(7)	—	(2)	—	(18)
Intercompany interest income	3	1	9	—	(13)	—
Intercompany interest expense	—	—	(3)	(10)	13	—
Other income	—	—	—	1	—	1
Income (loss) before income taxes	85	1	127	54	(146)	121
Income tax benefit (expense)	3	2	(32)	14	—	(13)
Net income (loss) including noncontrolling interests	88	3	95	68	(146)	108
Noncontrolling interests in income of consolidated subsidiaries	—	—	—	(20)	—	(20)
Net income (loss) attributable to URS	$ 88	$ 3	$ 95	$ 48	$ (146)	$ 88
Comprehensive income (loss) attributable to URS	$ 126	$ 3	$ 133	$ 73	$ (209)	$ 126

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS – UNAUDITED
For the Three Months Ended June 28, 2013

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ —	$ —	$ 1,708	$ 1,172	$ (88)	$ 2,792
Cost of revenues	—	—	(1,585)	(1,145)	88	(2,642)
General and administrative expenses	(24)	—	—	1	—	(23)
Equity in income (loss) in subsidiaries	66	7	2	(4)	(71)	—
Equity in income of unconsolidated joint ventures	—	—	2	16	—	18
Intercompany royalty and general and administrative charges	32	—	(28)	(4)	—	—
Operating income (loss)	74	7	99	36	(71)	145
Interest expense	(8)	(9)	—	(4)	—	(21)
Intercompany interest income	2	1	9	—	(12)	—
Intercompany interest expense	(1)	—	(2)	(9)	12	—
Other expenses	—	—	—	(3)	—	(3)
Income (loss) before income taxes	67	(1)	106	20	(71)	121
Income tax benefit (expense)	—	4	(39)	(4)	—	(39)
Net income (loss) including noncontrolling interests	67	3	67	16	(71)	82
Noncontrolling interests in income of consolidated subsidiaries	—	—	—	(15)	—	(15)
Net income (loss) attributable to URS	$ 67	$ 3	$ 67	$ 1	$ (71)	$ 67
Comprehensive income (loss) attributable to URS	$ 30	$ 3	$ 31	$ (37)	$ 3	$ 30

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS – UNAUDITED
For the Six Months Ended July 4, 2014

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ —	$ —	$ 2,988	$ 2,251	$ (147)	$ 5,092
Cost of revenues	—	—	(2,828)	(2,173)	147	(4,854)
General and administrative expenses	(49)	—	—	—	—	(49)
Equity in income (loss) in subsidiaries	118	15	37	(9)	(161)	—
Equity in income of unconsolidated joint ventures	—	—	4	32	—	36
Intercompany royalty and general and administrative charges	56	—	(48)	(8)	—	—
Operating income (loss)	125	15	153	93	(161)	225
Interest expense	(16)	(16)	—	(4)	—	(36)
Intercompany interest income	5	2	18	1	(26)	—
Intercompany interest expense	(1)	—	(5)	(20)	26	—
Other expenses	—	—	—	(3)	—	(3)
Income (loss) before income taxes	113	1	166	67	(161)	186
Income tax benefit (expense)	2	5	(48)	2	—	(39)
Net income (loss) including noncontrolling interests	115	6	118	69	(161)	147
Noncontrolling interests in income of consolidated subsidiaries	—	—	—	(32)	—	(32)
Net income (loss) attributable to URS	$ 115	$ 6	$ 118	$ 37	$ (161)	$ 115
Comprehensive income (loss) attributable to URS	$ 137	$ 6	$ 142	$ 45	$ (193)	$ 137

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS – UNAUDITED
For the Six Months Ended June 28, 2013

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ —	$ —	$ 3,431	$ 2,332	$ (168)	$ 5,595
Cost of revenues	—	—	(3,183)	(2,278)	168	(5,293)
General and administrative expenses	(46)	—	—	—	—	(46)
Equity in income (loss) in subsidiaries	132	15	6	(9)	(144)	—
Equity in income of unconsolidated joint ventures	—	—	5	37	—	42
Intercompany royalty and general and administrative charges	69	—	(61)	(8)	—	—
Operating income (loss)	155	15	198	74	(144)	298
Interest expense	(16)	(17)	—	(9)	—	(42)
Intercompany interest income	5	2	18	—	(25)	—
Intercompany interest expense	(1)	—	(5)	(19)	25	—
Other expenses	—	—	—	(6)	—	(6)
Income (loss) before income taxes	143	—	211	40	(144)	250
Income tax benefit (expense)	(4)	6	(78)	(5)	—	(81)
Net income (loss) including noncontrolling interests	139	6	133	35	(144)	169
Noncontrolling interests in income of consolidated subsidiaries	—	—	—	(30)	—	(30)
Net income (loss) attributable to URS	$ 139	$ 6	$ 133	$ 5	$ (144)	$ 139
Comprehensive income (loss) attributable to URS	$ 69	$ 6	$ 67	$ (70)	$ (3)	$ 69

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS – UNAUDITED
For the Six Months Ended July 4, 2014

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash from operating activities	$ (14)	$ (12)	$ 229	$ 54	$ 5	$ 262
Cash flows from investing activities:						
Proceeds from disposal of property and equipment	—	—	1	32	—	33
Changes in restricted cash	—	—	—	3	—	3
Capital expenditures, less equipment purchased through capital leases and equipment notes	(5)	—	(27)	(10)	—	(42)
Other intercompany investing activities	36	112	(156)	823	(815)	—
Net cash from investing activities	31	112	(182)	848	(815)	(6)
Cash flows from financing activities:						
Borrowings from long-term debt	100	—	—	—	(100)	—
Payments on long-term debt	—	(100)	(3)	—	100	(3)
Borrowings from revolving line of credit	485	—	—	178	—	663
Payments on revolving line of credit	(485)	—	—	(96)	—	(581)
Net payments on other indebtedness	(1)	—	(3)	(7)	—	(11)
Net change in overdrafts	—	—	—	1	—	1
Proceeds from employee stock purchases and exercises of stock options	2	—	—	—	—	2
Distributions to noncontrolling interests	—	—	—	(36)	—	(36)
Dividends paid	(31)	—	—	—	—	(31)
Repurchases of common stock	(266)	—	—	—	—	(266)
Other intercompany financing activities	126	—	(36)	(905)	815	—
Net cash from financing activities	(70)	(100)	(42)	(865)	815	(262)
Net change in cash and cash equivalents	(53)	—	5	37	5	(6)
Effect of foreign exchange rate changes on cash and cash equivalents	—	—	—	5	—	5
Cash and cash equivalents at beginning of period	107	—	20	205	(48)	284
Cash and cash equivalents at end of period	$ 54	$ —	$ 25	$ 247	$ (43)	$ 283

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS – UNAUDITED
For the Six Months Ended June 28, 2013

(in millions)	Issuer Parent	Issuer Fox LP	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash from operating activities	$ (90)	$ 2	$ 189	$ (10)	$ (1)	$ 90
Cash flows from investing activities:						
Proceeds from disposal of property and equipment	—	—	—	26	—	26
Changes in restricted cash	—	—	—	2	—	2
Capital expenditures, less equipment purchased through capital leases and equipment notes	(3)	—	(15)	(28)	—	(46)
Other intercompany investing activities	394	(2)	307	9	(708)	—
Net cash from investing activities	391	(2)	292	9	(708)	(18)
Cash flows from financing activities:						
Payments on long-term debt	—	—	(2)	—	—	(2)
Borrowings from revolving line of credit	815	—	—	43	—	858
Payments on revolving line of credit	(755)	—	—	(68)	—	(823)
Net payments on other indebtedness	(16)	—	(2)	(6)	—	(24)
Net change in overdrafts	—	—	5	1	(19)	(13)
Excess tax benefits from stock-based compensation	2	—	—	—	—	2
Proceeds from employee stock purchases and exercises of stock options	13	—	—	—	—	13
Distributions to noncontrolling interests	—	—	—	(32)	—	(32)
Dividends paid	(31)	—	—	—	—	(31)
Repurchases of common stock	(93)	—	—	—	—	(93)
Other intercompany financing activities	(212)	—	(488)	(8)	708	—
Net cash from financing activities	(277)	—	(487)	(70)	689	(145)
Net change in cash and cash equivalents	24	—	(6)	(71)	(20)	(73)
Effect of foreign exchange rate changes on cash and cash equivalents	—	—	—	(8)	—	(8)
Cash and cash equivalents at beginning of period	14	—	17	286	(2)	315
Cash and cash equivalents at end of period	$ 38	$ —	$ 11	$ 207	$ (22)	$ 234

ITEM 2.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those expressed or implied in this report. See "URS Corporation and Subsidiaries" regarding forward-looking statements on page 1. You should read this discussion in conjunction with: Part II – Item 1A, "Risk Factors," beginning on page 64 and the condensed consolidated financial statements and notes thereto contained in Part I – Item 1, "Financial Statements."

BUSINESS SUMMARY

We are a leading international provider of engineering, construction and technical services. We offer a broad range of program management, planning, design, engineering, construction and construction management, operations and maintenance, and decommissioning and closure services to public agencies and private sector clients around the world. In addition to these services, we also provide systems engineering and technical assistance, management and operations, and information technology services to our United States ("U.S.") federal government clients. With more than 50,000 employees in a global network of offices in nearly 50 countries, we provide services for federal, infrastructure, oil and gas, power and industrial programs and projects.

Our strategy is to maintain a balanced portfolio of diversified businesses that serve a variety of markets worldwide. We believe that this strategy helps to mitigate our exposure to industrial, technological, environmental, financial, economic and political risks that may affect a particular market or geographic region. Our growth strategy involves both organic growth as well as small add-on acquisitions to complement our technical capabilities or enable us to serve new geographic regions.

Pending Merger

On July 11, 2014, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with AECOM Technology Corporation ("AECOM"), ACM Mountain I, LLC, a direct wholly-owned subsidiary of AECOM ("Merger Sub"), and ACM Mountain II, LLC, a direct wholly-owned subsidiary of AECOM ("Merger Sub I"). The Merger Agreement provides for the merger of Merger Sub with and into our company, with our company continuing as the surviving company and a direct wholly-owned subsidiary of AECOM (the "Merger"). Immediately thereafter, as part of a single integrated transaction with the Merger, pursuant to the Merger Agreement, we will merge with and into Merger Sub I, with Merger Sub I continuing as the surviving company and a direct wholly-owned subsidiary of AECOM. Subject to the terms and conditions of the Merger Agreement, holders of URS common stock will receive consideration to be determined at closing based on the average closing price of AECOM common stock during the five business days prior to the closing date. Each outstanding share of URS common stock will be exchanged for per share consideration consisting of 0.734 shares of AECOM common stock and $33.00 in cash. URS stockholders may elect to receive cash or stock consideration, subject to proration in the event of oversubscription or undersubscription for cash consideration.

Completion of the Merger is subject to certain customary conditions, including approval by both the AECOM and URS stockholders, approval of the listing of the shares of AECOM common stock to be issued in the Merger on the New York Stock Exchange, receipt of required regulatory approvals and/or expiration or termination of applicable waiting periods, effectiveness of AECOM's registration statement on Form S-4 and receipt of customary opinions related to certain tax matters from the parties' respective counsels. On August 4, 2014, the Federal Trade Commission granted URS and AECOM early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The financial statements included in this Quarterly Report on Form 10-Q do not reflect any adjustments or otherwise give effect to the proposed Merger.

Reporting Segments

We operate through four reporting segments: the Infrastructure & Environment Division, the Federal Services Division, the Energy & Construction Division, and the Oil & Gas Division. These segments were generally created based on the size and management structure of the businesses and the integration of acquired operating companies that address similar markets or provide similar services. We report our financial results on both a consolidated basis and for our four reporting segments.

Effective with the beginning of our fiscal year 2014, we realigned our Global Management and Operations Services Group, which was previously a component of our Energy & Construction Division in fiscal year 2013, under the operations and management of our Federal Services Division. The realignment of this group consolidates the majority of our business with U.S. federal government agencies and national governments outside the U.S in our Federal Services Division. We also realigned a portion of our facility construction, process engineering, and operations and maintenance services to the oil and gas industry among our Oil & Gas, Infrastructure & Environment, and Energy & Construction Divisions. These changes, which restructured elements of our oil and gas business from an organization based on legacy acquisitions to one based on service are designed to improve our ability to provide integrated services to our oil and gas clients. To reflect these realignments, we have revised the prior year amounts to conform to our current year presentation.

Market Sectors

The table below summarizes the primary market sectors served by our four divisions for the three and six months ended July 4, 2014.

	Division			
Market Sector	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**
Federal	✓	✓	—	—
Infrastructure	✓	—	✓	—
Oil & Gas	✓	—	✓	✓
Power	✓	—	✓	—
Industrial	✓	—	✓	—

✓ a primary market sector for the division.
— not a primary market sector for the division.

We generate revenues by providing fee-based professional and technical services and by executing construction contracts. As a result, our professional and technical services are primarily labor intensive and our construction projects are labor and capital intensive. To derive income from our revenues, we must effectively manage our costs.

Our revenues are dependent upon our ability to attract and retain qualified and productive employees, identify business opportunities, allocate our labor resources to profitable markets, secure new contracts, execute existing contracts, and maintain existing and develop new client relationships. Moreover, as a professional services company, the quality of the work generated by our employees is integral to our revenue generation.

Our cost of revenues is comprised of the compensation we pay to our employees, including fringe benefits; the cost of subcontractors, construction materials and other project-related expenses; and segment administrative, marketing, sales, bid and proposal, rental and other overhead costs.

OVERVIEW AND BUSINESS TRENDS

Results for the Three Months Ended July 4, 2014

Consolidated revenues for the three months ended July 4, 2014 were $3 billion, a decrease of $237 million, or 8.5%, compared to revenues for the three months ended June 28, 2013. The decrease reflects a decline in revenues in the oil and gas sector resulting primarily from the completion of a large facility construction project in the Canadian oil sands, which has not been replaced by a comparable project. Revenues also declined in the federal market sector due to an overall decline in spending by U.S. federal government agencies and the wind down of four large contracts involving the destruction of chemical weapons at chemical agent disposal facilities. We also experienced a modest decline in power sector revenues, while revenues in the industrial and infrastructure markets were essentially flat compared to the same period last year.

Net income attributable to URS was $88 million for the three months ended July 4, 2014 compared with net income attributable to URS of $67 million for the three months ended June 28, 2013, an increase of 31.3%. This increase was due to lower tax rates primarily attributable to tax benefits, discrete to the quarter, of approximately $9 million recognized from the reorganization of Canadian affiliates and approximately $13 million recognized from entering into service agreements with foreign affiliates during the second quarter of 2014.

Cash Flows

For the six months ended July 4, 2014, we generated $262 million in net cash from operations. Cash flows from operations increased by $172 million for the six months ended July 4, 2014 compared with the same period in 2013. This increase was primarily due to the timing of billings, collections and advance payments from clients on accounts receivable, the timing of vendor and subcontractor payments, the timing of income tax payments, the reduction of employee incentive compensation payments and increased chemical demilitarization performance-based incentive fees.

We borrowed $82 million on our revolving line of credit and used $266 million to repurchase shares of our common stock during the first six months of 2014. In addition, we paid $31 million in cash dividends for the six months ended July 4, 2014.

Book of Business

As of July 4, 2014 and January 3, 2014, our total book of business was $22 billion and $23 billion, respectively.

Business Trends

It is difficult to predict the impact of the continuing global economic weakness on our business or to forecast business trends accurately. We believe that our expectations regarding business trends are reasonable and are based on reasonable assumptions. However, such forward-looking statements, by their nature, involve risks and uncertainties and, in the current economic climate, may be subject to an unusual degree of uncertainty. You should read this discussion of business trends in conjunction with Part II, Item 1A, "Risk Factors," of this report, which begins on page 64.

In the federal market sector, due to U.S. federal budget cuts, we expect to continue experiencing delays in procurement decisions, project cancellations and reductions in spending on some existing contracts. The Bipartisan Budget Act of 2013, which was passed in January 2014, establishes discretionary spending levels for the federal government's 2014 and 2015 fiscal years. However, if Congress is unable to reach a budget agreement beyond 2015, we could face further government shutdowns and increasing budget cuts as a result of sequestration in the future. Any significant reduction in federal government spending could reduce the demand for the services we provide to the DOD and other federal agencies, and result in the cancellation or delay of existing projects, as well as potential projects in our book of business.

We have multiple contracts to manage the destruction of chemical agents and weapons at various DOD chemical demilitarization facilities, including at the Umatilla Chemical Depot, the Tooele Chemical Agent Disposal Facility, the Pine Bluff Arsenal, the Anniston Army Depot, the Blue Grass Army Depot and Pueblo Chemical Depot. Revenues and operating income from the various chemical demilitarization contracts were, collectively, $648 million and $213 million, respectively, for the year ended January 3, 2014 and $206 million and $71 million, respectively, for the six months ended July 4, 2014. These amounts primarily reflect incentive awards at several project facilities as a result of our achievement of early completion milestones. Because we have met numerous early completion milestones at four of the project facilities, these sites are in the closure phase. While we expect to continue generating revenues and operating income from these projects in the future, we anticipate that these amounts will decline as the projects approach final completion. We estimate that revenues and operating income from these projects will decrease by approximately 50% in 2014 as compared to 2013.

In the infrastructure market sector, as a result of increased tax revenues and improved budgets, many states are moving forward with additional funding for infrastructure improvement programs, although some states continue to experience budget challenges. In addition, we expect that the recent passage of federal legislation to fund the Highway Trust Fund will support the development of highway and mass-transit projects through May 2015.

In the oil and gas market sector, we may continue to be affected by a slowdown in project activity due to continued low natural gas prices and limited pipeline capacity for oil produced in the Canadian oil sands.

We also expect that stagnant demand for power and lower plant utilization rates will continue to limit spending on the development of new fossil and nuclear plants in the power market sector. At the same time, we are experiencing steady demand for the services we provide to retrofit existing power plants with air quality control technology to meet emission control mandates. We also anticipate increased demand for the services we provide for upgrade and reinforcement projects at nuclear power plants to help utilities meet post-Fukushima safety requirements established by the Nuclear Regulatory Commission.

In the industrial market sector, we expect to benefit from the acceleration of manufacturing activity in the U.S. as companies take advantage of the relatively low cost of energy and gas-related feedstock prices, favorable labor costs, and high productivity rates.

We have experienced an increase in the number of fixed-price contract opportunities, particularly among clients in the federal, power, infrastructure, and oil and gas market sectors. There also has been an increase in the award of federal contracts based on a low-price, technically acceptable criteria emphasizing price over qualitative factors, such as past performance that may reduce our profit margins on future federal contracts. Our public and private sector clients are increasingly using indefinite delivery contracts (“IDCs”) that require us to engage in a competitive procurement process before any task orders are issued as compared to traditional award contracts.

We cannot determine if proposed climate change and greenhouse gas regulations would have a material impact on our business or our clients’ businesses at this time; however, any new regulations could affect demand for the services we provide to our clients. For example, depending on legislation enacted, we could see reduced client demand for our services related to fossil fuel and industrial projects, and increased demand for services related to environmental, infrastructure and nuclear and alternative energy.

Seasonality

Our revenues typically are lower during the holidays because many of our clients’ employees, as well as our own employees, do not work during these holidays, resulting in fewer billable hours charged to projects and thus, lower revenues recognized. In addition, our business is affected by seasonal weather conditions that may cause some of our offices and projects to close or reduce activities temporarily.

