

2007 ANNUAL REPORT



TETRA TECH

WATER – FOR DRINKING, RECREATION, THE ENVIRONMENT, AGRICULTURE, AND ENERGY

Since its founding, Tetra Tech has focused on protecting, restoring, and managing water. Over the years, we have grown to more than 8,500 associates and expanded geographically while staying true to our vision. Tetra Tech provides outstanding water and resource management services—using the best ideas to deliver the solutions for a complex world. We are working on projects that make a difference in meeting the challenges of today—by providing safe water to drink, swim in, and play in; by restoring lands to productive use; by reducing operating costs and managing waste; and by providing alternative sources of energy.



TETRA TECH IS MAKING A DIFFERENCE.



Dan Batrack
Chief Executive Officer

DEAR SHAREHOLDERS:

Tetra Tech's heritage has been to provide clients with consulting and engineering services focused on water and resource management. Over the years, we have grown to more than 8,500 associates and expanded geographically while staying true to our vision to provide outstanding water and resource management services—delivering the best solutions to meet our clients' needs. As we recognize the impacts associated with climate change and increased competition for resources, Tetra Tech has greater opportunities today than ever before. Tetra Tech's experts and local managers work with our clients worldwide to provide innovative solutions for water treatment, watershed protection, waste management, energy conservation, and alternative energy generation. The resource management and infrastructure services that we provide are even more important today. They are directly relevant to our everyday needs for safe and clean water, natural resources, and energy.

Last year we set ambitious goals: to strive for excellence in the markets we serve, to excel in all financial metrics, and to strengthen and expand our relationships with clients. I am pleased to report that in fiscal 2007, Tetra Tech excelled in all three areas. We were ranked number one in four markets, including Water and Environmental Management, as reported by *Engineering News-Record* magazine. We achieved outstanding financial performance, as demonstrated by our record \$1.6 billion annual revenue; by our 27 percent increase in net income compared to fiscal 2006; and by our 25 percent increase in earnings per share. Over the past year, we strengthened our relationships with key clients, not only delivering exemplary performance in thousands of projects, but also winning more than \$1.7 billion in new orders. This resulted in a \$1.3 billion backlog of funded projects—the largest in Tetra Tech's history.

In 2007 Tetra Tech won groundbreaking projects that address some of today's major programs—water supply, military base realignment and closure (BRAC), and urban water resources. The recently launched water treatment facility in North Miami Beach, Florida, designed by Tetra Tech, will provide essential water supplies for the largest county in Florida. The U.S. Air Force recognized our long service in environmental restoration with a new \$200 million environmental support

services contract that includes support for implementing the BRAC program with the Air Education and Training Command. We continued to expand our support for major municipalities in the United States with particular emphasis on urban water resources planning and management. In 2007, we supported the City of Los Angeles, California, in developing the Los Angeles River Revitalization Master Plan, and we began a major waterfront access and improvement program for the City of Destin, Florida. We also helped a growing number of communities address combined sewer overflow issues, including Onondaga County, New York, and Allegheny County, Pennsylvania.

Over the past year, we have invested in key emerging markets with acquisitions of companies that specialize in wind energy, mining resource management, and water conveyance systems, including dams and levees. At the same time, we continued to work toward achieving our vision of providing water, resource management, and infrastructures services to the world. Our international growth strategy includes investments in key geographic centers that are addressing major challenges, such as the Panama Canal expansion. For the U.S. Agency for International Development, we are leading the first watershed and environmental diversity study of the Panama Canal region. In 2007 we worked in more countries than ever before, supporting our global clients in 52 countries, including locations as diverse as Portugal, Iraq, Mongolia, Thailand, India, and Colombia. As the fiscal year came to an end, we completed negotiations for our largest investment in international markets, the acquisition of ARD, Inc. ARD adds more than 750 staff in offices across more than 25 countries that provide essential water management, rural development, and governance services.

Today, Tetra Tech is in an ideal position to address the challenges of 2008 and beyond. With the strength of our international experts and professional staff, our 245 offices, strong client relationships, and financial discipline, we are prepared to meet and exceed our goals for the next year and beyond. On behalf of all of our associates worldwide, I thank you for your continued confidence and support.

Sincerely,



Dan Batrack
Chief Executive Officer



L to R: Sam Box, Janis Salin, Dan Batrack, Mike Bieber, Rick Lemmon, David King

MAKING A DIFFERENCE IN ASSESSING OUR WATER RESOURCES NATIONWIDE

Tetra Tech is helping the U.S. Environmental Protection Agency (EPA) lead the first survey of the biological condition of our nation's lakes—an ambitious assessment of 1,000 lakes, ponds, and reservoirs across the continental United States. Tetra Tech coordinated 90 field crews with representatives from more than 30 states and tribes—traveling by foot or even by pack horse to reach the lakes in the most remote regions. By 2010, the survey results will be used in the nation's first lakes report card—a snapshot of the health of our lakes.

