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## URS Corp. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question is from Jamie Cook from Credit Suisse.

#### Jamie Cook - Credit Suisse

Hi, Good morning and congratulations.

#### Martin Koffel

Good morning, Jamie

#### Tom Hicks

Hi, Jamie.

#### Jamie Cook - Credit Suisse

I guess my first question, Tom. If I look at how the years has progressed or Martin, as the years progressed with your execution on the profit front. I mean, your margins year-to-date are trending much better than I had anticipated in the 5% range or so, where I thought, would be slightly lower than that. I understand throughout the quarters, puts and takes as a favorable close out or that will impact the business but that should happen every year.

I guess, as I look at over the next twelve to eighteen months, is there any reason why to think I shouldn't take, is there any reason why to think I shouldn't assume these profitability levels can continue going forward and as you hit a recession or there are any areas of the business that will come under more significant margin pressure that I should think about.

#### Tom Hicks

Well, there is a bunch of moving parts in the answer, Jamie. You're right to point that we did have and we've pointed out and you highlighted that our margins are going to move around quarter-to-quarter given that we have more project-based businesses and things get awarded recognizing performance over prior periods, then they come all at once and we don't recognize those until they get decided.

I think we've told you prior calls that we're pushing hard to increase our margins in all the divisions, but I wouldn't take this quarter as an indicator that we're going to be able to sustain this level. I mean, I think we're pleasantly surprised, we've made some progress across the Board in margins. But we

are entering a period of a little bit of uncertainty and we're seeing very intense competition across the Board, which we always do.

But I think the best thing to tell you on margins is to wait until we tell you about '09. As we roll-up our plans for next year, one of the big factors we have is, we have as you know, several of our contracts are accounted for is either on a JV basis or the agency basis, which means that we recognize the profit on the contract, but not the revenue.

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