BOOK OF BUSINESS

For the purpose of calculating our book of business, we determine the amounts of all contract awards that may potentially be recognized as revenues. We also include an estimate of the equity in income of unconsolidated joint ventures over the life of the contracts in our book of business. We categorize the amount of our book of business into backlog, option years and IDCs, based on the nature of the award and its current status.

Backlog. Our contract backlog represents the monetary value of signed contracts, including task orders that have been issued and funded under IDCs and, where applicable, a notice to proceed has been received from the client that is expected to be recognized as revenues or equity in income of unconsolidated joint ventures as services are performed.

The performance periods of our contracts vary widely from a few months to many years. In addition, contract durations often differ significantly among our divisions. As a result, the amount of revenues that will be realized beyond one year also varies from division to division.

Option Years. Our option years represent the monetary value of option periods under existing contracts in backlog, which are exercisable at the option of our clients without requiring us to go through an additional competitive bidding process and would be canceled only if a client decided to end the project (a termination for convenience) or through a termination for default. Option years are in addition to the "base periods" of these contracts. Option years for these contracts can vary from one to five years.

Indefinite Delivery Contracts. IDCs represent the expected monetary value to us of signed contracts under which we perform work only when the client awards specific task orders or projects to us. When agreements for such task orders or projects are signed and funded, we transfer their value into backlog. Generally, the terms of these contracts exceed one year and often include a maximum term and potential value. IDCs generally range from one to twenty years in length.

While the value of our book of business is a predictor of future revenues and equity in income of unconsolidated joint ventures, we have no assurance, nor can we provide assurance, that we will ultimately realize the maximum potential values for backlog, option years or IDCs. Based on our historical experience, our backlog has the highest likelihood of converting into revenues or equity in income of unconsolidated joint ventures because it is based upon signed and executable contracts with our clients. Option years are not as certain as backlog because our clients may decide not to exercise one or more option years. Because we do not perform work under IDCs until specific task orders are issued by our clients, the value of our IDCs is not as likely to convert into revenues or equity in income of unconsolidated joint ventures as other categories of our book of business.

The following tables summarize, by division and market sector, our book of business as of those dates:

(In millions)	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Total**
As of July 4, 2014					
Backlog	$ 3,041	$ 4,227	$ 3,029	$ 327	$ 10,624
Option years	137	3,469	76	—	3,682
Indefinite delivery contracts	2,868	3,946	236	1,062	8,112
Total book of business	$ 6,046	$ 11,642	$ 3,341	$ 1,389	$ 22,418
As of January 3, 2014					
Backlog	$ 2,851	$ 4,284	$ 3,705	$ 462	$ 11,302
Option years	146	3,734	76	—	3,956
Indefinite delivery contracts	3,081	3,150	131	1,187	7,549
Total book of business	$ 6,078	$ 11,168	$ 3,912	$ 1,649	$ 22,807

(In millions)	**July 4, 2014**	**January 3, 2013**
Backlog by market sector:		
Federal	$ 4,795	$ 4,891
Infrastructure	2,667	2,683
Oil & Gas	897	1,102
Power	1,074	1,339
Industrial	1,191	1,287
Total backlog	$ 10,624	$ 11,302

Interim Goodwill Review

Based on the implied value of the potential Merger to URS stockholders, we performed an interim goodwill impairment test as of July 4, 2014 for all of our seven reporting units. A goodwill impairment review involves a two-step process. The first step is a comparison of each reporting unit's fair value to its carrying value. If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of the impairment. We performed the first step of the analysis to compare the fair value of each reporting unit to its carrying amount. Based on the analysis performed, the fair values of all of our reporting units exceeded their respective carrying values indicating that no impairment exists, and therefore, the second step of the analysis was not deemed necessary.

Within the Energy & Construction operating segment, the fair values of the Civil Construction and Mining Group, the Industrial/Process Group and the Power Group reporting units exceeded their carrying values by approximately 8%, 8% and 6%, respectively. Our Oil & Gas reporting unit's fair value exceeded its carrying value by 5%. The remaining three reporting units' fair values substantially exceeded their carrying values. See Note 6, "Goodwill," for more information.

CONSOLIDATED REVENUES BY MARKET SECTOR

The Three Months Ended July 4, 2014 Compared with the Three Months Ended June 28, 2013

	Three Months Ended			
(In millions, except percentages)	July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Revenues by Market Sector:				
Federal	$ 826	$ 953	$ (127)	(13.3%)
Infrastructure	488	489	(1)	(0.2%)
Oil & Gas	697	797	(100)	(12.5%)
Power	253	261	(8)	(3.1%)
Industrial	291	292	(1)	(0.3%)
Total revenues, net of eliminations	$ 2,555	$ 2,792	$ (237)	(8.5%)

Consolidated Revenues by Market Sector

Our consolidated revenues for the three months ended July 4, 2014 were $2.6 billion, a decrease of $237 million, or 8.5%, compared with the three months ended June 28, 2013.

See the discussion of revenues by market sector below for more detail.

Federal

	Three Months Ended			
(In millions, except percentages)	July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Federal Market Sector:				
Infrastructure & Environment	$ 97	$ 163	$ (66)	(40.5%)
Federal Services	725	788	(63)	(8.0%)
Energy & Construction	4	2	2	100.0%
Federal total	$ 826	$ 953	$ (127)	(13.3%)

Consolidated revenues from our federal market sector for the three months ended July 4, 2014 decreased compared with the three months ended June 28, 2013. Our business in this market sector continued to be negatively affected by declines in spending by the U.S. federal government and delays in the award of new contracts. This resulted in a decline in revenues from the engineering, facility construction, systems engineering and technical assistance, IT, and operations and maintenance services we provide to the DOD and other federal agencies. We also experienced decreased activity on contracts to manage the destruction of chemical weapons at chemical agent disposal facilities in the U.S. as several of these facilities transition from the operations phase to the closure phase. By contrast, revenues increased modestly from our work providing management and operations services to the DOE resulting primarily from an incentive award for the early achievement of project milestones at a DOE site in Tennessee.

Infrastructure

(In millions, except percentages)	Three Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Infrastructure Market Sector:				
Infrastructure & Environment	$ 403	$ 421	$ (18)	(4.3%)
Energy & Construction	85	68	17	25.0%
Infrastructure total	$ 488	$ 489	$ (1)	(0.2%)

Consolidated revenues from our infrastructure market sector for the three months ended July 4, 2014 were essentially flat compared with the three months ended June 28, 2013. During the quarter, revenues increased from our work repairing infrastructure in the northeastern U.S. that was damaged by Hurricane Sandy, as well as from increased activity on a large dam construction project in Illinois due to increased funding and favorable river conditions. We experienced sustained demand for the services we provide to expand and modernize surface and air transportation and rail and mass transit systems in the United Kingdom ("U.K."). These increases were offset by a decline in revenues from our work providing engineering, construction and operations and maintenance services for several highway, rail and mass transit projects in the U.S. Revenues also declined from the services we provide to support international development projects.

Oil and Gas

(In millions, except percentages)	Three Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Oil & Gas Market Sector:				
Infrastructure & Environment	$ 97	$ 113	$ (16)	(14.2%)
Energy & Construction	149	252	(103)	(40.9%)
Oil & Gas	451	432	19	4.4%
Oil & Gas total	$ 697	$ 797	$ (100)	(12.5%)

Consolidated revenues from our oil & gas market sector for the three months ended July 4, 2014 decreased compared with the three months ended June 28, 2013. The decline was primarily due to the completion of a large construction project in the Canadian oil sands, which generated significant revenues in the second quarter of fiscal year 2013 and has not been replaced by a comparable contract. Revenues also declined from our work providing engineering and environmental services to oil and gas clients worldwide through Master Services Agreements ("MSAs"), as well as from the rig moving and fluid hauling services we provide to support drilling activities in oil and gas basins throughout North America. These declines were partially offset by increased revenues from the production services for mid-sized pipeline and facility construction projects, as well as from a large project to construct a natural gas processing plant in West Virginia.

Power

(In millions, except percentages)	Three Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Power Market Sector:				
Infrastructure & Environment	$ 64	$ 66	$ (2)	(3.0%)
Energy & Construction	183	189	(6)	(3.2%)
Oil & Gas	6	6	—	0.0%
Power total	$ 253	$ 261	$ (8)	(3.1%)

Consolidated revenues from our power market sector for the three months ended July 4, 2014 decreased modestly compared with the three months ended June 28, 2013. The decline in revenues was the result of the timing and completion of maintenance work at a nuclear power plant, as well as the completion of a project involving the retrofit of a coal-fired power plant with air quality control systems to meet regulatory mandates to reduce emissions. These decreases were partially offset by increased revenues from new air quality control projects and from projects to implement seismic and safety upgrades at nuclear power plants to meet post-Fukushima safety requirements issued by the Nuclear Regulatory Commission.

Industrial

(In millions, except percentages)	Three Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Industrial Market Sector:				
Infrastructure & Environment	$ 156	$ 169	$ (13)	(7.7%)
Federal Services	2	2	—	0.0%
Energy & Construction	130	119	11	9.2%
Oil & Gas	3	2	1	50.0%
Industrial total	$ 291	$ 292	$ (1)	(0.3%)

Consolidated revenues from our industrial market sector for the three months ended July 4, 2014 were essentially flat compared with the three months ended June 28, 2013. During the quarter, we experienced an increase in revenues resulting from our work constructing a fertilizer plant in Iowa. By contrast, revenues declined from the engineering and environmental services we provide to industrial clients compared to the comparable period in 2013. Revenues also declined from the environmental, engineering, construction, and operations and maintenance services we provide to mining clients, primarily due to the completion of a contract to operate a phosphate mine in Canada, which was in full production in the comparable period last year, and the wind down of other mining projects.

CONSOLIDATED RESULTS

The Three Months Ended July 4, 2014 Compared with the Three Months Ended June 28, 2013

(In millions, except percentages and per share amounts)	Three Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Revenues	$ 2,555	$ 2,792	$ (237)	(8.5%)
Cost of revenues	(2,407)	(2,642)	(235)	(8.9%)
General and administrative expenses	(27)	(23)	4	17.4%
Equity in income of unconsolidated joint ventures	17	18	(1)	(5.6%)
Operating income	138	145	(7)	(4.8%)
Interest expense	(18)	(21)	(3)	(14.3%)
Other income (expenses)	1	(3)	4	133.3%
Income before income taxes	121	121	—	—
Income tax expense	(13)	(39)	(26)	(66.7%)
Net income including noncontrolling interests	108	82	26	31.7%
Noncontrolling interests in income of consolidated subsidiaries	(20)	(15)	5	33.3%
Net income attributable to URS	$ 88	$ 67	$ 21	31.3%
Diluted earnings per share	$ 1.27	$ 0.91	$ 0.36	39.6%

CONSOLIDATED RESULTS BY DIVISION

Revenues

(In millions, except percentages) **Three months ended**	Infrastructure & Environment	Federal Services	Energy & Construction	Oil & Gas	Eliminations	Total
July 4, 2014	$ 824	$ 728	$ 562	$ 463	$ (22)	$ 2,555
June 28, 2013	947	790	641	459	(45)	2,792
Increase (decrease)	(123)	(62)	(79)	4	(23)	(237)
Percentage increase (decrease)	(13.0%)	(7.8%)	(12.3%)	0.9%	(51.1%)	(8.5%)

The revenues reported are presented prior to the elimination of inter-segment transactions.

The Infrastructure & Environment Division's Revenues

The Infrastructure & Environment Division's revenues decreased for the three months ended July 4, 2014 compared to the three months ended June 28, 2013. The decline was primarily due to lower revenues from construction projects we perform for the DOD, resulting from the completion of projects that have not been replaced by comparable assignments. This decline was accompanied by a slowdown in work for our global oil and gas clients as they experience seasonal variations and determine capital expenditures levels.

The Federal Services Division's Revenues

The Federal Services Division's revenues decreased for the three months ended July 4, 2014 compared to the three months ended June 28, 2013. Revenues associated with our chemical agent demilitarization program declined from $147 million for the quarter ended June 28, 2013 to $117 million for the quarter ended July 4, 2014. This decline reflects the transition at several facilities from the operations phase of the projects to the closure phase, which is characterized by lower levels of activities. Revenues related to other services also declined as a result of delayed awards on new and existing programs, delays in finalizing the DOD's budget, and lower revenues from the services we provide to the DOD to maintain, repair and overhaul aircraft, ground vehicles and other equipment.

The Energy & Construction Division's Revenues

The Energy & Construction Division's revenues decreased for the three months ended July 4, 2014 compared with the three months ended June 28, 2013. The decrease was primarily due to the completion of a large oil and gas construction project and projects involving the construction of a chemical plant and a natural gas facility. These decreases were partially offset by higher revenues from the start-up of construction projects for a fertilizer plant and a natural gas facility, as well as increased activity at an ongoing dam construction project.

The Oil & Gas Division's Revenues

The Oil & Gas Division's revenues increased slightly for the three months ended July 4, 2014 compared with the three months ended June 28, 2013. The increase was primarily due to a shorter weather-related annual road restriction period in the three months ended July 4, 2014, allowing increased activities in Western Canada.

Cost of Revenues

(In millions, except percentages) **Three months ended**	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Eliminations**	**Total**
July 4, 2014	$ (772)	$ (649)	$ (547)	$ (461)	$ 22	$ (2,407)
June 28, 2013	(887)	(716)	(622)	(462)	45	(2,642)
Increase (decrease)	(115)	(67)	(75)	(1)	(23)	(235)
Percentage increase (decrease)	(13.0%)	(9.4%)	(12.1%)	(0.2%)	(51.1%)	(8.9%)

Our consolidated cost of revenues, which consists of labor, subcontractor costs, and other expenses related to projects, and services provided to our clients, for the three months ended July 4, 2014 decreased compared with the three months ended June 28, 2013. Because our revenues are primarily project-based, the factors that generally caused revenues to decrease also drove a corresponding decrease in our cost of revenues.

Consolidated cost of revenues as a percent of revenues decreased slightly from 94.6% for the three months ended June 28, 2013 to 94.2% for the three months ended July 4, 2014. See "Operating Income (Loss)" for further discussion.

Operating Income (Loss)

(In millions, except percentages) **Three months ended**		**Infrastructure & Environment**		**Federal Services**		**Energy & Construction**		**Oil & Gas**		**Corporate**		**Total**
July 4, 2014	$	52	$	95	$	16	$	2	$	(27)	$	138
June 28, 2013		60		89		21		(2)		(23)		145
Increase (decrease)		(8)		6		(5)		4		4		(7)
Percentage increase (decrease)		(13.3%)		6.7%		(23.8%)		(200.0%)		17.4%		(4.8%)

Operating income decreased $7 million for the three months ended July 4, 2014 compared to the comparable period in the prior year. As a percentage of revenues, operating income for the three months ended July 4, 2014 was 5.4% compared to 5.2% for the three months ended June 28, 2013. See the detailed discussion of operating income by segment below.

The Infrastructure & Environment Division's Operating Income

Operating income decreased $8 million for the three months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 6.3% for both the three months ended July 4, 2014 and June 28, 2013. The decrease in operating income was due to the increase in benefit costs and the lower number of billable hours.

The Federal Services Division's Operating Income

Operating income increased $6 million for the three months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 13.0% for the three months ended July 4, 2014 compared to 11.3% for the three months ended June 28, 2013. The increases in operating income and operating income as a percentage of revenues were primarily due to improved margins on existing contracts.

The Energy & Construction Division's Operating Income

Operating income decreased $5 million for the three months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 2.8% for the three months ended July 4, 2014 compared to 3.3% for the three months ended June 28, 2013. The decreases in operating income and operating income as a percentage of revenues were due to a $7 million decrease related to the completion of an oil and gas construction project and a $3 million decline due to the completion of an air quality control project. Overhead expense reductions partially offset the decrease in operating income.

The Oil & Gas Division's Operating Income (Loss)

Operating income increased $4 million for the three months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 0.4% for the three months ended July 4, 2014 and (0.4)% for the three months ended June 28, 2013. The Oil & Gas Division's operating income for the three months ended July 4, 2014 was $2 million, which included $11 million of amortization of intangible assets in connection with the Flint acquisition, compared to $2 million of operating loss for the three months ended June 28, 2013, which included $12 million of amortization of intangible assets in connection with the Flint acquisition. Operating income in the three months ended June 28, 2013 was negatively impacted by unusually severe weather conditions in Western Canada that disrupted activities at several project sites, resulting in unrecovered fixed costs.

Interest Expense

Our consolidated interest expense for the three months ended July 4, 2014 decreased by $3 million or 14.3% compared with the three months ended June 28, 2013. This decrease was primarily due to the redemption of the Flint senior notes on December 27, 2013.

Income Tax Expense

Our effective income tax rate for the three months ended July 4, 2014 decreased to 10.8% from 32.3% for the three months ended June 28, 2013. The lower rates were primarily attributable to tax benefits, discrete to the quarter, of approximately $9 million recognized from the reorganization of Canadian affiliates and approximately $13 million recognized from entering into service agreements with foreign affiliates during the second quarter of 2014.

CONSOLIDATED REVENUES BY MARKET SECTOR

The Six Months Ended July 4, 2014 Compared with the Six Months Ended June 28, 2013

(In millions, except percentages)	Six Months Ended July 4, 2014	Six Months Ended June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Federal	$ 1,576	$ 2,021	$ (445)	(22.0%)
Infrastructure	978	925	53	5.7%
Oil & Gas	1,455	1,600	(145)	(9.1%)
Power	513	475	38	8.0%
Industrial	570	574	(4)	(0.7%)
Total revenues, net of eliminations	$ 5,092	$ 5,595	$ (503)	(9.0%)

Our consolidated revenues for the six months ended July 4, 2014 were $5 billion, a decrease of $503 million, or 9.0%, compared with the six months ended June 28, 2013.

See the discussion of revenues by market sector below for more detail.

Federal

(In millions, except percentages)	Six Months Ended July 4, 2014	Six Months Ended June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Federal Market Sector:				
Infrastructure & Environment	$ 196	$ 326	$ (130)	(39.9%)
Federal Services	1,372	1,690	(318)	(18.8%)
Energy & Construction	7	5	2	40.0%
Oil & Gas	1	—	1	—
Federal total	$ 1,576	$ 2,021	$ (445)	(22.0%)

Consolidated revenues from our federal market sector for the six months ended July 4, 2014 decreased compared with the six months ended June 28, 2013. Our six-month results in the federal market sector were affected by many of the same factors outlined in the revenue discussion of our performance for the three-month period ended July 4, 2014. Revenues declined from the services we provide to federal government agencies in the U.S. primarily as a result of declines in federal spending. These spending declines led to overall funding decreases on existing contracts and delays in the award of new projects resulting in decreased revenues from the engineering, facility construction, systems engineering and technical assistance, IT, and operations and maintenance services we provide to the DOD. In addition, revenues declined from the management and operations services we provide to the DOE due to decreased activity at some of the DOE sites we managed. Revenues also declined from our work managing the destruction of chemical weapons stockpiles at chemical agent disposal facilities, as many of these facilities transitioned from the operations phase to the closure phase.