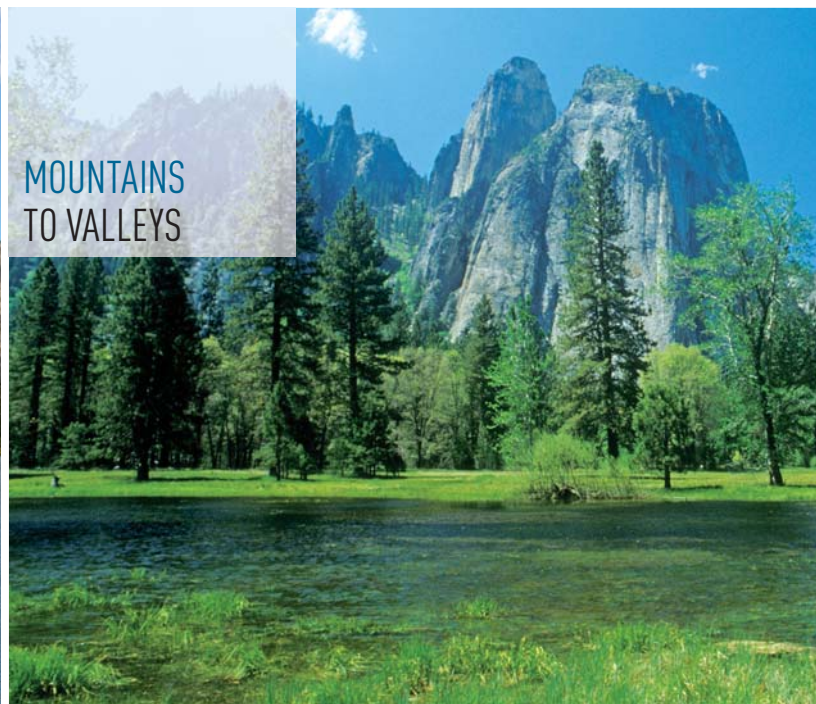
From glacial lakes in Minnesota to subtropical lakes in Louisiana and the Gulf Coast area, this study spans the full diversity of lakes of the United States. Whether a lake is found in a pristine mountainous region or in a crowded metropolis, this study will show how lakes reflect the conditions of the surrounding environment. Understanding the diversity of lakes today helps us to build a baseline for evaluating changes over time and for determining management options for the future.

The Survey of the Nation's Lakes is one of a series of surface water quality surveys that will ultimately include our lakes, coastal waters, wadeable streams, rivers, and wetlands.

Lake ecological condition and recreation potential are assessed by measuring dissolved oxygen content, chemical and nutrient concentrations, and the composition of plant and animal life.



1,000
LAKES NATIONWIDE



MOUNTAINS
TO VALLEYS



UNDERSTANDING THE DIVERSITY OF LAKES TODAY HELPS



US TO MANAGE WATER RESOURCES FOR THE FUTURE.

MAKING A DIFFERENCE BY BALANCING NEEDS FOR ENERGY AND THE ENVIRONMENT

Tetra Tech is performing multidisciplinary studies for relicensing the 1,070-megawatt Boundary Dam in eastern Washington, one of the largest conventional hydropower projects in the United States. The project is a vital component of Seattle's power generation system, supplying energy that fulfills more than 31 percent of the city's electrical power needs. Working closely with our client, Seattle City Light, Tetra Tech is conducting 24 major studies and developing environmental protection, mitigation, and enhancement measures to address the impacts of operating under a new license. The dam is situated along the Pend Oreille River, and Tetra Tech had to address logistical issues to access the remote sampling locations.

Hydropower is a clean, renewable resource. Most states are including hydropower as part of their state-mandated renewable energy goals of 10 to 25 percent of energy production, leading utilities and developers to reexamine potential hydropower sites throughout the United States. The Boundary Dam is one of more than 2,000 Federal Energy Regulatory Commission-licensed projects, each requiring relicensing every 30 to 50 years. Through the relicensing process, existing dams are being brought up to today's environmental standards. In rare cases where the environmental effects outweigh benefits, dams are being recommended for removal. Tetra Tech has the engineering, scientific, and construction resources to conduct all studies necessary for hydropower licensing and to help implement the protection, mitigation, and enhancement conditions required by the new licenses.