Infrastructure

(In millions, except percentages)	Six Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Infrastructure Market Sector:				
Infrastructure & Environment	$ 826	$ 804	$ 22	2.7%
Energy & Construction	152	121	31	25.6%
Infrastructure total	$ 978	$ 925	$ 53	5.7%

Consolidated revenues from our infrastructure market sector for the six months ended July 4, 2014 increased compared with the six months ended June 28, 2013. Revenues increased from the services we provide to expand and modernize surface and air transportation and rail and mass transit systems, both in the U.S. and in the U.K., as well as from our work repairing infrastructure in the northeastern U.S. that was damaged by Hurricane Sandy. We also experienced increased revenues from a large dam construction project in Illinois. By contrast, revenues declined from our work modernizing and expanding educational facilities due to the completion of assignments that have not been replaced by similar projects.

Oil and Gas

(In millions, except percentages)	Six Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Oil & Gas Market Sector:				
Infrastructure & Environment	$ 203	$ 227	$ (24)	(10.6%)
Energy & Construction	302	443	(141)	(31.8%)
Oil & Gas	950	930	20	2.2%
Oil & Gas total	$ 1,455	$ 1,600	$ (145)	(9.1%)

Consolidated revenues from our oil & gas market sector for the six months ended July 4, 2014 decreased compared with the six months ended June 28, 2013. Our six-month results in the oil and gas market sector were affected by many of the same factors outlined in the revenues discussion of our performance for the three-month period ended July 4, 2014. The decline was primarily due to the completion of a large construction project in the Canadian oil sands, which has not been replaced by a comparable contract. Revenues also declined from our work providing engineering and environmental services to multinational oil and gas clients worldwide through Master Services Agreements ("MSAs"), as well as from rig moving and fluid hauling assignments in North American oil and gas basins. These declines were partially offset by increased revenues from the production services we provide for mid-sized pipeline and facility construction projects, as well as from a large project to construct a natural gas processing plant.

Power

(In millions, except percentages)	Six Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Power Market Sector:				
Infrastructure & Environment	$ 119	$ 106	$ 13	12.3%
Energy & Construction	382	357	25	7.0%
Oil & Gas	12	12	—	0.0%
Power total	$ 513	$ 475	$ 38	8.0%

Consolidated revenues from our power market sector for the six months ended July 4, 2014 increased compared with the six months ended June 28, 2013. Revenues increased from projects involving the retrofit of coal-fired power plants with air quality control systems to meet regulatory mandates to reduce emissions. In the nuclear power market, we also experienced an increase in revenues from the maintenance and retrofit services we provide to increase generating capacity and extend the service life of nuclear power plants, as well as from seismic and safety upgrade projects to meet post-Fukushima safety requirements issued by the Nuclear Regulatory Commission. By contrast, revenues decreased from the services we provide to expand and modernize transmission and distribution systems, as well as from environmental remediation services to support the decommissioning of power plants that are no longer in use.

Industrial

(In millions, except percentages)	Six Months Ended July 4, 2014	June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Industrial Market Sector:				
Infrastructure & Environment	$ 317	$ 339	$ (22)	(6.5%)
Federal Services	3	5	(2)	(40.0%)
Energy & Construction	245	225	20	8.9%
Oil & Gas	5	5	—	0.0%
Industrial total	$ 570	$ 574	$ (4)	(0.7%)

Consolidated revenues from our industrial market sector for the six months ended July 4, 2014 decreased slightly compared with the six months ended June 28, 2013. Our six-month results in the industrial market sector were affected by many of the same factors outlined in the revenue discussion of our performance for the three-month period ended July 4, 2014. We experienced an increase in revenues resulting from our work constructing a fertilizer plant in Iowa. By contrast, revenues declined from the engineering and environmental services we provide to industrial clients. Similarly, revenues declined from the environmental, engineering, construction, and operations and maintenance services we provide to mining clients, primarily due to the completion of a contract to operate a phosphate mine in Canada and the wind down of other mining projects.

CONSOLIDATED RESULTS

The Six Months Ended July 4, 2014 Compared with the Six Months Ended June 28, 2013

Consolidated

(In millions, except percentages and per share amounts)	Six Months Ended July 4, 2014	Six Months Ended June 28, 2013	Increase (Decrease)	Percentage Increase (Decrease)
Revenues	$ 5,092	$ 5,595	$ (503)	(9.0%)
Cost of revenues	(4,854)	(5,293)	(439)	(8.3%)
General and administrative expense	(49)	(46)	3	6.5%
Equity in income of unconsolidated joint ventures	36	42	(6)	(14.3%)
Operating income	225	298	(73)	(24.5%)
Interest expense	(36)	(42)	(6)	(14.3%)
Other income (expense)	(3)	(6)	3	50.0%
Income before income taxes	186	250	(64)	(25.6%)
Income tax expense	(39)	(81)	(42)	(51.9%)
Net income (loss) including noncontrolling interests	147	169	(22)	(13.0%)
Noncontrolling interests in income of consolidated subsidiaries, net of tax	(32)	(30)	2	6.7%
Net income (loss) attributable to URS	$ 115	$ 139	$ (24)	(17.3%)
Diluted earnings (loss) per share	$ 1.63	$ 1.87	$ (0.24)	(12.8%)

CONSOLIDATED RESULTS BY DIVISION

Revenues

(In millions, except percentages) **Six months ended**	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Eliminations**	**Total**
July 4, 2014	$ 1,674	$ 1,377	$ 1,106	$ 977	$ (42)	$ 5,092
June 28, 2013	1,845	1,697	1,179	967	(93)	5,595
Increase (decrease)	(171)	(320)	(73)	10	(51)	(503)
Percentage increase (decrease)	(9.3%)	(18.9%)	(6.2%)	1.0%	(54.8%)	(9.0%)

The revenues reported are presented prior to the elimination of inter-segment transactions. Our analysis of the changes in revenues by reporting segment is discussed below.

The Infrastructure & Environment Division's Revenues

The Infrastructure & Environment Division's revenues decreased for the six months ended July 4, 2014 compared to the six months ended June 28, 2013. The decline was primarily due to lower revenues from the wind down of activities in the Middle East and from the completion of construction projects we performed for the DOD that have not been replaced in 2014.

This decline was accompanied by a slowdown in work for our global industrial and oil and gas clients due to seasonal variations and determinations of capital expenditure levels. These decreases were offset by an increase in infrastructure and power revenues, specifically for program and construction management services for projects in the U.S. and for projects managed by our International Development team based in Australia. We also experienced sustained demand for the services we provide to modernize surface, air, rail and mass transit infrastructure in the U.K.

The Federal Services Division's Revenues

The Federal Services Division's revenues decreased for the six months ended July 4, 2014 compared to the six months ended June 28, 2013. Revenues associated with our chemical agent demilitarization programs declined from $398 million for the six months ended June 28, 2013 to $206 million for the six months ended July 4, 2014. This decline reflects the transition at several facilities from the operations phase of the projects to the closure phase, which is characterized by lower levels of activity. Revenues related to other services also declined as a result of delayed awards on new and existing programs, delays in finalizing the DOD's budget, and lower revenues from the services we provide to the DOD to maintain, repair and overhaul aircraft, ground vehicles and other equipment. Additionally, federal funding decreases contributed to a decrease in revenues for our work providing nuclear management services to the DOE.

The Energy & Construction Division's Revenues

The Energy & Construction Division's revenues decreased for the six months ended July 4, 2014 compared with the six months ended June 28, 2013. The decrease was primarily due to the completion of a large oil and gas construction project. This decrease was partially offset by higher revenues from the start-up of a construction project for a natural gas production facility.

The Oil & Gas Division's Revenues

The Oil & Gas Division's revenues increased slightly for the six months ended July 4, 2014 compared with the six months ended June 28, 2013. The increase was primarily due to a shorter annual weather-related road restriction period in the six months ended July 4, 2014 compared to the comparable period last year, allowing increased activities in Western Canada.

Cost of Revenues

(In millions, except percentages) **Six months ended**	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Eliminations**	**Total**
July 4, 2014	$ (1,588)	$ (1,260)	$ (1,086)	$ (962)	$ 42	$ (4,854)
June 28, 2013	(1,746)	(1,529)	(1,150)	(961)	93	(5,293)
Increase (decrease)	(158)	(269)	(64)	1	(51)	(439)
Percentage increase (decrease)	(9.0%)	(17.6%)	(5.6%)	0.1%	(54.8%)	(8.3%)

Our consolidated cost of revenues, which consists of labor, subcontractor costs, and other expenses related to projects and services provided to our clients, for the six months ended July 4, 2014 decreased compared with the six months ended June 28, 2013. Because our revenues are primarily project-based, the factors that generally caused revenues to decrease also drove a corresponding decrease in our cost of revenues.

Consolidated cost of revenues as a percent of revenues increased from 94.6% for the six months ended June 28, 2013 to 95.3% for the six months ended July 4, 2014. See “Operating Income” for further discussion.

Operating Income

(In millions, except percentages) **Six months ended**	**Infrastructure & Environment**	**Federal Services**	**Energy & Construction**	**Oil & Gas**	**Corporate**	**Total**
July 4, 2014	$ 87	$ 152	$ 22	$ 13	$ (49)	$ 225
June 28, 2013	100	204	33	7	(46)	298
Increase (decrease)	(13)	(52)	(11)	6	3	(73)
Percentage increase (decrease)	(13.0%)	(25.5%)	(33.3%)	85.7%	6.5%	(24.5%)

As a percentage of revenues, operating income for the six months ended July 4, 2014 was 4.4% compared to 5.3% for the six months ended June 28, 2013. See the detailed discussion of operating income by segment below.

The Infrastructure & Environment Division’s Operating Income

Operating income decreased $13 million for the six months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 5.2% for the six months ended July 4, 2014 compared to 5.4% for the six months ended June 28, 2013. The decrease in operating income was mainly attributable to lower revenues associated with work for the federal government and industrial clients. The decrease was partially offset by lower overhead costs.

The Federal Services Division’s Operating Income

Operating income decreased $52 million for the six months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 11.0% for the six months ended July 4, 2014 compared to 12.0% for the six months ended June 28, 2013. The decreases in operating income and operating income as a percentage of revenues were primarily due to the favorable resolution of a $23 million pre-tax accrual associated with the estimated costs of employee benefit obligations on chemical demilitarization programs and the recognition of $26 million in performance-related incentive fees on one of our chemical demilitarization contracts in the prior year.

The Energy & Construction Division's Operating Income

Operating income decreased $11 million for the six months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 2.0% for the six months ended July 4, 2014 compared to 2.8% for the six months ended June 28, 2013. The decreases in operating income and operating income as a percentage of revenues were primarily due to a $14 million decrease related to the completion of an oil and gas construction project and a $9 million decrease related to a reduction in the scope of work and a dispute regarding the extent of the project fee for another oil and gas construction project. This project is contracted as a fixed-dollar fee, and cost increases, which have been experienced for several reasons, have reduced the project margin. Additionally, during the six months ended July 4, 2014, in connection with cost reduction initiatives, $6 million of severance and office consolidation costs were recognized. These decreases were partially offset by increases in operating income from a new air quality control project of $8 million.

The Oil & Gas Division's Operating Income

Operating income increased $6 million for the six months ended July 4, 2014 compared to the comparable period in the prior year. Operating income as a percentage of revenues was 1.3% for the six months ended July 4, 2014 compared to 0.7% for the six months ended June 28, 2013. The Oil & Gas Division's operating income for the six months ended July 4, 2014 was $13 million, which included $20 million of amortization of intangible assets in connection with the Flint acquisition, compared to $7 million of operating income for the six months ended June 28, 2013, which included $24 million of amortization of intangible assets in connection with the Flint acquisition. Operating income in the period ended June 28, 2013 was negatively impacted by unusually severe weather conditions in Western Canada that disrupted activities at several project sites, resulting in unrecovered fixed costs.

Interest Expense

Our consolidated interest expense for the six months ended July 4, 2014 decreased by $6 million, or 14.3% compared with the six months ended June 28, 2013. This decrease was primarily due to the redemption of the Flint senior notes on December 27, 2013.

Income Tax Expense

Our effective income tax rate for the six months ended July 4, 2014 decreased to 20.7% from 32.5% for the six months ended June 28, 2013. The lower rates were primarily attributable to tax benefits, discrete to the quarter, of approximately $9 million recognized from the reorganization of Canadian affiliates and approximately $13 million recognized from entering into service agreements with foreign affiliates during the second quarter of 2014.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	Six Months Ended July 4, 2014	Six Months Ended June 28, 2013
Cash flows from operating activities	$ 262	$ 90
Cash flows from investing activities	(6)	(18)
Cash flows from financing activities	(262)	(145)

Cash and Working Capital

Our primary sources of liquidity are collections of accounts receivable from our clients, dividends from our unconsolidated joint ventures and borrowings related to our lines of credit. Our primary uses of cash are to fund working capital and capital expenditures; to service our debt; to pay dividends; and to make distributions to the minority owners in our consolidated joint ventures.

Our cash flows from operations are primarily impacted by fluctuations in working capital requirements, which are affected by numerous factors, including the billing and payment terms of our contracts, the stage of completion of contracts performed by us, the timing of payments to vendors, subcontractors, and joint ventures, and the changes in interest and income tax payments, as well as unforeseen events or issues that may have an impact on our working capital.

Our future capital allocation priorities are expected to include dividend payments and organic growth opportunities. In addition, these priorities may be impacted upon the close of the Merger.

As of July 4, 2014, we were in compliance with the covenants of our senior credit facility.

As a result of entering into the Merger Agreement with AECOM, Moody's has placed our senior notes and credit facility under review for possible downgrade and Standard & Poor's has placed our senior notes and credit facility on CreditWatch Negative.

Cash and cash equivalents include all highly liquid investments with maturities of 90 days or less at the date of purchase, including interest-bearing bank deposits and money market funds. At July 4, 2014 and January 3, 2014, restricted cash was $10 million and $13 million, respectively, which amounts were included in "Other current assets" on our Condensed Consolidated Balance Sheets.

As of July 4, 2014 and January 3, 2014, we had cash and cash equivalents of $77 million and $36 million, respectively, held by non-U.S. entities, excluding amounts in consolidated joint ventures. We are not aware of any material restrictions on cash and cash equivalents in those countries outside the U.S where we conduct business. If cash and cash equivalents held outside the U.S. are needed for our operations in the U.S., we may be required to accrue and pay U.S. taxes to repatriate these funds; however, our intent is to indefinitely reinvest these foreign amounts outside of the U.S., and our current plans do not demonstrate a need to repatriate these foreign amounts to fund our U.S. operations.

In addition, as of both July 4, 2014 and January 3, 2014, our consolidated joint ventures held cash and cash equivalents of $89 million. These amounts are restricted for use by each joint venture and are not available for use in our general operations.

We use Days Sales Outstanding ("DSO") to monitor the average time, in days, that it takes us to convert our accounts receivable into cash. DSO also is a useful tool for investors to measure our liquidity and understand our average collection period. We calculate DSO by dividing net accounts receivable, less billings in excess of costs and accrued earnings on contracts, as of the end of the quarter by the amount of revenues recognized during the quarter, and multiplying the result of that calculation by the number of days in that quarter. We included the non-current amounts in our calculation of DSO and the ratio of accounts receivable to revenues. Our DSO decreased from 101 days as of January 3, 2014 to 99 days as of July 4, 2014.

Receivables from performance-based incentives under long-term U.S. federal government contracts, primarily with the DOD, for the quarter ended July 4, 2014 decreased in comparison to the quarter ended January 3, 2014, as we were able to begin to bill and collect on these projects. This change reduced our DSO by three days. These receivables were included in costs and accrued earnings in excess of billings on contracts ("Unbilled Accounts Receivable") and they become billable as provided under the terms of the contracts to which they relate. We expect to bill for these incentives beginning in 2014 and beyond. Our Unbilled Accounts Receivable included amounts earned under milestone payment clauses, which provided for payments to be received beyond a year from the date service occurs. Based on our historical experience, we generally consider the collection risk related to these amounts to be low.

We also analyze the ratio of our accounts receivable to quarterly revenues (the "Ratio"), which changed from 103% at January 3, 2014 to 109% at July 4, 2014. We calculate this ratio by dividing net accounts receivable, less billings in excess of costs and accrued earnings on contracts as of the end of the quarter by the amount of revenues recognized during the quarter. The revenues used in the calculation of these Ratios for the quarter ended July 4, 2014 included 13 weeks compared to 14 weeks in the quarter ended January 3, 2014. As a result, revenues for the quarter ended July 4, 2014 declined by $106 million, compared to the quarter ended January 3, 2014. The resulting decrease in revenues added four percentage points to the Ratio.

We believe that we have sufficient resources to fund our operating and capital expenditure requirements, to pay income taxes, and to service our debt for at least the next twelve months. In the ordinary course of our business, we may experience various loss contingencies including, but not limited to, the pending legal proceedings identified in Note 13, "Commitments and Contingencies," to our condensed consolidated financial statements included under Item 8 of this report, which may adversely affect our liquidity and capital resources. We have determined that the restricted net assets as defined by Rule 4-08(e)(3) of Regulation S-X are less than 25% of our consolidated net assets.

Operating Activities

The increase in cash flows from operating activities for the six months ended July 4, 2014, compared to the six months ended June 28, 2013, was primarily due to the timing of billings, collections and advance payments from clients on accounts receivable, the timing of vendor and subcontractor payments, the timing of income tax payments, the reduction of employee incentive compensation payments and increased chemical demilitarization performance-based incentive fees. For billings and collections of our accounts receivable, see our analysis of DSO and ratio of accounts receivable to quarterly revenues above.

Investing Activities

Capital expenditures, excluding purchases financed through capital leases and equipment notes, were $42 million and $46 million for the six months ended July 4, 2014 and June 28, 2013, respectively.

For the remainder of fiscal year 2014, we expect to incur approximately $55 million to $65 million in capital expenditures, a portion of which will be financed through capital leases or equipment notes.

Financing Activities

Net borrowings from our revolving line of credit increased $47 million for the six months ended July 4, 2014 compared to the same period in 2013. The increase in borrowings was primarily due to working capital requirements in Canada. We also used $266 million for the repurchase of our common stock during the first six months of 2014, compared to $93 million during the first six months of 2013.

Off-balance Sheet Arrangements

In the ordinary course of business, we use off-balance sheet arrangements when we believe that such an arrangement would be an efficient way to lower our cost of capital or help us manage the overall risks of our business operations. We do not believe that such arrangements have had a material adverse effect on our financial position or our results of operations. There have been no material changes to our existing off-balance sheet arrangements during the second quarter of fiscal year 2014.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions in the application of certain accounting policies that affect amounts reported in our condensed consolidated financial statements and related footnotes included in Item 1 of this report. In preparing these financial statements, we have made our best estimates and judgments of certain amounts, after considering materiality. Application of these accounting policies, however, involves the exercise of judgment and the use of assumptions as to future uncertainties. Consequently, actual results could differ from our estimates, and these differences could be material.

The accounting policies that we believe are most critical to an investor's understanding of our financial results and condition and that require complex judgments by management are included in our Annual Report on Form 10-K for the fiscal year ended January 3, 2014. There were no material changes to these critical accounting policies during the six months ended July 4, 2014.

ADOPTED AND OTHER RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 2, "Adopted and Other Recently Issued Statements of Financial Accounting Standards," to our Condensed Consolidated Financial Statements included under Part I – Item 1 of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to changes in interest rates as a result of our borrowings under our 2011 Credit Facility. We borrow under the 2011 Credit Facility at a fixed rate plus a market rate margin. The margin is based on LIBOR or similar indexes. Based on the outstanding term loan of $605 million and an outstanding revolving line of credit balance of $84 million under our 2011 Credit Facility, if market rates used to calculate interest expense were to average 1% higher in the next twelve months, our net-of-tax interest expense would increase by approximately $4 million. Interest rates, as measured by LIBOR or similar indices, remain at historic low levels, thereby limiting how far we can measure a drop in interest rates. As a result, under our analysis, if rates fall by 1% or by the maximum amount below 1%, our net-of-tax interest expense would be reduced by approximately $1 million. This analysis is computed taking into account the current outstanding term loan of our 2011 Credit Facility, assumed interest rates and current debt payment schedule. The result of this analysis would change if the underlying assumptions were modified.

Foreign Currency Risk

The majority of our transactions are in U.S. dollars; however, our foreign subsidiaries conduct businesses in various foreign currencies. Therefore, we are subject to currency exposures and volatility because of currency fluctuations. We attempt to minimize our exposure to foreign currency fluctuations by matching our revenues and expenses in the same currency for our contracts. From time to time, we purchase derivative financial instruments in the form of foreign currency exchange contracts to manage specific foreign currency exposures. As of July 4, 2014, we did not have any derivative financial instruments. We recorded a foreign currency translation gain of $39 million and a foreign currency translation loss of $39 million in "Other comprehensive income" for the three months ended July 4, 2014 and June 28, 2013, respectively. We recorded a foreign currency translation gain of $22 million and a foreign currency translation loss of $76 million in "Other comprehensive income" for the six months ended July 4, 2014 and June 28, 2013, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Attached as exhibits to this Form 10-Q are certifications of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications and should be read in conjunction with the certifications for a more complete understanding.

Evaluation of Disclosure Controls and Procedures

Based on our management's evaluation, with the participation of our CEO and CFO, of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), our CEO and CFO have concluded that our disclosures controls and procedures were effective as of July 4, 2014, the end of the period covered by this report, to provide reasonable assurance that the information required to be disclosed by us in the reports that we filed or submitted to the Securities and Exchange Commission ("SEC") under the Exchange Act were (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended July 4, 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, has designed our disclosure controls and procedures and our internal control over financial reporting to provide reasonable assurances that the controls' objectives will be met. However, management does not expect that disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any system's design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of a system's control effectiveness into future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Various legal proceedings are pending against our subsidiaries and us. The resolution of outstanding claims and litigation is subject to inherent uncertainty, and it is reasonably possible that resolution of any of the outstanding claims or litigation matters could have a material adverse effect on us. See Note 13, "Commitments and Contingencies," to our "Condensed Consolidated Financial Statements" included under Part 1 – Item 1 of this report for a discussion of our legal proceedings, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The following risk factors reflect material changes from the risk factors previously disclosed in Item 1A – *Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended January 3, 2014, which included 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 the future. In addition to our other disclosures set forth or incorporated by reference in the Annual Report on Form 10-K for the fiscal year ended January 3, 2014, the following risk factors could also affect our financial condition and results of operations:

Because the market price of AECOM's common stock will fluctuate, URS stockholders cannot be sure of the value of the merger consideration they will receive at the time of the URS special meeting or at any time prior to the closing of the pending Merger with AECOM.

Upon completion of the pending Merger with AECOM, each share of the URS common stock will be converted into the right to receive merger consideration consisting of shares of AECOM common stock and/or cash pursuant to the terms of the Merger Agreement. The value of the merger consideration to be received by URS stockholders will be based on the average five-day AECOM closing price at the time of the completion of the Merger. This average price may vary from the closing price of AECOM's common stock on the date we announced the Merger, on the date that the joint proxy statement/prospectus was mailed to URS' stockholders and on the date of the special meeting of URS' stockholders to be held to consider and vote on the merger and related proposals. Any change in the market price of AECOM's common stock prior to completion of the Merger will affect the value of the merger consideration that URS' stockholders will receive upon completion of the Merger. Accordingly, at the time of the URS special meeting and prior to the election deadline, URS' stockholders will not necessarily know or be able to calculate the amount of the cash consideration they would receive or the exchange ratio used to determine the number of any shares of AECOM common stock they would receive upon the completion of the Merger. Neither company is permitted to terminate the Merger Agreement or resolicit the vote of either company's stockholders solely because of the changes in the market prices of either company's stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control.

The pending Merger with AECOM is subject to a number of conditions, including governmental and regulatory conditions that may not be satisfied, and the Merger may not be completed on a timely basis, or at all. Failure to complete the Merger could have material and adverse effects on us.

Completion of the pending Merger with AECOM is conditioned upon, among other matters, the receipt of governmental authorizations, consents, orders or other approvals, including the expiration or termination of the waiting period under domestic and foreign antitrust regulations, and the receipt of any other consents or approvals of any governmental entity required to be obtained in connection with the Merger. On August 4, 2014, the Federal Trade Commission granted URS and AECOM early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. In deciding whether to grant antitrust or other regulatory clearances, the relevant governmental entities will consider the effect of the Merger within their relevant jurisdictions. The governmental agencies from which we and AECOM will seek the approvals have broad discretion in administering the governing regulations. The terms and conditions of the approvals that are granted may impose requirements, limitations, costs, or place restrictions on the conduct of the combined company after the Merger. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that those conditions, terms, obligations or restrictions will not have the effect of delaying the completion of the Merger or imposing additional material costs on, or materially limiting the revenues of, the combined company following the Merger. In addition, we cannot provide assurances that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the Merger.

If the Merger is not completed on a timely basis, or at all, our ongoing businesses may be adversely affected. Additionally, in the event the Merger is not completed, we will be subject to a number of risks without realizing any of the benefits of having completed the Merger, including (i) the payment of certain fees and costs relating to the Merger, such as legal, accounting, financial advisor and printing fees, (ii) the potential decline in the market price of our shares of common stock, (iii) the risk that we may not find a party willing to enter into a merger agreement on terms equivalent to or more attractive than the terms set forth in the Merger Agreement with AECOM and (iv) the loss of time and resources.

Uncertainties associated with the pending Merger with AECOM may cause a loss of management personnel and other key employees that could adversely affect our future business, operations and financial results following the Merger.

Whether or not the pending Merger with AECOM is completed, the announcement and pendency of the Merger could disrupt our business. We are dependent on the experience and industry knowledge of our senior management and other key employees. In addition, the combined company's success after the merger will depend in part upon the ability of AECOM and URS to retain key management personnel and other key employees. Current and prospective employees of AECOM and URS may experience uncertainty about their roles within the combined company following the Merger, which may have an adverse effect on our ability to attract or retain key management and other key personnel.

Accordingly, no assurance can be given that we will be able to attract or retain key management personnel and other key employees. In addition, following the Merger, the combined company might not be able to locate suitable replacements for any such key employees who leave URS or offer employment to potential replacements on reasonable terms.

Lawsuits have been filed against us challenging the pending Merger with AECOM, and an adverse ruling may prevent the Merger from being completed.

We, as well as the members of our Board of Directors, have been named as defendants in lawsuits brought by purported stockholders of URS challenging our Board of Directors' actions in connection with the Merger Agreement and seeking, among other things, injunctive relief to enjoin the defendants from completing the pending Merger with AECOM on the agreed-upon terms. One of the conditions to the closing of the Merger is that no temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any court of competent jurisdiction or other legal restraint or prohibition shall be in effect, and no law shall have been enacted, entered, promulgated, enforced or deemed applicable by any governmental entity that, in any such case, prohibits or makes illegal the consummation of the Merger. Consequently, if a settlement or other resolution is not reached in the lawsuits referenced above and the plaintiffs secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting our ability to complete the Merger, then such injunctive or other relief may prevent the Merger from becoming effective within the expected timeframe or at all.

The Merger Agreement contains provisions that could discourage a potential competing acquiror of URS.

The Merger Agreement contains "no shop" provisions that, subject to limited exceptions, restrict our ability to solicit, initiate or endorse, encourage or facilitate competing third-party proposals for the acquisition of our company's shares or assets. Further, even if our Board of Directors withdraws or changes its recommendation with respect to the Merger, we will still be required to submit each of our Merger-related proposals to a vote at our stockholder meeting. In addition, AECOM generally has an opportunity to offer to modify the terms of the Merger in response to any competing acquisition proposals before our Board of Directors may withdraw or change its recommendation with respect to the Merger. In certain circumstances in connection with the termination of the Merger Agreement, AECOM must pay a termination fee to us equal to $140 million, or $240 million if the Merger Agreement is terminated by us under circumstances where all closing conditions have been satisfied but AECOM's debt financing is not available to complete the Merger and AECOM fails to close the Merger. In certain circumstances in connection with the termination of the Merger Agreement, we must pay to AECOM a termination fee equal to $140 million. If the Merger Agreement is terminated by a party because of certain breaches by the other party, then the non-terminating party will be required to reimburse the terminating party for its reasonable out-of-pocket fees and expenses up to $40 million.

These provisions could discourage a potential third-party acquirer that might have an interest in acquiring all or a significant portion of URS from considering or proposing that acquisition, at a higher per-share cash or market value than the market value proposed to be received or realized in the Merger, or might result in a potential third-party acquirer proposing to pay a lower price to the stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee and/or expense reimbursement that may become payable in certain circumstances.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table sets forth all purchases made by us or by any "affiliated purchaser" as defined in Rule 10b-18(a)(3) of the Securities Exchange Act of 1934, as amended, of our common shares during the three monthly periods that compose our second quarter of 2014:

	(a) Total Number of Shares Purchased (1,2)	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (2)
	(In millions, except average price paid per share)			
April 5, 2014 – May 2, 2014	—	$ —	—	6.3
May 3, 2014 – May 30, 2014	—	—	—	6.3
May 31, 2014 – July 4, 2014	—†	45.20	—	6.3
Total	—		—	

† Represents less than half a million shares.

(1) Reflects purchases of shares previously issued pursuant to awards issued under our equity incentive plans, which allow our employees to surrender shares of our common stock as payment toward the exercise cost and tax withholding obligations associated with the exercise of stock options or the vesting of restricted or deferred stock.

(2) For fiscal years 2012 and 2013, the number of shares authorized for repurchase under the repurchase program was 3.0 million shares, plus the number of shares equal to the difference between the number of shares authorized to be repurchased in the prior year and the actual number of shares repurchased during the prior year, not to exceed 6.0 million shares in aggregate. In February 2014, our Board of Directors approved a modification of our stock repurchase program to allow for the repurchase of up to 12.0 million shares of our common stock in fiscal year 2014. The Board of Directors may modify, suspend, extend or terminate the program at any time.

Our 2011 Credit Facility permits unlimited dividend payments and stock repurchases if no default has occurred and our Consolidated Leverage Ratio is equal to or less than 1.50:1.00. However, if no default has occurred and the Consolidated Leverage Ratio is below the threshold indicated above, then our dividend payments and stock repurchases are limited to $200 million per fiscal year and the sum of 50% of our cumulative net income and net cash proceeds from the issuance of equity securities to third parties after October 19, 2011.

Under the terms of the Merger Agreement with AECOM, we are generally prohibited from paying dividends on or repurchasing our common stock before the close of the Merger, except that we are permitted to pay regular quarterly dividends consistent with past practice.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the federal Mine Safety and Health Administration. We do not act as the owner of any mines, but we may act as a mining operator as defined under the Mine Act where we may be a lessee of a mine, a person who operates, controls or supervises such mine, or an independent contractor performing services or construction of such mine.

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.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

a) Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference (Exchange Act Filings Located at File No. 011-07567) Form	Exhibit	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated as of July 11, 2014, by and among URS Corporation, AECOM Technology Corporation, ACM Mountain I, LLC and ACM Mountain II, LLC.	8-K	2.1	7/14/2014	
3.1	Restated Certificate of Incorporation of URS Corporation, as filed with the Secretary of State of Delaware on September 9, 2008.	8-K	3.01	9/11/2008	
3.2	Bylaws of URS Corporation as amended on February 20, 2014.	10-K	3.2	3/3/2014	
10.1*	Letter Agreement between URS Corporation and Martin M. Koffel, dated as of June 2, 2014.	8-K	99.1	6/3/2014	
10.2*	Third Amendment to Employment Agreement between URS Corporation and H. Thomas Hicks, dated as of June 30, 2014.	8-K	99.1	6/30/2014	
10.3*	Third Amendment to Employment Agreement between URS Corporation and Gary V. Jandegian, dated as of June 30, 2014.	8-K	99.2	6/30/2014	
10.4*	Third Amendment to Employment Agreement between URS Federal Services, Inc. and Randall A. Wotring, dated as of June 30, 2014.	8-K	99.3	6/30/2014	
10.5*	Seventh Amendment to Employment Agreement between URS Corporation and Joseph Masters, dated as of June 30, 2014.				X
10.6*	First Amendment to Amended and Restated Employment Agreement between URS E&C Holdings, Inc. and George L. Nash, Jr. dated as of June 30, 2014.				X
10.7*	Second Amendment to Employment Agreement between URS Corporation and Thomas W. Bishop, dated as of June 30, 2014.				X
10.8*	Third Amendment to Employment Agreement between URS Corporation and Reed N. Brimhall, dated as of June 30, 2014.				X
10.9*	Second Amendment to Amended and Restated Employment Agreement between URS Corporation and Susan B. Kilgannon, dated as of June 30, 2014.				X
10.10*	Employment Agreement between URS Corporation and Olga Perkovic, dated as of June 30, 2014.				X
10.11*	Revised Compensatory Arrangement for George L. Nash, Jr.				X
10.12*	URS Corporation Restated Incentive Compensation Plan, as amended and restated May 28, 2014.				X
31.1	Certification of URS Corporation's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of URS Corporation's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32**	Certification of URS Corporation's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
95	Mine Safety Disclosure				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X

* Represents a management contract or compensatory plan or arrangement.

** Document has been furnished and not filed and not to be incorporated into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language included in any such filing.

SIGNATURES

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

URS CORPORATION

Dated: August 12, 2014

/s/ Reed N. Brimhall

Reed N. Brimhall
Vice President and Chief Accounting Officer

Exhibit No.	Description
10.5	Seventh Amendment to Employment Agreement between URS Corporation and Joseph Masters, dated as of June 30, 2014.
10.6	First Amendment to Amended and Restated Employment Agreement between URS E&C Holdings, Inc. and George L. Nash, Jr., dated as of June 30, 2014.
10.7	Second Amendment to Employment Agreement between URS Corporation and Thomas W. Bishop, dated as of June 30, 2014.
10.8	Third Amendment to Employment Agreement between URS Corporation and Reed N. Brimhall, dated as of June 30, 2014.
10.9	Second Amendment to Amended and Restated Employment Agreement between URS Corporation and Susan B. Kilgannon, dated as of June 30, 2014.
10.10	Employment Agreement between URS Corporation and Olga Perkovic, dated as of June 30, 2014.
10.11	Revised Compensatory Arrangement for George L. Nash, Jr.
10.12	URS Corporation Restated Incentive Compensation Plan, as amended and restated May 28, 2014.
31.1	Certification of URS Corporation's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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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.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATE

I, Martin M. Koffel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of URS Corporation;

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.

Dated: August 12, 2014

/s/ Martin M. Koffel
Martin M. Koffel
Chief Executive Officer

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATE

I, H. Thomas Hicks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of URS Corporation;

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.

Dated: August 12, 2014

/s/ H. Thomas Hicks

H. Thomas Hicks
Chief Financial Officer

EXHIBIT 32

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION*

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Martin M. Koffel, the Chief Executive Officer of URS Corporation (the "Company"), and H. Thomas Hicks, the Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended July 4, 2014, to which this Certification is attached as Exhibit 32, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2014

/s/ Martin M. Koffel
Martin M. Koffel
Chief Executive Officer

Dated: August 12, 2014

/s/ H. Thomas Hicks
H. Thomas Hicks
Chief Financial Officer

* This certification accompanies the Form 10-Q to which it relates, is not deemed "filed" with the Securities and Exchange Commission and is not to be or incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of the Form 10-Q and irrespective of any general incorporation language contained in such filing.

EXHIBIT 95

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"). We do not act as the owner of any mines but we may act as a mining operator as defined under the Mine Act where we may be a lessee of a mine, a person who operates, controls or supervises such mine, or as an independent contractor performing services or construction of such mine.

The following table provides information for the three months ended July 4, 2014.

Mine [(1)]	Mine Act §104 Violations [(2)]	Mine Act §104(b) Orders [(3)]	Mine Act §104(d) Citations and Orders [(4)]	Mine Act §110(b)(2) Violations [(5)]	Mine Act §107(a) Orders [(6)]	Proposed Assessments from MSHA (In dollars ($))	Mining Related Fatalities	Mine Act §104(e) Notice (yes/no) [(7)]	Pending Legal Action before Federal Mine Safety and Health Review Commission (yes/no) [(8)]
Black Thunder Project	—	0	0	0	0	$ 176	0	No	No
Monsanto Quarry	0	0	0	0	0	$ 0	0	No	No
Pipestone Quarry	1	0	0	0	0	$ 0	0	No	Yes
Morenci Mine	0	0	0	0	0	$ 0	0	No	No
Questa Mine	0	0	0	0	0	$ 0	0	No	No

(1) United States mines.

(2) The total number of violations received from MSHA under §104 of the Mine Act, which includes citations for health or safety standards that could significantly and substantially contribute to a serious injury if left unabated.

(3) The total number of orders issued by MSHA under §104(b) of the Mine Act, which represents a failure to abate a citation under §104(a) within the period of time prescribed by MSHA.

(4) The total number of citations and orders issued by MSHA under §104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.

(5) The total number of flagrant violations issued by MSHA under §110(b)(2) of the Mine Act.

(6) The total number of orders issued by MSHA under §107(a) of the Mine Act for situations in which MSHA determined an imminent danger existed.

(7) A written notice from the MSHA regarding a pattern of violations, or a potential to have such pattern under §104(e) of the Mine Act.

(8) The following Pending Legal Action Table provides information for the three months ended July 4, 2014.

Mine	Number Pending Legal Actions	Contests of Penalty Assessments	Legal Action Initiated	Legal Action Resolved
Black Thunder Project	0	0	0	0
Monsanto Quarry	0	0	0	0
Pipestone Quarry	3	3	2	1
Morenci Mine	0	0	0	0
Questa Mine	0	0	0	0

Exhibit 10.5

SEVENTH AMENDMENT TO THE

EMPLOYMENT AGREEMENT
BETWEEN JOSEPH MASTERS AND URS CORPORATION

WHEREAS, Joseph Masters (the "***Employee***") and URS Corporation, a Delaware corporation (the "***Company***"), entered into an Employment Agreement effective as of September 8, 2000 (the "***Employment Agreement***"); and

WHEREAS, the Employee and the Company wish to amend the Employment Agreement to modify certain provisions.