The Boundary Dam produces about 3,786,000 megawatt-hours of electricity annually, helping to provide Seattle with some of the lowest electricity rates in the United States for a city of its size.

Clean energy produced by the Boundary Dam prevents the annual emission of approximately 2 million tons of carbon dioxide, 2,400 tons of nitrogen oxide (which causes smog), and more than 3,200 tons of sulfur dioxide (which causes acid rain)—equivalent to taking about 400,000 cars off the road.



CLEAN
ENERGY

3,786,000
MEGAWATT-HOURS



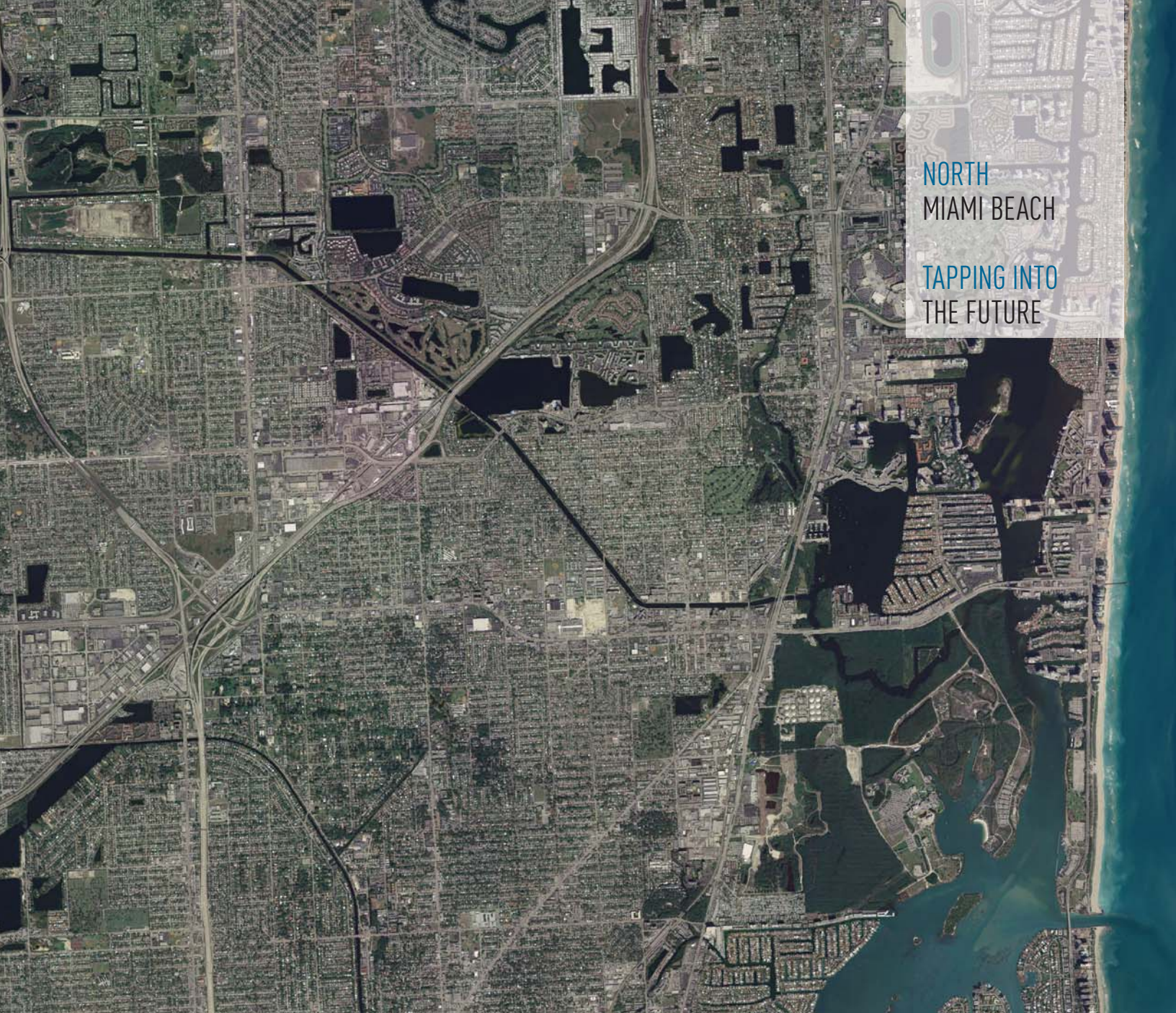
MAKING A DIFFERENCE BY PROVIDING WATER TO COMMUNITIES