NOW THEREFORE, the Employment Agreement is amended effective as of June 30, 2014, as follows:

A. Section 6(a) of the Employment Agreement hereby is amended in its entirety to read as follows:

(a) Definition. For all purposes under this Agreement, "Change in Control" shall mean the occurrence, after the date of this Agreement, of any of the following events, provided that such event also constitutes a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5):

(i) A change in control of the Company required to be reported pursuant to Item 6(e) of Schedule 14A of Regulation 14A under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***");

(ii) A change in the composition of the Company's Board of Directors (the "***Board***"), as a result of which fewer than two-thirds of the incumbent directors were either (A) directors of the Company twenty-four (24) months prior to such change or (B) elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who were directors of the Company twenty-four (24) months prior to such change and who were still in office at the time of the election or nomination; or

(iii) Any person becomes the beneficial owner of securities of the Company representing thirty percent (30%) or more of the Company's Base Capital Stock. Notwithstanding the preceding clause:

(1) the beneficial ownership by a person of thirty percent (30%) or more, but less than a majority, of the Base Capital Stock shall not constitute a Change in Control if such beneficial ownership was acquired in the ordinary course of such person's business and not with the purpose or effect of changing or influencing the control of the Company and if such person is eligible to file a short-form statement on Schedule 13G under Rule 13d-1 under the Exchange Act with respect to such beneficial ownership;

(2) the beneficial ownership by a person of thirty percent (30%) or more of the Base Capital Stock directly as a result of a reduction in the aggregate number of outstanding shares of Base Capital Stock shall not constitute a Change in Control unless and until, subsequent to such reduction, such person increases in any manner such person's beneficial ownership of Base Capital Stock; and

(3) the beneficial ownership by the RCBA Group of thirty percent (30%) or more of the Base Capital Stock shall not constitute a Change in Control unless and until either (a) the RCBA Group becomes the beneficial owner of thirty percent (30%) or more of the Base Capital Stock, excluding from the numerator for purposes of such calculation the RCBA Preferred Investment Shares, (b) the RCBA Group becomes the beneficial owner of more than fifty percent (50%) of the Base Capital Stock, including in the numerator for purposes of such calculation the RCBA Preferred Investment Shares, or (c) a third person not affiliated with the RCBA Group as of the date of this Agreement directly or indirectly acquires control of the RCBA Group.

For purposes of this clause (iii):

a. "Base Capital Stock" means the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors;

b. "Beneficial owner," "beneficial ownership" and "person" have the meanings as such terms are used in Sections 13(d) and 14(d) of the Exchange Act;

c. "RCBA Group" means Richard C. Blum & Associates, Inc. ("RCBA") and any person "affiliated" with RCBA (within the meaning of the Exchange Act); and

d. "RCBA Preferred Investment Shares" means (i) shares of the Company's Series B Preferred Stock, (ii) additional shares of Series B Preferred Stock issued in payment of dividends on the Series B Preferred Stock, (iii) shares of the Company's Common Stock issued upon the conversion of the Series B Preferred Stock in accordance with its terms, and (iv) shares of other securities of the Company issued in exchange for the Series B Preferred Stock in accordance with its terms.

B. Section 7(a)(i) of the Employment Agreement hereby is amended in its entirety to read as follows:

(i) The Company shall pay an amount ("***Severance Payment***") equal to one million one hundred fifty two thousand dollars ($1,152,000). The Severance Payment shall be made in a lump sum within ninety (90) days following the Employee's Separation from Service; *provided, however*, that (i) if such ninety (90)-day period begins in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year, (ii) if the Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of such Separation from Service, the Severance Payment shall be made in a lump sum on the date that is six (6) months and one (1) day following the date of such Separation from Service and (iii) in all cases, such payment shall be conditioned upon the Employee's release becoming effective in accordance with its terms as described in Section 8. The immediately preceding sentence also shall be applicable to any payment, benefit or award provided pursuant to this Agreement, other than any payment, benefit or award provided under Section 6 (the terms of which shall be governed by the applicable provisions of Section 6), that is subject to Section 409A of the Code or any state law of similar effect and becomes vested or otherwise payable in connection with Employee's termination of employment, notwithstanding anything to the contrary under the terms of any such payment, benefit or award. The Severance Payment shall be in lieu of (A) any further payments to the Employee under Section 3 and (B) any further accrual of benefits under Section 4 with respect to periods subsequent to the date of employment termination. In addition, at the time of the employment termination, the Company shall pay to the Employee all accrued and unpaid vacation.

C. Section 8 of the Employment Agreement hereby is amended in its entirety to read as follows:

Notwithstanding any of the foregoing to the contrary, in no event shall the Company be required to make any payment or provide any benefit pursuant to Section 6 or 7 above (except for any payment or benefit pursuant to Section 6(e) or for payments of accrued and unpaid vacation) unless and until the Employee executes and delivers to the Company a release in the form of Exhibit A or Exhibit B, as appropriate, and such release becomes effective in accordance with its terms no later than ninety (90) days following the termination of employment date; *provided, however*, that pending such execution and delivery of such a release by the Employee, the Company will advance for the account of the Employee premiums required to be paid during the period during which the effectiveness of the release is pending if necessary to avoid lapse with respect to the Employee within such period of a group dental, health or disability policy to which Severance Benefits provided under Section 7(a)(ii) relate, which advance shall be repaid by the Employee on expiration of (i) the period during which the Employee is permitted to consider whether to execute the release (if the Employee does not execute the release) or (ii) the period during which the effectiveness of the release is pending (if the Employee executes the release but does not allow it to become effective in accordance with its terms).

D. The Employment Agreement hereby is amended to add the following new Section 11(k):

(k) **Tax Statements.** In order to correct certain document failures under Section 409A of the Code with respect to this Agreement, the Company shall, in accordance with IRS Notice 2010-6 (the "***IRS Notice***"), (i) attach to its timely-filed (including extensions) original federal income tax return for its 2014 taxable year a statement entitled "§ 409A Document Correction under §§ V.B and VI.B of Notice 2010-6" setting out the information required by § XII.B of the IRS Notice with respect to such failures and (ii) provide to the Employee a statement entitled "§ 409A Document Correction under §§ V.B and VI.B of Notice 2010-6" setting out the information required by § XII.C of the IRS Notice with respect to such failures by no later than the date (with extensions) on which the Company is required to provide an information return (Form W-2) to the Employee for the 2014 calendar year.

Except as amended as provided above, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Seventh Amendment to the Employment Agreement, as of the day and year first above written.

Joseph Masters

/s/ Joseph Masters
Joseph Masters

URS Corporation,
a Delaware corporation

By: /s/ H. Thomas Hicks
Name: H. Thomas Hicks
Title: Executive V.P. & CFO

Exhibit 10.6

FIRST AMENDMENT TO THE

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
BETWEEN GEORGE L. NASH, JR. AND URS E&C HOLDINGS, INC.

WHEREAS, George L. Nash, Jr. (the "***Employee***") and URS E&C Holdings, Inc. (the "***Company***") entered into an Amended and Restated Employment Agreement effective as of March 27, 2014 (the "***Employment Agreement***"); and

WHEREAS, the Employee and the Company wish to amend the Employment Agreement to modify certain provisions.

NOW THEREFORE, the Employment Agreement is amended effective as of June 30, 2014, as follows:

A. Section 6(a) of the Employment Agreement hereby is amended in its entirety to read as follows:

(a) Definition. For all purposes under this Agreement, "***Change in Control***" shall mean the occurrence of any one or more of the following after May 28, 2014:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), through the acquisition or aggregation of securities, becomes the beneficial owner, directly or indirectly, of securities of URS Delaware representing more than fifty percent (50%) of the combined voting power of the then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors of URS Delaware;

(ii) any transaction, or series of transactions that occur within a twelve (12) month period, as a result of which the stockholders of URS Delaware immediately prior to the completion of the transaction (or, in the case of a series of transactions, immediately prior to the first transaction in the series) hold, directly or indirectly, less than fifty percent (50%) of the beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act or comparable successor rules) of the outstanding securities of the surviving entity, or, if more than one entity survives the transaction or transactions, the controlling entity, following such transaction or transactions; or

(iii) individuals who, as of May 28, 2014, were members of the Board of Directors of URS Delaware (the "***Incumbent Board***") cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of URS Delaware; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Agreement, be considered as a member of the Incumbent Board.

B. Section 6(c) of the Employment Agreement hereby is amended in its entirety to read as follows:

(c) Change in Control Payment and Severance Benefits. If, during the Term and within one year after the occurrence of a Change in Control, either (i) Employee voluntarily resigns Employee's employment for Good Reason or (ii) the Company terminates Employee's employment for any reason other than Cause or Disability, and (iii) such termination of employment is a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "***Separation from Service***"), then Employee shall be entitled to receive a severance payment from the Company (the "***Change in Control Payment***") and in addition shall be entitled to Severance Benefits in accordance with Subsection 7(a)(ii). No Change in Control Payment shall be made in case of termination of employment of Employee by reason of resignation of Employee other than for Good Reason, death of Employee, or any other circumstance not specifically and expressly described in the immediately preceding sentence. The Change in Control Payment shall be in an amount determined under Section 6(d) below. The Change in Control Payment shall be made in a lump sum within ninety (90) days following Employee's Separation from Service; *provided, however*, that (i) if such ninety (90)-day period begins in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year, (ii) if Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "***Code***") at the time of such Separation from Service, the Change in Control Payment shall be made in a lump sum on the date that is six (6) months and one (1) day following the date of such Separation from Service and (iii) in all cases, such payment shall be conditioned upon Employee's release becoming effective in accordance with its terms as described in Section 8. The immediately preceding sentence and the requirement in clause (iii) of the first sentence of this Subsection 6(c) also shall be applicable to any payment, benefit or award provided pursuant to this Agreement, other than any payment, benefit or award provided under Section 7 (the terms of which shall be governed by the applicable provisions of Section 7), that is subject to Section 409A of the Code or any state law of similar effect and becomes vested or otherwise payable in connection with Employee's termination of employment, notwithstanding anything to the contrary under the terms of any such payment, benefit or award. The Change in Control Payment shall be: (i) in lieu of any further accrual of benefits under Section 4 with respect to periods subsequent to the date of the employment termination; and (ii) in lieu of any entitlement to a Severance Payment (as defined in Subsection 7(a)(i) below).

C. Section 6(e) of the Employment Agreement hereby is amended in its entirety to read as follows:

> **(e) Incentive Programs.** If, during the Term, either (i) a Change in Control occurs on or before January 2, 2015 or (ii) a Change in Control occurs after January 2, 2015 and in the case of clause (ii), within one year after the occurrence of such Change in Control, either (X) the Employee voluntarily resigns Employee's employment for Good Reason or (Y) the Company terminates Employee's employment for any reason other than Cause or Disability, then as of the date of such Change in Control (in the case of clause (i)) or the date of such termination (in the case of clause (ii)), Employee shall become fully vested in all awards heretofore or hereafter granted to Employee under all incentive compensation, deferred compensation, bonus, stock option, stock appreciation rights, restricted stock, phantom stock or similar plans maintained by URS, except if and to the extent specifically provided to the contrary under the terms of any such plan or any specific grant or award made to Employee under any such plan.

Except as amended as provided above, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this First Amendment to the Employment Agreement, as of the day and year first above written.

George L. Nash, Jr.

/s/ George L. Nash, Jr.
George L. Nash, Jr.

URS E&C Holdings, Inc.

By: /s/ Reed N. Brimhall
Name: Reed N. Brimhall
Title: Vice President

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SECOND AMENDMENT TO THE

EMPLOYMENT AGREEMENT
BETWEEN THOMAS W. BISHOP AND URS CORPORATION

WHEREAS, Thomas W. Bishop (the "***Employee***") and URS Corporation, a Nevada corporation (the "***Company***"), entered into an Employment Agreement effective as of June 1, 2011 (the "***Employment Agreement***"); and

WHEREAS, the Employee and the Company wish to amend the Employment Agreement to modify certain provisions.

NOW THEREFORE, the Employment Agreement is amended effective as of June 30, 2014, as follows:

A. Section 6(a) of the Employment Agreement hereby is amended in its entirety to read as follows:

(a) Definition. For all purposes under this Agreement, "***Change in Control***" shall mean the occurrence of any one or more of the following after May 28, 2014:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), through the acquisition or aggregation of securities, becomes the beneficial owner, directly or indirectly, of securities of URS Delaware representing more than fifty percent (50%) of the combined voting power of the then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors of URS Delaware;

(ii) any transaction, or series of transactions that occur within a twelve (12) month period, as a result of which the stockholders of URS Delaware immediately prior to the completion of the transaction (or, in the case of a series of transactions, immediately prior to the first transaction in the series) hold, directly or indirectly, less than fifty percent (50%) of the beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act or comparable successor rules) of the outstanding securities of the surviving entity, or, if more than one entity survives the transaction or transactions, the controlling entity, following such transaction or transactions; or

(iii) individuals who, as of May 28, 2014, were members of the Board of Directors of URS Delaware (the "***Incumbent Board***") cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of URS Delaware; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Agreement, be considered as a member of the Incumbent Board.

B. Section 6(c) of the Employment Agreement hereby is amended in its entirety to read as follows:

(c) Change in Control Payment and Severance Benefits. If, during the term of the Employee's employment under this Agreement and within one year after the occurrence of a Change in Control, either (i) the Employee voluntarily resigns his employment for Good Reason or (ii) the Company terminates the Employee's employment for any reason other than Cause or Disability and (iii) such termination of employment is a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "***Separation from Service***"), then the Employee shall be entitled to receive a severance payment from the Company (the "***Change in Control Payment***") and in addition shall be entitled to Severance Benefits in accordance with Section 7(a)(ii). No Change in Control Payment shall be made in case of termination of employment of the Employee by reason of resignation of the Employee other than for Good Reason, death of the Employee, or any other circumstance not specifically and expressly described in the immediately preceding sentence. The Change in Control Payment shall be in an amount determined under Section 6(d) below. The Change in Control Payment shall be made in a lump sum within ninety (90) days following the Employee's Separation from Service; *provided, however*, that (i) if such ninety (90)-day period begins in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year, (ii) if the Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "***Code***") at the time of such Separation from Service, the Change in Control Payment shall be made in a lump sum on the date that is six (6) months and one (1) day following the date of such Separation from Service and (iii) in all cases, such payment shall be conditioned upon the Employee's release becoming effective in accordance with its terms as described in Section 8. The immediately preceding sentence and the requirement in clause (iii) of the first sentence of this Section 6(c) also shall be applicable to any payment, benefit or award provided pursuant to this Agreement, other than any payment, benefit or award provided under Section 7 (the terms of which shall be governed by the applicable provisions of Section 7), that is subject to Section 409A of the Code or any state law of similar effect and becomes vested or otherwise payable in connection with Employee's termination of employment, notwithstanding anything to the contrary under the terms of any such payment, benefit or award. The Change in Control Payment shall be (i) reduced by an amount equal to the Annual Target Bonus to the extent an annual bonus is due to the Employee under the Company's applicable annual bonus plan at the time of the employment termination but has not yet been paid, (ii) in lieu of any further accrual of benefits under Sections 4 and 6 with respect to periods subsequent to the date of the employment termination and (iii) in lieu of any entitlement to a Severance Payment (as defined in Section 7(a)(i) below). In addition, at the time of the employment termination, the Company shall pay to the Employee all accrued and unpaid vacation.

C. Section 6(e) of the Employment Agreement hereby is amended in its entirety to read as follows:

(e)Incentive Programs. If, during the term of the Employee's employment under this Agreement, either (i) a Change in Control occurs on or before January 2, 2015 or (ii) a Change in Control occurs after January 2, 2015 and in the case of clause (ii), within one year after the occurrence of such Change in Control, either (X) the Employee voluntarily resigns his employment for Good Reason or (Y) the Company terminates the Employee's employment for any reason other than Cause or Disability, then as of the date of such Change in Control (in the case of clause (i)) or the date of such termination (in the case of clause (ii)), the Employee shall become fully vested in all awards heretofore or hereafter granted to him under all incentive compensation, deferred compensation, bonus, stock option, stock appreciation rights, restricted stock, phantom stock or similar plans maintained by URS, except if and to the extent specifically provided to the contrary under the terms of any such plan or any specific grant or award made to the Employee under any such plan.

Except as amended as provided above, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Second Amendment to the Employment Agreement, as of the day and year first above written.

Thomas W. Bishop

/s/ Thomas W. Bishop
Thomas W. Bishop

URS Corporation,
a Nevada corporation

By: /s/ Reed N. Brimhall
Name: Reed N. Brimhall
Title: V.P. & Chief Accounting Officer

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Exhibit 10.8

THIRD AMENDMENT TO THE

EMPLOYMENT AGREEMENT
BETWEEN REED N. BRIMHALL AND URS CORPORATION

WHEREAS, Reed N. Brimhall (the "***Employee***") and URS Corporation, a Delaware corporation (the "***Company***"), entered into an Employment Agreement effective as of May 19, 2003 (the "***Employment Agreement***"); and

WHEREAS, the Employee and the Company wish to amend the Employment Agreement to modify certain provisions.

NOW THEREFORE, the Employment Agreement is amended effective as of June 30, 2014, as follows:

A. Section 6(a) of the Employment Agreement hereby is amended in its entirety to read as follows:

(a) Definition. For all purposes under this Agreement, "***Change in Control***" shall mean the occurrence of any one or more of the following after May 28, 2014:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), through the acquisition or aggregation of securities, becomes the beneficial owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors of the Company;

(ii) any transaction, or series of transactions that occur within a twelve (12) month period, as a result of which the stockholders of the Company immediately prior to the completion of the transaction (or, in the case of a series of transactions, immediately prior to the first transaction in the series) hold, directly or indirectly, less than fifty percent (50%) of the beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act or comparable successor rules) of the outstanding securities of the surviving entity, or, if more than one entity survives the transaction or transactions, the controlling entity, following such transaction or transactions; or

(iii) individuals who, as of May 28, 2014, were members of the Board of Directors of the Company (the "***Incumbent Board***") cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Agreement, be considered as a member of the Incumbent Board.

B. Section 9 of the Employment Agreement hereby is amended in its entirety to read as follows:

(a) If any payments, distributions or other benefits by or from URS to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code (collectively, the "***Payment***") and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties payable with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "***Excise Tax***"), then such Payment shall be reduced to the Reduced Amount. The "***Reduced Amount***" shall be either (i) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (ii) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Employee's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the manner that results in the greatest economic benefit for Employee. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata. Within any category of payments and benefits (such as cash payments, accelerated vesting of equity awards other than stock options, accelerated vesting of stock options, and other benefits paid to Employee), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A and then with respect to amounts that are "deferred compensation".

(b) In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount as determined pursuant to clause (i) in Section 9(a) is subject to the Excise Tax, Employee agrees to promptly return to URS a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined pursuant to clause (ii) in Section 9(a), Employee will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

(c) Unless Employee and URS agree on an alternative accounting firm or law firm, all calculations required by this Section 9 shall be performed by the independent auditors retained by the Company most recently prior to the change in control transaction (the "***Auditors***"), based on information supplied by URS and Employee. If the Auditors are serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, URS shall appoint a nationally recognized accounting or law firm to make the determinations required hereunder. URS shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder and shall be entitled to rely upon such determinations, which shall be final and binding on URS and Employee.

Except as amended as provided above, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Third Amendment to the Employment Agreement, as of the day and year first above written.

Reed N. Brimhall

/s/ Reed N. Brimhall
Reed N. Brimhall

URS Corporation,
a Delaware corporation

By: /s/ H. Thomas Hicks
Name: H. Thomas Hicks
Title: Executive V.P. & CFO

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Exhibit 10.9

SECOND AMENDMENT TO THE

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
BETWEEN SUSAN B. KILGANNON AND URS CORPORATION

WHEREAS, Susan B. Kilgannon (the "***Employee***") and URS Corporation, a Delaware corporation (the "***Company***"), entered into an Amended and Restated Employment Agreement effective as of September 18, 2009 (the "***Employment Agreement***"); and

WHEREAS, the Employee and the Company wish to amend the Employment Agreement to modify certain provisions.

NOW THEREFORE, the Employment Agreement is amended effective as of June 30, 2014, as follows:

A. Section 6(a) of the Employment Agreement hereby is amended in its entirety to read as follows:

(a) Definition. For all purposes under this Agreement, "***Change in Control***" shall mean the occurrence of any one or more of the following after May 28, 2014:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), through the acquisition or aggregation of securities, becomes the beneficial owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors of the Company;

(ii) any transaction, or series of transactions that occur within a twelve (12) month period, as a result of which the stockholders of the Company immediately prior to the completion of the transaction (or, in the case of a series of transactions, immediately prior to the first transaction in the series) hold, directly or indirectly, less than fifty percent (50%) of the beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act or comparable successor rules) of the outstanding securities of the surviving entity, or, if more than one entity survives the transaction or transactions, the controlling entity, following such transaction or transactions; or

(iii) individuals who, as of May 28, 2014, were members of the Board of Directors of the Company (the "***Incumbent Board***") cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Agreement, be considered as a member of the Incumbent Board.

B. Section 6(c) of the Employment Agreement hereby is amended in its entirety to read as follows:

(c) Change in Control Payment and Severance Benefits. If, during the term of the Employee's employment under this Agreement and within one year after the occurrence of a Change in Control, either (i) the Employee voluntarily resigns her employment for Good Reason or (ii) the Company terminates the Employee's employment for any reason other than Cause or Disability and (iii) such termination of employment is a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "***Separation from Service***"), then the Employee shall be entitled to receive a severance payment from the Company (the "***Change in Control Payment***") and in addition shall be entitled to Severance Benefits in accordance with Section 7(a)(ii). No Change in Control Payment shall be made in case of termination of employment of the Employee by reason of resignation of the Employee other than for Good Reason, death of the Employee, or any other circumstance not specifically and expressly described in the immediately preceding sentence. The Change in Control Payment shall be in an amount determined under Section 6(d) below. The Change in Control Payment shall be made in a lump sum within ninety (90) days following the Employee's Separation from Service; *provided, however*, that (i) if such ninety (90)-day period begins in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year, (ii) if the Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "***Code***") at the time of such Separation from Service, the Change in Control Payment shall be made in a lump sum on the date that is six (6) months and one (1) day following the date of such Separation from Service and (iii) in all cases, such payment shall be conditioned upon the Employee's release becoming effective in accordance with its terms as described in Section 8. The immediately preceding sentence and the requirement in clause (iii) of the first sentence of this Section 6(c) also shall be applicable to any payment, benefit or award provided pursuant to this Agreement, other than any payment, benefit or award provided under Section 7 (the terms of which shall be governed by the applicable provisions of Section 7), that is subject to Section 409A of the Code or any state law of similar effect and becomes vested or otherwise payable in connection with Employee's termination of employment, notwithstanding anything to the contrary under the terms of any such payment, benefit or award. The Change in Control Payment shall be (i) reduced by an amount equal to the Annual Target Bonus to the extent an annual bonus is due to the Employee under the Company's applicable annual bonus plan at the time of the employment termination but has not yet been paid, (ii) in lieu of any further accrual of benefits under Section 4 with respect to periods subsequent to the date of the employment termination and (iii) in lieu of any entitlement to a Severance Payment (as defined in Section 7(a)(i) below).

C. Section 6(e) of the Employment Agreement hereby is amended in its entirety to read as follows:

> **(e)Incentive Programs.** If, during the term of the Employee's employment under this Agreement, either (i) a Change in Control occurs on or before January 2, 2015 or (ii) a Change in Control occurs after January 2, 2015 and in the case of clause (ii), within one year after the occurrence of such Change in Control, either (X) the Employee voluntarily resigns her employment for Good Reason or (Y) the Company terminates the Employee's employment for any reason other than Cause or Disability, then as of the date of such Change in Control (in the case of clause (i)) or the date of such termination (in the case of clause (ii)), the Employee shall become fully vested in all awards heretofore or hereafter granted to her under all incentive compensation, deferred compensation, bonus, stock option, stock appreciation rights, restricted stock, phantom stock or similar plans maintained by URS, except if and to the extent specifically provided to the contrary under the terms of any such plan or any specific grant or award made to the Employee under any such plan.

Except as amended as provided above, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Second Amendment to the Employment Agreement, as of the day and year first above written.

Susan B. Kilgannon

/s/ Susan B. Kilgannon
Susan B. Kilgannon

URS Corporation,
a Delaware corporation

By: /s/ Reed N. Brimhall
Name: Reed N. Brimhall
Title: V.P & Chief Accounting Officer

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EMPLOYMENT AGREEMENT

This Employment Agreement (this "***Agreement***") is entered into as of June 30, 2014, by and between **Olga Perkovic** (the "***Employee***") and URS Corporation, a Delaware corporation (the "***Company***").

Recital

WHEREAS, the Company desires to continue to employ Employee in an executive position, and Employee is willing to accept such employment by Company, on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, the parties hereto agree to this Agreement in its entirety, as follows:

1. Term of Employment.

(a) Basic Rule. The Company agrees to employ Employee, and Employee agrees to remain in employment with the Company, from the date hereof until the date on which Employee's employment terminates pursuant to Subsections 1(b), (c), (d), (e) or (f) below.

(b) Termination By Company Without Cause. The Company may terminate Employee's employment at any time without Cause (as defined below) and for any reason or no reason whatsoever by giving Employee thirty (30) days' advance notice in writing.

(c) Termination By Company For Cause. The Company may terminate Employee's employment at any time for Cause. For all purposes under this Agreement, "***Cause***" shall mean:

(i) A willful failure or omission of Employee to substantially perform Employee's duties hereunder, other than as a result of the death or Disability (as defined below) of Employee;

(ii) A willful act by Employee that constitutes gross misconduct or fraud;

(iii) Employee's conviction of, or plea of guilty or "no contest" to, a felony or any misdemeanor involving dishonesty;

(iv) Employee's intentional disobedience of orders or directives of the Chief Executive Officer (the "***CEO***") of the Company, or his designee, or of the Board of Directors of the Company, or a duly appointed committee thereof (collectively, the "***Board***"); or

(v) Employee's material breach of any agreement with the Company.

(d) Resignation By Employee. Employee may terminate Employee's employment by giving the Company thirty (30) days' advance notice in writing.

(e) Death of Employee. Employee's employment shall terminate automatically and immediately in the event of Employee's death.

(f) Disability. Subject to applicable law, the Company may terminate Employee's employment due to Disability by giving Employee thirty (30) days' advance notice in writing. For all purposes under this Agreement, "***Disability***" shall mean that, as determined by the Company in its sole discretion, Employee, at the time such notice is given, has performed none of Employee's duties under this Agreement for a period of not less than one hundred eighty (180) consecutive days as a result of Employee's incapacity due to physical or mental illness. In the event Employee resumes the performance of substantially all of Employee's duties hereunder before termination of Employee's active employment under this Section 1(f) becomes effective, the notice of termination shall automatically be deemed to have been revoked.

(g) Rights Upon Termination. Except as expressly provided in Sections 6 and 7 herein, upon the termination of Employee's employment pursuant to this Section 1, Employee shall only be entitled to the compensation, benefits and reimbursements described in Sections 3, 4 and 5 for the period preceding the effective date of the termination, which shall include all accrued and unused vacation. The payments under this Agreement shall fully discharge all responsibilities of the Company, and its respective parent, subsidiary and affiliated corporations and related entities (collectively, "***URS***" and, individually, a "***URS Entity***") to the Employee.

(h) Employment By Affiliate. The employment of Employee shall not be considered to have terminated for purposes of this Agreement if Employee is employed by any URS Entity.

(i) Termination of Agreement. This Agreement shall terminate on the earlier of the fifth anniversary of the date of this Agreement, the date when all obligations of the parties hereunder have been satisfied, or such earlier date as it is terminated pursuant to the express provisions of this Agreement. The time period from the date of this Agreement until such termination of this Agreement shall hereinafter be referred to as the "***Term***."

(j) "At Will" Employment. Employee's employment relationship with the Company, whether during or after the Term, will be "at will." If Employee's employment with the Company continues after the Term, Employee will no longer be entitled to the rights and benefits provided by this Agreement, including, without limitation, the Change in Control Payment, Severance Payment, or Severance Benefits, as those terms are defined below.

2. Duties and Scope of Employment.

(a) Position. The Company agrees to employ Employee in an executive position as the Vice President, Corporate Strategic Planning for the term of Employee's employment under this Agreement. Employee shall report to the CEO or his designee, and shall serve in such positions on behalf of URS and perform such duties consistent with an executive position for URS as may be required by the CEO or his designee. It is anticipated that Employee's duties will require Employee to travel frequently and extensively. The location of Employee's principal office shall be in San Francisco or such other location as may be mutually agreed between the Company and Employee (the "***Principal Office***"). If the Principal Office is changed by the Company, the Company shall reimburse reasonable relocation expenses of Employee in accordance with generally applicable policies of the Company.

(b) Obligations. During the term of Employee's employment under this Agreement, Employee shall devote Employee's full business efforts and time to URS and shall not render services to any other person or entity without the prior written consent of the CEO or his designee. The foregoing, however, shall not preclude Employee from (i) engaging in appropriate civic, charitable or religious activities, (ii) devoting a reasonable amount of time to private investments that do not interfere or conflict with Employee's responsibilities to the Company or (iii) serving on the boards of directors of other companies provided that prior written approval for such service is obtained from the CEO or his designee and that such service does not interfere or conflict with Employee's responsibilities to the Company.

(c) Resignation From Other Positions. Immediately upon request by the Company, before or after the termination of the employment of Employee, Employee shall resign from any and all positions Employee holds as director, officer, employee, advisor, trustee, nominee, agent for service of process, attorney-in-fact or similar position with respect to any URS Entity, and shall execute, verify, acknowledge, swear to and deliver any documents and instruments reasonably requested by the Company or required to reflect such resignation.

3. Base Compensation and Target Bonus.

During the term of Employee's employment under this Agreement, the Company agrees to pay Employee as compensation for Employee's services a base salary at an annual rate of Three Hundred Fifty-Five Thousand Dollars ($355,000), or at such higher rate as the Company may determine from time to time in its sole discretion. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual rate of compensation specified in this Section 3, as increased by the Company from time to time in its sole discretion, is referred to in this Agreement as "***Base Compensation***.") In addition, during the term of Employee's employment under this Agreement, the Company agrees that Employee shall participate in the Company's written annual bonus plan, pursuant to the terms and conditions of such plan, with a target bonus percentage of at least forty percent (40%) of Base Compensation. (The annual target bonus percentage specified in this Section 3, as increased by the Company from time to time in its sole discretion, is referred to in this Agreement as "***Annual Target Bonus***.")

4. Employee Benefits, Stock Options, and Incentive Compensation, and Other Compensation Plans and Programs.

During the term of Employee's employment under this Agreement, Employee shall be eligible to participate in the employee benefit plans, stock option and other equity-based incentive and compensation plans maintained with respect to employees of the Company, and other executive incentive and compensation programs, subject in each case to: (i) the generally applicable terms and conditions of the applicable plan or program and to the determinations of the Board or other person administering such plan or program, (ii) determinations by URS, the Board or any such person as to whether and to what extent Employee shall so participate or cease to participate, as such determinations are indicated in writing, and (iii) amendment, modification or termination of any such plan or program in the sole and absolute discretion of URS.

5. Business Expenses.

In accordance with the Company's generally applicable policies, (i) during the term of Employee's employment under this Agreement, Employee shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with Employee's duties hereunder, and (ii) the Company shall reimburse Employee for such expenses upon presentation of an itemized account and appropriate supporting documentation.

6. Certain Terminations of Employment Following Change in Control.

(a) Definition. For all purposes under this Agreement, "***Change in Control***" shall mean the occurrence of any one or more of the following after the date of this Agreement:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), through the acquisition or aggregation of securities, becomes the beneficial owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors of the Company;

(ii) any transaction, or series of transactions that occur within a twelve (12) month period, as a result of which the stockholders of the Company immediately prior to the completion of the transaction (or, in the case of a series of transactions, immediately prior to the first transaction in the series) hold, directly or indirectly, less than fifty percent (50%) of the beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act or comparable successor rules) of the outstanding securities of the surviving entity, or, if more than one entity survives the transaction or transactions, the controlling entity, following such transaction or transactions; or

(iii) individuals who, as of the date of this Agreement, were members of the Board of Directors of the Company (the "***Incumbent Board***") cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Agreement, be considered as a member of the Incumbent Board.

(b) Good Reason. For all purposes under this Agreement, "***Good Reason***" shall mean that Employee has incurred a reduction in Employee's Base Compensation or Annual Target Bonus.

(c) Change in Control Payment and Severance Benefits. If, during the Term and within one year after the occurrence of a Change in Control, either (i) Employee voluntarily resigns Employee's employment for Good Reason or (ii) the Company terminates Employee's employment for any reason other than Cause or Disability, and (iii) such termination of employment is a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "***Separation from Service***"), then Employee shall be entitled to receive a severance payment from the Company (the "***Change in Control Payment***") and in addition shall be entitled to Severance Benefits in accordance with Subsection 7(a)(ii). No Change in Control Payment shall be made in case of termination of employment of Employee by reason of resignation of Employee other than for Good Reason, death of Employee, or any other circumstance not specifically and expressly described in the immediately preceding sentence. The Change in Control Payment shall be in an amount determined under Section 6(d) below. The Change in Control Payment shall be made in a lump sum within ninety (90) days following Employee's Separation from Service; *provided, however*, that (i) if such ninety (90)-day period begins in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year, (ii) if Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "***Code***") at the time of such Separation from Service, the Change in Control Payment shall be made in a lump sum on the date that is six (6) months and one (1) day following the date of such Separation from Service and (iii) in all cases, such payment shall be conditioned upon Employee's release becoming effective in accordance with its terms as described in Section 8. The immediately preceding sentence and the requirement in clause (iii) of the first sentence of this Subsection 6(c) also shall be applicable to any payment, benefit or award provided pursuant to this Agreement, other than any payment, benefit or award provided under Section 7 (the terms of which shall be governed by the applicable provisions of Section 7), that is subject to Section 409A of the Code or any state law of similar effect and becomes vested or otherwise payable in connection with Employee's termination of employment, notwithstanding anything to the contrary under the terms of any such payment, benefit or award. The Change in Control Payment shall be: (i) in lieu of any further accrual of benefits under Section 4 with respect to periods subsequent to the date of the employment termination; and (ii) in lieu of any entitlement to a Severance Payment (as defined in Subsection 7(a)(i) below).

(d) Amount of Change in Control Payment. The amount of the Change in Control Payment shall be equal to two hundred percent (200%) of the Employee's Base Compensation, as in effect on the date of the Change in Control.

(e) Incentive Programs. If, during the Term, either (i) a Change in Control occurs on or before January 2, 2015 or (ii) a Change in Control occurs after January 2, 2015 and in the case of clause (ii), within one year after the occurrence of such Change in Control, either (X) the Employee voluntarily resigns Employee's employment for Good Reason or (Y) the Company terminates Employee's employment for any reason other than Cause or Disability, then as of the date of such Change in Control (in the case of clause (i)) or the date of such termination (in the case of clause (ii)), Employee shall become fully vested in all awards heretofore or hereafter granted to Employee under all incentive compensation, deferred compensation, bonus, stock option, stock appreciation rights, restricted stock, phantom stock or similar plans maintained by URS, except if and to the extent specifically provided to the contrary under the terms of any such plan or any specific grant or award made to Employee under any such plan.

(f) No Mitigation. Employee shall not be required to mitigate the amount of any payment or benefit contemplated by this Section 6 (whether by seeking new employment or in any other manner), nor shall any such payment or benefit be reduced by earnings or benefits that Employee may receive from any other source.

7. Other Terminations of Employment.

(a) Severance Payment and Severance Benefits. In the event that, during the Term, (i) either the Company terminates Employee's employment for any reason other than Cause or Disability, or Employee voluntarily resigns Employee's employment for Good Reason within one (1) month of the occurrence of the event constituting Good Reason, and (ii) such termination of employment constitutes a Separation from Service, and (iii) Section 6 does not apply, then as severance:

(i) The Company shall pay an amount ("***Severance Payment***") in a lump sum equal to one hundred percent (100%) of Employee's Base Compensation as in effect on the date of employment termination. The Severance Payment shall be paid within ninety (90) days following Employee's Separation from Service; *provided, however*, that (i) if such ninety (90)-day period begins in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year, (ii) if Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of such Separation from Service, the Severance Payment shall be made in a lump sum on the date that is six (6) months and one (1) day following the date of such Separation from Service and (iii) in all cases, such payment shall be conditioned upon Employee's release becoming effective in accordance with its terms as described in Section 8.

(ii) Either (X) for the period of one (1) year following such termination, the Company shall pay or reimburse Employee for medical, dental and vision insurance premiums required to be paid by Employee for such one (1) year period to obtain continuation coverage for the Employee and eligible dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***"), within the meaning of Section 4980B(f)(2) of the Code, provided the Employee elects such continuation coverage, or (Y) the Employee may elect to participate, at Employee's cost, in the Company's existing retiree health plan, if any, upon the Employee meeting the plan's eligibility requirements upon termination. Whether Employee selects COBRA continuation coverage under clause (X) above or enrollment in the Company retiree health plan under clause (Y) above (which the Employee understands are mutually exclusive), provided Employee converts his basic term life insurance coverage at the time of termination, the Company also shall cause the basic term life insurance coverage then provided to Employee by the Company, if any, to be continued for such one (1) year period following any such termination (or, if such coverage cannot be continued or can only be continued at a cost to the Company greater than the Company would have incurred absent such termination, then, at the Company's election, the Company may either provide the equivalent of such basic term life insurance as may be available at no greater cost than one hundred fifty percent (150%) of what the Company would have incurred absent such termination, or pay to Employee one hundred fifty percent (150%) of the amount of premiums the Company would have incurred to continue such coverage absent such termination) (payments and benefits under this Subsection 7(a)(ii), collectively "***Severance Benefits***"). If the Company elects to pay Employee one hundred fifty percent (150%) of the amount of premiums the Company would have incurred to continue the basic term life insurance, such payments shall be subject to the same restrictions with respect to timing of such payments that are applicable to Severance Payments set forth in Subsection 7(a)(i) in addition to the restrictions applicable to Severance Benefits set forth under this Subsection 7(a)(ii). The amount of any in-kind benefits provided under this Subsection 7(a)(ii) with respect to life insurance coverage (or expenses eligible for reimbursement, if applicable) during a calendar year may not affect the in-kind benefits to be provided (or expenses eligible for reimbursement, if applicable), in any other calendar year. Any and all payments due to Employee under this Subsection 7(a)(ii) with respect to life insurance premiums with respect to a given calendar year shall be payable no later than December 31 of the succeeding calendar year.

(b) Termination of Severance Benefits. All Severance Benefits shall be discontinued completely as of the date when Employee returns to employment or self-employment, whether full- or part-time, with an entity that offers any group health insurance coverage to its employees or independent contractors, regardless of whether such coverage is equivalent to the insurance coverage contemplated by the Severance Benefits.

(c) No Mitigation. Employee shall not be required to mitigate the amount of any payment or benefit contemplated by this Section 7, nor, except as provided in Section 7(b), shall any such payment or benefit be reduced by earnings or benefits that Employee may receive from any other source.

8. Change in Control Payment, Severance Payment and Severance Benefits Conditioned Upon Execution of Effective Release of Claims.