Tetra Tech is making a difference by helping the City of North Miami Beach, Florida, become the first public utility provider in Miami-Dade County to tap the brackish Floridan Aquifer as a source of drinking water. Using innovative membrane technologies, Tetra Tech is supporting the city in its efforts to make the best use of local water sources. The resulting facility provides clean, safe, drinking water for more than 180,000 customers in Florida's most populous county. The facility also provides water to Dolphin Stadium, home of the Miami Dolphins, the Florida Marlins, and the Orange Bowl. The expansion more than doubled the capacity of the Norwood-Oeffler Water Treatment Plant, from 15 million gallons per day (mgd) to 32 mgd. North Miami Beach honored the successful project with a December 2007 ribbon-cutting ceremony—a program that celebrated *Tapping Into the Future*.

For cities like North Miami Beach, available sources of fresh water have become increasingly limited. Maximizing water resources through the use of alternative water supplies such as brackish water requires state-of-the-art desalination facilities to provide adequate treatment. Tetra Tech has broad experience applying membrane treatment technologies to successful water treatment projects nationwide. Recent examples include work for the Florida cities of Palm Bay and Port St. Lucie and for southern California utilities in Orange County. In recognition of our work, *Engineering News-Record* magazine named Tetra Tech the nation's number one provider of Water Treatment/Desalination services in 2007.

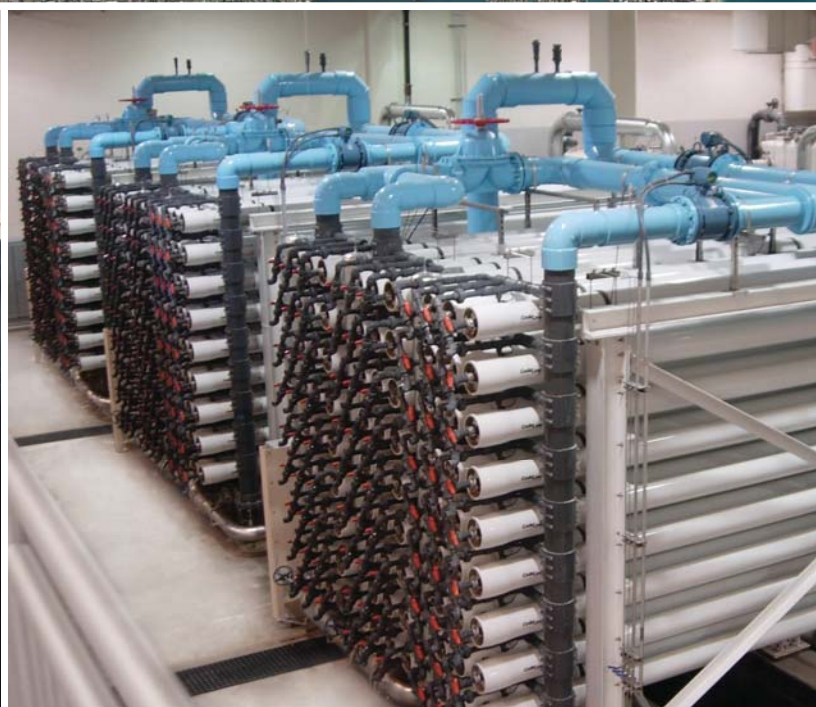
"We are tapping into the future today by being the first water utility in Miami-Dade County to draw water from the Floridan Aquifer and the first to use reverse osmosis in treating water." – City of North Miami Beach ribbon-cutting ceremony

Tetra Tech included energy recovery devices and recycling of the membrane system concentrate to ensure the economic viability of the water program and to provide a sustainable facility to the City.