Notwithstanding any of the foregoing to the contrary, in no event shall the Company be required to make any payment or provide any benefit pursuant to Section 6 or 7 above (except for payments of accrued salary and accrued and unpaid vacation as required by law) unless and until Employee executes and delivers to the Company a General Release substantially in the form of Exhibit A, and such release becomes effective in accordance with its terms no later than ninety (90) days following the termination of employment date; *provided, however*, that pending such execution and delivery of such a release by Employee, the Company will advance for the account of Employee premiums required to be paid during the period during which the effectiveness of the release is pending if necessary to avoid lapse with respect to the Employee within such period of a group dental, health, vision or disability policy to which Severance Benefits provided under Subsection 7(a)(ii) relate, which advance shall be repaid by Employee upon expiration of (i) the period during which Employee is permitted to consider whether to execute the release (if Employee does not execute the release) or (ii) the period during which the effectiveness of the release is pending (if Employee executes the release but does not allow it to become effective in accordance with its terms).

9. Certain Additional Payments.

(a) If any payments, distributions or other benefits by or from URS to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code (collectively, the "***Payment***") and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties payable with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "***Excise Tax***"), then such Payment shall be reduced to the Reduced Amount. The "***Reduced Amount***" shall be either (i) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (ii) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Employee's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the manner that results in the greatest economic benefit for Employee. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata. Within any category of payments and benefits (such as cash payments, accelerated vesting of equity awards other than stock options, accelerated vesting of stock options, and other benefits paid to Employee), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A and then with respect to amounts that are "deferred compensation".

(b) In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount as determined pursuant to clause (i) in Section 9(a) is subject to the Excise Tax, Employee agrees to promptly return to URS a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined pursuant to clause (ii) in Section 9(a), Employee will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

(c) Unless Employee and URS agree on an alternative accounting firm or law firm, all calculations required by this Section 9 shall be performed by the independent auditors retained by the Company most recently prior to the change in control transaction (the "***Auditors***"), based on information supplied by URS and Employee. If the Auditors are serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, URS shall appoint a nationally recognized accounting or law firm to make the determinations required hereunder. URS shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder and shall be entitled to rely upon such determinations, which shall be final and binding on URS and Employee.

10. Nondisclosure.

During the Term and thereafter (notwithstanding the termination of this Agreement or Employee's employment hereunder), Employee shall not, without the prior written consent of the CEO or his designee or the Board, disclose or use for any purpose (except in the course of Employee's employment under this Agreement and in furtherance of the business of URS) confidential information or proprietary data of URS, except as required by applicable law or legal process, in which case promptly and before disclosure Employee shall give notice to the Company of any such requirement or process; provided, however, that confidential information shall not include any information available from another source on a nonconfidential basis, known generally to the public, or ascertainable from public or published information (other than as a result of unauthorized disclosure by Employee) or any information of a type not otherwise considered confidential by persons engaged in the same business as, or a business similar to, that conducted by URS. Employee agrees to deliver to the Company at the termination of Employee's employment, or at any other time the Company may request, all correspondence, email, memoranda, notes, plans, records, reports and other documents, materials, or electronic information (and copies or other embodiments thereof, in whole or in part) relating to the business of URS, which Employee may then possess or have under Employee's control. Nothing in this Section 10 or elsewhere in this Agreement shall be deemed to waive, or to permit or authorize Employee to take any action which waives or could have the consequence of waiving, the attorney-client privilege, the work product doctrine or any other privilege or doctrine with respect to any information in the possession of Employee or any communication between Employee and URS or any of its directors, officers, employees, agents or other representatives.

11. Miscellaneous Provisions.

(a) Successors. Subject to Section 11(j) below and provided that the Employee may not delegate Employee's duties hereunder without the consent of the Board, this Agreement and all rights hereunder shall inure to the benefit of, and be enforceable by, the parties' successors, assigns, personal or legal representatives, executors, administrators, heirs, distributees, devisees and legatees.

(b) Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when mailed by U.S. registered mail (return receipt requested and postage prepaid), or when telecopied. In the case of Employee, mailed notices shall be addressed to Employee at the home address which Employee most recently communicated to the Company in writing for income tax withholding purposes or by notice given pursuant to this Section 11(b). In the case of the Company, mailed notices shall be addressed to the corporate headquarters of the Company as reflected in its most recent Report on Form 10-Q or Form 10-K filed with the U.S. Securities and Exchange Commission, directed to the attention of its Secretary. Telecopied notices shall be sent to such telephone number as the Company and Employee may specify for this purpose.

(c) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) Whole Agreement. This Agreement constitutes the entire, complete, and exclusive embodiment of the agreement of the parties with respect to the subject matter hereof. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. Effective as of the date hereof, this Agreement amends, restates, and supersedes all prior employment agreements and severance agreements between the parties, any other URS Entity, and their respective predecessors.

(e) Withholding. All payments made under this Agreement shall be subject to reduction to reflect taxes and other payroll deductions required to be withheld by law. Employee hereby declares under penalty of perjury that the Social Security Number Employee has provided to the Company is true and accurate. To the extent permitted by applicable law, the Company shall also be entitled to withhold from or offset against any payments under this Agreement any amounts owed by Employee (whether or not liquidated) to the Company or any other URS Entity.

(f) Certain Reductions and Offsets. Notwithstanding any other provision of this Agreement to the contrary, any payments or benefits under this Agreement shall be reduced by any severance payments and benefits payable by URS to Employee under any policy, plan, program or arrangement, including, without limitation, any contract between the Employee and URS.

(g) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the internal laws of the State of California, without regard to where the Employee has Employee's residence or Principal Office or where Employee performs duties hereunder.

(h) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(i) Arbitration. To ensure timely and economical resolution of any disputes regarding this Agreement, the parties hereby agree that any controversy or claim arising out of or relating to this Agreement, or the performance, breach, interpretation, or execution thereof, or Employee's employment with the Company or the terms and conditions or termination thereof, or any action or omission of any kind whatsoever in the course of or connected in any way with any relations between URS and/or its affiliated entities and Employee, including without limitation all claims encompassed within the scope of the form of General Release attached to this Agreement as Exhibit A, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by law, by final, binding and confidential arbitration, with such arbitration to be before a single arbitrator in accordance with the then current Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association ("***AAA***") (which can be found at http://www.adr.org), and judgment on the award rendered by the arbitrator to be entered in any court having jurisdiction thereof. The arbitration shall be administered by the San Francisco, California regional office of the AAA and shall be conducted at the San Francisco, California offices of the AAA or at such other location in San Francisco, California as the AAA may designate. All fees and expenses of the arbitrator and the AAA shall be paid by the Company. The Company and Employee shall each have the right to legal representation in any arbitration proceeding, at their own expense. **The Company and Employee acknowledge and agree that any and all rights they may have to resolve their claims by a judge or jury trial are hereby expressly waived.** In the arbitration, the parties are entitled to discovery sufficient to arbitrate their disputes, as determined by the arbitrator. The arbitration shall be governed by the substantive laws of the state of California without regard to conflicts of law principles. The arbitrator shall have the discretion to award monetary and other damages, or to award no damages, and to fashion any other relief that would otherwise be available in court. The arbitrator is also authorized to determine if an issue is subject to this arbitration provision. The arbitrator will issue a written arbitration decision that states any award and reveals the essential findings and conclusions on which the award is based. Notwithstanding the above, this arbitration provision shall not prohibit: (i) administrative agency claims by Employee for workers' compensation benefits, unemployment insurance benefits or unpaid wages; (ii) claims for benefits under a Company plan or charter document brought pursuant to a binding arbitration procedure specifically set forth in such plan or charter document; or (iii) actions to compel arbitration or to enforce or vacate an arbitration award. Nothing in this Agreement is intended to prevent the Company or Employee from seeking or obtaining injunctive relief in court to prevent irreparable harm pending conclusion of any arbitration. Moreover, nothing in this arbitration provision is intended to, or shall be construed as prohibiting Employee from filing an administrative charge with the federal Equal Employment Opportunity Commission, the National Labor Relations Board, or any state fair employment practices agency or other government agency, or from participating in any related administrative agency investigation, except that Employee acknowledges and agrees that Employee hereby waives Employee's right to any monetary benefits in connection with any such claim, charge or proceeding.

(j) No Assignment. The rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Section 11(j) shall be void.

In Witness Whereof, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

Olga Perkovic

/s/ Olga Perkovic
Olga Perkovic

URS Corporation,
a Delaware corporation

By: /s/ H. Thomas Hicks
Name: H. Thomas Hicks
Title: Executive V.P. & CFO

Exhibit A

GENERAL RELEASE

This General Release ("***Release***") is executed and delivered by **Olga Perkovic** ("***Employee***") to and for the benefit of URS Corporation, a Delaware corporation, and any parent, subsidiary or affiliated corporations or related entity of URS Corporation (collectively, "***Company***").

In consideration of certain payments and benefits which Employee will receive following termination of employment pursuant to the terms of the Employment Agreement entered into on _________________, 2014, between Employee and Company, and as amended from time to time (the "***Agreement***"), the sufficiency of which Employee hereby acknowledges, Employee hereby fully, finally, completely and generally releases, absolves and discharges Company, its predecessors, successors, subsidiaries, parents, related companies and business concerns, affiliates, partners, trustees, directors, officers, agents, attorneys, servants, representatives and employees, past and present, and each of them (hereinafter collectively referred to as "***Releasees***") from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, grievances, arbitrations, unfair labor practice charges, wages, vacation payments, severance payments, obligations, commissions, overtime payments, workers compensation claims, debts, profit sharing or bonus claims, expenses, damages, judgments, orders and/or liabilities of whatever kind or nature in law, equity or otherwise, whether known or unknown to Employee, which Employee now owns or holds or has at any time owned or held as against Releasees, or any of them, through the date Employee executes this Release ("***Claims***"), including specifically but not exclusively and without limiting the generality of the foregoing, any and all Claims arising out of or in any way connected to Employee's employment with or separation of employment from Company, including any Claims based on contract, tort, wrongful discharge, fraud, breach of fiduciary duty, attorneys' fees and costs, harassment, discrimination and retaliation in employment, any and all acts or omissions in contravention of any federal, state or local laws or statutes (including, but not limited to, federal or state securities laws, any deceptive trade practices act or any similar act in any other state and the Racketeer Influenced and Corrupt Organizations Act), and any right to recovery based on local, state or federal age, sex, pregnancy, race, color, national origin, marital status, religion, veteran status, disability, sexual orientation, medical condition, union affiliation or other anti-discrimination laws, including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act (the "***ADEA***"), the Americans with Disabilities Act, the National Labor Relations Act, the California Fair Employment and Housing Act, and any similar act in effect in any jurisdiction applicable to Employee or Company, all as amended. Employee represents that as of Employee's execution of this Release, Employee has been paid all wages owed, has received all the leave and leave benefits and protections for which Employee is eligible, pursuant to the Family and Medical Leave Act or otherwise, and has not suffered any on-the-job injury for which Employee has not already filed a claim. Notwithstanding the above, Employee is (a) not releasing any claim that cannot be waived under applicable state or federal law and (b) not releasing any rights that Employee has to be indemnified (including any right to reimbursement of expenses) arising under applicable law, the certificate of incorporation or by-laws (or similar constituent documents of the Company), any indemnification agreement between Employee and the Company, or any directors' and officers' liability insurance policy of the Company. Further, nothing in this Release shall prevent Employee from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or the California Department of Fair Employment and Housing, and any other administrative or government agency in any jurisdiction applicable to Employee or Company, except that Employee acknowledges and agrees that Employee shall not recover any monetary benefits in connection with any such claim, charge or proceeding with regard to any Claims released herein.

During the time Employee is entitled to any Change in Control Payment, Severance Payment or Severance Benefits, as defined and provided in the Agreement, Employee agrees (i) to assist, as reasonably requested by Company, in the transition of Employee's responsibilities and (ii) not to, directly or indirectly, solicit or attempt to solicit any employee, independent contractor or consultant of Company to terminate or cease his, her or its relationship with Company in order to become an employee, consultant, or independent contractor to or for any other person or entity.

Employee agrees to cooperate with the Company in responding to the reasonable requests of the Company in connection with any and all existing or future litigation, arbitrations, mediations or investigations brought by or against the Company, or its current or former affiliates, agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which the Company reasonably deems Employee's cooperation necessary or desirable. In such matters, Employee agrees to provide the Company with reasonable advice, assistance and information, including offering and explaining evidence, providing sworn statements, and participating in discovery and trial preparation and testimony. Employee also agrees to promptly send the Company copies of all correspondence (for example, but not limited to, subpoenas) received by Employee in connection with any such proceedings, unless Employee is expressly prohibited by law from so doing. The failure by Employee to cooperate fully with the Company in accordance with this provision will be a material breach of the terms of this Agreement, which will excuse all commitments of the Company to provide severance or other benefits to Employee under any agreement. The Company agrees to reimburse Employee for all reasonable out-of-pocket expenses Employee incurs in connection with the performance of Employee's obligations under this section; provided, however, that such expenses shall not include attorneys' fees, foregone wages or payment for services provided under this section.

Without superseding any other agreements, including the Agreement, and obligations Employee has with respect thereto, (i) Employee agrees not to divulge or use, at any time, any information that might be of a confidential or proprietary nature relative to Company, and (ii) Employee agrees to keep confidential all information contained in this Release (except to the extent (A) Company consents in writing to disclosure, (B) Employee is required by process of law to make such disclosure and Employee promptly notifies Company of receipt by Employee of such process, or (C) such information previously shall have become publicly available other than by breach hereof on the part of Employee).

Employee acknowledges and agrees that neither anything in this Release nor the offer, execution, delivery, or acceptance thereof shall be construed as an admission by Company of any kind, and this Release shall not be admissible as evidence in any proceeding except to enforce this Release.

It is the intention of Employee in executing this instrument that it shall be effective as a bar to each and every claim, demand, grievance and cause of action hereinabove specified. In furtherance of this intention, Employee hereby expressly consents that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims, demands, grievances and causes of action, if any, as well as those relating to any other claims, demands, grievances and causes of action hereinabove specified, and elects to assume all risks for claims, demands, grievances and causes of action that now exist in Employee's favor, known or unknown, that are released under this Release. Employee represents that Employee is not aware of any claims other than the claims that are released by this instrument. Employee acknowledges Employee may hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to the claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, wages, obligations, debts, expenses, damages, judgments, orders and liabilities herein released, and agrees the release herein shall be and remain in effect in all respects as a complete and general release as to all matters released herein, notwithstanding any such different or additional facts. Employee further acknowledges that Employee is familiar with the provisions of California Civil Code Section 1542, which states as follows:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

Employee, being aware of such Code section, hereby waives any rights Employee may have thereunder, as well as under any other statute or common law principle of similar effect.

If any provision of this Release or application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Release which can be given effect without the invalid provision or application. To this end, the provisions of this Release are severable, and any provision hereof held invalid shall be deemed modified to effect the intent of this Release insofar as possible under applicable law.

Employee represents and warrants that Employee has not heretofore assigned or transferred or purported to assign or transfer to any person, firm or corporation any claim, demand, right, damage, liability, debt, account, action, cause of action, or any other matter herein released.

ADEA Notice To Employee (Applicable If Age 40 or Older)

If Employee is 40 years of age or older, the law requires that Employee be advised and Company hereby advises Employee in writing to consult with an attorney and discuss this Release before executing it. Employee acknowledges Company has provided to Employee at least twenty-one (21) calendar days (forty-five (45) calendar days, in the case of a group termination) within which to review and consider this Release before signing it.

Should Employee decide not to use the full twenty-one (21) or forty-five (45) days, as applicable, then Employee knowingly and voluntarily waives any claims that Employee was not in fact given that period of time or did not use the entire twenty-one (21) or forty-five (45) days to consult an attorney and/or consider this Release. Employee acknowledges that Employee may revoke this Release for up to seven (7) calendar days following Employee's execution of this Release and that it shall not become effective or enforceable until such revocation period has expired. Employee further acknowledges and agrees that such revocation must be in writing and delivered to Company in accordance with the Notice provision in the Agreement and must be received by Company as so addressed not later than midnight on the seventh (7th) day following Employee's execution of this Release. If Employee so revokes this Release, the Release shall not be effective or enforceable and Employee will not receive the monies and benefits described above. If Employee does not revoke this Release in the time frame specified above, the Release shall become effective at 12:00:01 A.M. on the eighth (8th) day after it is signed by Employee.

Employee acknowledges that as part of this Release Employee is knowingly and voluntarily waiving and releasing any rights Employee may have under the ADEA (the "***ADEA Waiver***"). Employee also acknowledges that the consideration given for the ADEA Waiver is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that Employee has been advised by this writing, as required by the ADEA, that Employee's ADEA Waiver does not apply to any rights or claims that arise after the date Employee executes this Release.

In the case of a group termination, the law requires that Employee be provided a detailed list of the job titles and ages of all employees whose employment was terminated in the group termination and the ages of all employees of the Company in the same job classification or organizational unit whose employment was not terminated. If involved in a group termination, by signing below the Employee acknowledges that Employee has been provided with this information.

Effective Date For Employee If Under Age 40

If Employee is less than 40 years of age, the ADEA Notice to Employee section immediately above will not apply, and this Release shall become effective on the day it is signed by Employee and received by the Company.

PLEASE READ THIS ENTIRE GENERAL RELEASE CAREFULLY. IT CONTAINS A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

I have read and understood the foregoing General Release, have been advised to and have had the opportunity to discuss it with anyone I desire, including an attorney of my own choice, and I accept and agree to its terms, acknowledge receipt of a copy of the same and the sufficiency of the monies and benefits described above, and hereby execute this Release voluntarily and with full understanding of its consequences.

Name: **Olga Perkovic**

Date:______________

Exhibit 10.11

Revised Compensatory Arrangement for George L. Nash, Jr.

On May 28, 2014, the Compensation Committee approved an increase to the annual base compensation of George L. Nash, Jr. to $600,000.

Exhibit 10.12

URS CORPORATION
RESTATED INCENTIVE COMPENSATION PLAN

Amended and Restated Effective May 28, 2014

1. Purpose and General Background. The URS Corporation Restated Incentive Compensation Plan (the "Plan") is intended to provide incentive compensation to individuals who make an important contribution to the financial performance of URS Corporation ("URS") and its Affiliates. Specific Plan objectives are to: (i) focus key Employees on achieving specific financial targets; (ii) reinforce a team orientation; (iii) provide significant award potential for achieving outstanding performance; and (iv) enhance the ability of URS and its Affiliates to attract and retain highly talented and competent individuals.

Each Award provided by the Plan constitutes a Performance Cash Award (as defined in the URS Corporation 2008 Equity Incentive Plan, as amended from time to time (the "EIP")) and shall be governed by the provisions of the EIP, the Plan, and any documents regarding the application of the Plan with respect to a particular Plan Year. In the event of any conflict between the provisions of the EIP, the Plan and any such documents, the provisions of the EIP shall control. In the event of any conflict between the provisions of the EIP, the Plan or any such documents and the provisions of a Designated Participant's employment agreement, the provisions of the Designated Participant's employment agreement shall control.

2. Definitions.

(a) ***"Affiliate"*** shall mean, at the time of determination, any "parent" or "subsidiary" of URS as such terms are defined in Rule 405 of the Securities Act of 1933, as amended. The Committee shall have the authority to determine the time or times at which "parent" or "subsidiary" status is so determined.

(b) ***"Actual Award" or "Award"*** shall mean the incentive amount earned under the Plan by a Designated or Non-Designated Participant.

(c) ***"Actual Bonus Pool" or "Actual Pool"*** shall mean the calculated amount available for distribution to all Designated and Non-Designated Participants under the provisions of the Plan.

(d) ***"Base Salary"*** shall mean the actual base earnings of a Designated Participant for the Plan Year, exclusive of (i) any bonus payments under this Plan or any other prior or present commitment (including contractual arrangements), (ii) any salary advance, (iii) any allowance or reimbursement, and (iv) the value of any basic or supplemental employee benefits or perquisites. Base Salary refers only to amounts earned while a Designated Participant during the Plan Year.

(e) ***"Board"*** shall mean the Board of Directors of URS.

(f) ***"CEO"*** shall mean the Chief Executive Officer of URS.

(g) *“Code”* shall mean the Internal Revenue Code of 1986, as amended.

(h) *“Compensation Committee” or “Committee”* shall mean the Compensation Committee of the Board. The Committee shall consist solely of two (2) or more outside directors, as defined in Section 162(m) of the Code.

(i) *“Covered Employees”* shall mean the CEO and the four (4) highest compensated officers (other than the CEO), as defined in Section 162(m) of the Code, of URS and its Affiliates.

(j) *“Designated Participant”* shall mean an Employee of URS or an Affiliate designated by the Committee or, if not a Section 16 Officer, by the CEO to participate in the Plan. Designation will be made only in writing.

(k) *“EIP”* shall mean the URS Corporation 2008 Equity Incentive Plan.

(l) *“Employee”* shall mean an employee of URS or an Affiliate.

(m) *“Fiscal Year”* shall mean the fiscal year of URS.

(n) *“Maximum Award”* shall mean the maximum amount to be paid to a Covered Employee for each Plan Year, which amount shall be up to three (3) times Base Salary, as in effect on the first day of the Plan Year, but in no event shall any Maximum Award exceed five million dollars ($5,000,000).

(o) *“Non-Designated Participant”* shall mean an Employee who is not a Covered Employee and who is selected to receive an award under the Plan on the basis of outstanding individual performance. Employee selection will be made at the end of the Plan Year, either by the Committee at the recommendation of the CEO if involving a Section 16 Officer, or by the Committee or the CEO if not involving a Section 16 Officer. Unlike Designated Participants, Non-Designated Participants will not be assigned Target Award Percentages.

(p) *"Performance Criteria"* shall mean the one or more criteria that the Committee shall select for purposes of establishing the Performance Goals for a Plan Year. The Performance Criteria that shall be used to establish such Performance Goals may be based on any one of, or combination of, or any ratio between two or more of, the following: (i) earnings before interest, taxes, depreciation and amortization ("EBITDA"); (ii) earnings before interest and taxes ("EBIT"); (iii) earnings before unusual or nonrecurring items; (iv) net earnings; (v) earnings per share; (vi) net income; (vii) gross profit margin; (viii) operating margin; (ix) operating income; (x) net operating income; (xi) net operating income after taxes; (xii) growth; (xiii) net worth; (xiv) cash flow; (xv) cash flow per share; (xvi) total stockholder return; (xvii) return on capital; (xviii) stock price performance; (xix) revenues; (xx) costs; (xxi) working capital; (xxii) capital expenditures; (xxiii) changes in capital structure; (xxiv) economic value added; (xxv) industry indices; (xxvi) expenses and expense ratio management; (xxvii) debt reduction; (xxviii) profitability of an identifiable business unit or product; (xxix) levels of expense, cost or liability by category, operating unit or any other delineation; (xxx) implementation or completion of projects or processes; (xxxi) contribution; (xxxii) average days sales outstanding; (xxxiii) new sales; and (xxxiv) to the extent that an Award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Committee. The Committee shall, in its sole discretion, define the manner of calculating the Performance Criteria it selects to use for a Plan Year.

(q) *"Performance Goals" or "Goals"* shall mean, for a Plan Year, the one or more goals established by the Committee for the Plan Year based upon the Performance Criteria. Performance Goals may be set on a URS-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to other Performance Criteria or internally generated business plans approved by the Board, the performance of one or more comparable companies or a relevant index. As authorized under the EIP, the Committee shall appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Plan Year as follows, provided that such adjustments shall only be made with respect to any of the following that are objectively determinable and determined by the Committee to have a material effect on the calculation of the Performance Goals: (i) to exclude restructuring and/or other nonrecurring charges; (ii) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated net sales and operating earnings; (iii) to exclude the effects of changes to generally accepted accounting standards required by the Financial Accounting Standards Board; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of any "extraordinary items" as determined under generally accepted accounting principles; (vi) to exclude any other unusual, non-recurring gain or loss or other extraordinary item; (vii) to respond to, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (viii) to respond to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions; (ix) to exclude the dilutive effects of acquisitions or joint ventures; (x) to assume that any business divested by URS achieved performance objectives at targeted levels during the balance of a Plan Year following such divestiture; (xi) to exclude the effect of any change in the outstanding shares of common stock of URS by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common shareholders other than regular cash dividends; (xii) to reflect a corporate transaction, such as a merger, consolidation, separation (including a spinoff or other distribution of stock or property by a corporation), or reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code); and (xiii) to reflect any partial or complete corporate liquidation. The Committee also retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals.

(r) *"Plan"* shall mean this URS Corporation Restated Incentive Compensation Plan, as amended from time to time.

(s) *"Plan Year"* shall mean the Fiscal Year over which performance is measured under this Plan; *provided, however*, that with respect to any Covered Employee who is hired during the Plan Year after the Committee has established the Performance Goals for the Plan Year, the term "Plan Year" shall mean the period over which performance is measured under this Plan for such Covered Employee pursuant to Section 4(d).

(t) *"Retirement"* means the termination of a Designated Participant's Continuous Service (as such term is defined in the EIP) by retirement as determined in accordance with the Company's then current employment policies and guidelines.

(u) *"Section 16 Officer"* shall mean a Covered Employee and any other executive officer of URS and its Affiliates designated or reasonably expected to be designated as an "executive officer" of URS within the meaning of the Securities Exchange Act of 1934, as amended.

(v) *"Target Award"* shall mean a Designated Participant's Target Award Percentage multiplied by the Designated Participant's Base Salary earned during the Plan Year. This amount represents the anticipated payout to the Designated Participant if all applicable Performance Goals are met at targeted levels.

(w) *"Target Award Percentage"* shall mean a percentage of Base Salary assigned to a Designated Participant in accordance with the provisions of the Plan.

(x) *"Target Bonus Pool" or "Target Pool"* shall mean the amount anticipated to be distributed to all Designated and Non-Designated Participants if all applicable Performance Goals are met at targeted levels. Separate Target Bonus Pools may be established for URS and for one or more of its Affiliates and business units, as determined by the Committee.

(y) *"Termination"* shall mean the Designated Participant's ceasing his or her service with URS or any of its Affiliates for any reason whatsoever, whether voluntarily or involuntarily, including by reason of death or permanent disability.

(z) *"URS"* shall mean URS Corporation, a Delaware corporation.

(aa) *"Year-end"* shall mean the end of the Fiscal Year.

3. How Awards Are Earned Under the Plan.

(a) *General Plan Description.* The Plan provides the opportunity for key Employees to receive cash Awards based on the performance of URS, one or more of its Affiliates and/or one or more of its business units, and on individual performance. An overview of how the Plan works follows.

In general, certain Designated Participants will be selected to participate in the Plan at the beginning of or during the Plan Year. Upon selection to participate in the Plan, each Designated Participant will be assigned a Target Award Percentage. This Target Award Percentage, multiplied by the Designated Participant's Base Salary earned during the Plan Year, will equal the Designated Participant's Target Award. This Target Award represents the amount that is expected to be paid to a Designated Participant if specified Performance Goals have been fully met at targeted levels.

In addition, funds will be set aside for discretionary Awards to selected other Employees (referred to as Non-Designated Participants), who have demonstrated outstanding individual performance during the Plan Year.

The sum of all Target Awards for Designated Participants and expected payouts to Non-Designated Participants will equal the Target Bonus Pool. The Actual Bonus Pool and Actual Awards may be greater or less than the Target Bonus Pool and Target Awards, and will be determined based on the actual achievement of the Performance Goals for the Plan Year as detailed further in Sections 3(f) and 3(g). Separate Target Bonus Pools may be established for URS and each of its Affiliates.

(b) ***Designated and Non-Designated Participants.*** Plan participation is extended to selected Employees who, in the opinion of the Committee on the recommendation of the CEO if a Section 16 Officer (other than the CEO), or in the opinion of the CEO and/or the Committee if not a Section 16 Officer, have the opportunity to significantly impact the annual operating success of URS and/or its Affiliates. These Employees are the Designated Participants and will be notified in writing of their selection to participate in the Plan. This notification letter for all Designated Participants except Covered Employees will be signed by the CEO. The Committee will determine the Plan participation of all Covered Employees, and the letter of notification to a Covered Employee will be signed by the Chairman of the Committee.

In addition to the Designated Participants, there may be a group of other Employees who are selected to receive Awards based on their outstanding individual performance during the Plan Year. These other Employees are the Non-Designated Participants and will not be selected until the completion of the Plan Year. The selection of any Non-Designated Participant who is a Section 16 Officer may be made only by the Committee on the recommendation of the CEO, and the selection of any other Non-Designated Participant may be made by either the Committee on the recommendation of the CEO or the CEO.

(c) ***Target Award Percentages for Designated Participants.*** Each Designated Participant will be assigned a Target Award Percentage by the Committee or, if not a Section 16 Officer, by the Committee or the CEO. The Committee, in its sole discretion, may consider recommendations made by the CEO as to individual Target Award Percentages for Designated Participants (other than the CEO). The individual's Target Award Percentage, when multiplied by the individual's Base Salary earned during the Plan Year, represents the individual's Target Award, which is the anticipated payout to a Designated Participant if the applicable Performance Goals are met at targeted levels. Each Designated Participant's Target Award Percentage will be included in the letter of notification described in Section 3(b) above.

(d) ***Target Bonus Pool.*** The Target Bonus Pool will equal the sum of all Target Awards for Designated Participants plus an amount set aside for possible distribution to Non-Designated Participants.

(e) ***Performance Goals.*** The Performance Goals for the Plan Year for the Designated Participants will be determined by the Committee or, if not involving a Section 16 Officer, by the Committee or the CEO. Performance Goals will be based on any one, all or a combination of the Performance Criteria. The weight to be given to each of the Performance Criteria shall be determined by the Committee or, if not involving a Section 16 Officer, by the Committee or the CEO. The relative weighting of Performance Goals with respect to Target Awards for Designated Participants, other than Covered Employees, may be changed for such Designated Participants at the end of the Plan Year. The Committee, or if not involving a Section 16 Officer the Committee or the CEO, may establish different Performance Goals for URS, for one or more Affiliates and for one or more business units and may establish different Performance Goals for each Designated Participant or for groups of Designated Participants.

(f) ***Relationship Between Performance and the Actual Bonus Pool.*** The Actual Bonus Pool will vary from the Target Pool based on the actual performance of URS or the relevant Affiliate or business unit(s) relative to the Performance Goals for the Plan Year. The Actual Pool will vary in relationship to the Target Pool based on a written schedule of possible outcomes approved by the Committee for each Plan Year, and such schedule shall include a limit on the Actual Bonus Pool, which limit may be later raised at the discretion of the Committee but without any effect on the Actual Award paid to a Designated Participant who is a Covered Employee (who shall be subject to a Maximum Award). The Committee may approve a separate schedule for URS, one or more Affiliate or one or more business units.

(g) ***Actual Awards to Designated and Non-Designated Participants.*** Actual Awards to Designated Participants may be greater or less than the Target Awards of those Designated Participants, and will be determined based on the achievement of the respective Performance Goals of the Designated Participants for the Plan Year and the relationship between the Actual Bonus Pool and the Target Pool as contemplated by Section 3(f) above.

After allocating Actual Awards to Designated Participants pursuant to the preceding paragraph, the remaining funds in the Actual Pool will be available for allocation to Non-Designated Participants.

Actual Awards distributed to Non-Designated Participants who are Section 16 Officers will be determined on a discretionary basis by the Committee, and Actual Awards distributed to other Non-Designated Participants will be determined on a discretionary basis by either the Committee or the CEO. URS and its Affiliates are under no obligation to distribute any of the Actual Pool to Non-Designated Participants. The sum of all Awards to Non-Designated Participants may not exceed the amount available in the Actual Pool after Actual Awards have been allocated to Designated Participants.

Notwithstanding any provision of the Plan to the contrary, the maximum payment under the Plan for any Plan Year to any Designated Participant or Non-Designated Participant shall not exceed five million dollars ($5,000,000).

(h) ***Special Rules for Covered Employees.*** Notwithstanding any provision of the Plan to the contrary, the Committee shall establish Target Award Percentages, Performance Goals, the relationship between actual performance and the Performance Goals as contemplated by Section 3(f), and any other term necessary under the Plan to determine the Actual Awards for Covered Employees not later than ninety (90) days after the beginning of each Plan Year, provided that the outcome is substantially uncertain at such time; *provided, however*, that such ninety (90) day requirement shall not apply in the case of a Covered Employee whose remuneration, within the meaning of Section 162(m) of the Code, for the Fiscal Year, in the determination of the Committee, is not expected to exceed one million dollars ($1,000,000).

4. Other Plan Provisions.

(a) ***Award Payment.*** Assessment of actual performance and payout of Awards will be subject to completion of the Year-end independent audit and certification by the Committee that the applicable Performance Goals and other material terms of the Plan have been met.

The Actual Award earned will be paid to a Designated Participant (or the Designated Participant's heirs in the case of death) in cash within thirty (30) days following the completion of both the above-referenced independent audit and certification by the Committee. Awards to Non-Designated Participants shall be paid concurrently to the extent practicable, but in any case within thirty (30) days following the payment of Awards to Designated Participants. Payroll and other taxes will be withheld as required by law.

(b) ***Employment.*** In order to receive an Award under the Plan, a Designated Participant must be employed by URS or an Affiliate on the last day of the Plan Year, except as otherwise provided herein. Selection for participation in the Plan does not convey any employment rights. Terms and conditions of Designated Participants' employment agreements with URS or its Affiliates addressing issues other than payment of bonus or incentive compensation, if any, supersede the terms and conditions of the Plan.

(c) ***Termination.*** If Termination of a Designated Participant occurs prior to the end of the Plan Year by reason of the Designated Participant's death, Disability (as such term is defined in the EIP) or Retirement, the Designated Participant (or the Designated Participant's heirs in the case of death) will be eligible to receive a pro-rata Award based on the time employed as a Designated Participant and the Performance Goals achieved for the Plan Year. Designated Participants who have earned an Award on this basis will receive payment on the same schedule as other Designated Participants. The formula used to prorate the Awards shall be to adjust an otherwise full award by a fraction, the numerator of which is the number of days (or whole months) for which the Designated Participant was employed as a Designated Participant during the Plan Year and the denominator of which is 365 (or 12) (or if the Plan Year applicable to the Designated Participant is less than the full Plan Year, the total number of days or whole months in the applicable Plan Year).

If Termination of a Designated Participant occurs prior to the end of the Plan Year for any other reason (whether voluntarily or involuntarily), the Designated Participant will forfeit the opportunity to earn an Award under the Plan, except as otherwise provided for by the Committee or, if not involving a Section 16 Officer, by the Committee or the CEO; *provided, however*, that if Termination of a Covered Employee occurs prior to the end of the Plan Year, such Covered Employee shall not receive an Award at the discretion of the Committee or otherwise except as provided in the preceding paragraph.

(d) ***Other Pro-Rata Awards.*** Any Designated Participant (other than a Covered Employee who is hired after the Committee has established the Performance Goals for the Plan Year) who has been hired and selected during the Plan Year for Plan participation and who has served a minimum of three (3) months as a Designated Participant will be eligible to receive a pro-rata Award based on the time employed as a Designated Participant and the Goals achieved for the Plan Year, provided that the Designated Participant is employed by URS or an Affiliate on the last day of the Plan Year (except as provided under Section 4(c)). The Committee, or if not involving a Section 16 Officer the Committee or the CEO, will establish the Target Award Percentage for such Designated Participants as soon as practicable after the individuals are selected, but not later than fifteen (15) days after the selection date. The formula used to prorate the Awards shall be to adjust an otherwise full award by a fraction, the numerator of which is the number of days (or whole months) for which the individual was a Designated Participant during the Plan Year and the denominator of which is 365 (or 12).

With respect to any Covered Employee who is hired during the Plan Year after the Committee has established the Performance Goals for the Plan Year, in order for such Covered Employee to be eligible for an Award under the Plan, (i) the Covered Employee must be selected for Plan participation on his or her date of hire, (ii) the Committee must establish the Performance Goals and Target Award Percentage applicable to the Covered Employee no later than ninety (90) days after the Covered Employee's commencement of service, provided that the outcome is substantially uncertain at such time, (iii) the Covered Employee must have served a minimum of three (3) months as a Designated Participant during the Plan Year, and (iv) the Covered Employee must be employed by URS or an Affiliate on the last day of the Plan Year (except as provided under Section 4(c)).

(e) ***Plan Funding.*** Estimated payouts for the Plan will be accrued monthly and charged as an expense against the income statements of URS and its Affiliates, as applicable. At the end of each fiscal quarter, the estimated Actual Awards under the Plan will be evaluated based on actual performance to date. The monthly accrual rate will then be adjusted so that the cost of the Plan is fully accrued at Year-end. Accrual of Awards will not imply vesting of any individual Awards to Designated Participants.

(f) ***Plan Administration.*** Responsibility for decisions and/or recommendations regarding Plan administration are divided between the CEO and the Committee. Notwithstanding the foregoing, the Committee retains final authority regarding all aspects of Plan administration, the resolution of any disputes, and application of the Plan in any respect to a Covered Employee. The Committee may, without notice, amend, suspend or terminate the Plan.

(g) ***Assignment of Employee Rights.*** No Employee has a claim or right to be a Designated Participant or a Non-Designated Participant (collectively, a "Participant") in the Plan, to continue as a Participant, or to be granted an Award under the Plan. URS and its Affiliates are not obligated to give uniform treatment (e.g., Target Award Percentages, discretionary Awards, etc.) to Employees or Participants under the Plan. Participation in the Plan does not give an Employee the right to be retained in the employment of URS or its Affiliates, nor does it imply or confer any other employment rights.

Nothing contained in the Plan will be construed to create a contract of employment with any Participant. URS and its Affiliates reserve the right to elect any person to its offices and remove Employees in any manner and upon any basis permitted by law.

Nothing contained in the Plan will be deemed to require URS or its Affiliates to deposit, invest or set aside amounts for the payment of any Awards. Participation in the Plan does not give a Participant any ownership, security, or other rights in any assets of URS or any of its Affiliates.

(h) ***Withholding Tax.*** URS or an Affiliate will deduct from all Awards paid under the Plan any taxes required by law to be withheld.

(i) ***Effective Date.*** The Plan is effective as of March 25, 2009, and will remain in effect until suspended or terminated by the Committee.

(j) ***Validity.*** In the event any provision of the Plan is held invalid, void, or unenforceable, the same will not affect, in any respect whatsoever, the validity of any other provision of the Plan.

(k) ***Applicable Law.*** The Plan will be governed by and construed in accordance with the laws of the State of California.

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