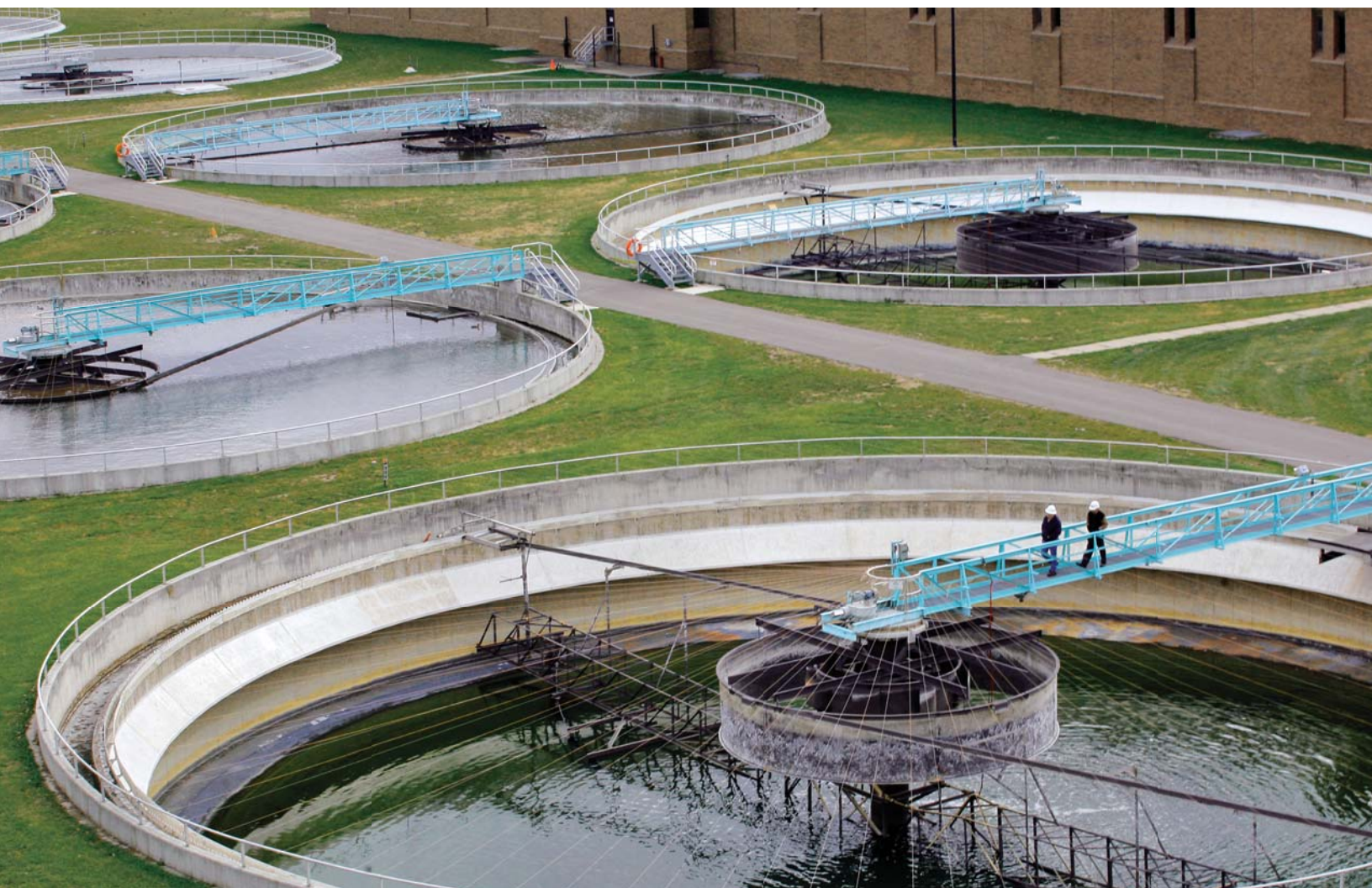


NORTH
MIAMI BEACH

TAPPING INTO
THE FUTURE



ENGINEERING
EXCELLENCE
HONOR AWARD
2007



MAKING A DIFFERENCE BY SETTING A NEW STANDARD FOR MUNICIPAL WASTEWATER TREATMENT

In 2000 the Ypsilanti Community Utilities Authority (YCUA) was faced with a major challenge and an opportunity. Expansion in its service area required an almost 60 percent increase in wastewater treatment plant capacity, from 29 to 46 mgd. Michigan's air toxics rules required additional measures beyond the conventional exhaust scrubbing typically used for new municipal incinerator installations. Tetra Tech addressed the community's expansion needs while providing a first-in-class solution to biosolids disposal—a fluidized bed biosolids incinerator system coupled with an activated carbon filter. The result is the cleanest burning, most advanced municipal biosolids incinerator system in the United States. In May 2007, the American Council of Engineering Companies awarded the YCUA biosolids project a prestigious Engineering Excellence Honor Award. The new incinerator system emits air discharges that are lower than permit requirements, while the wastewater system includes advanced ultraviolet disinfection and biological nutrient removal technologies that have helped improve the water quality of the nearby Rouge River.

More than half of the biosolids collected in the United States are incinerated. There are more than 150 aging incinerators operating across the country, all requiring upgrades. The state-of-the-art system that Tetra Tech designed for YCUA has demonstrated that we can provide a net reduction of emissions, contributing to both improved air and water quality in the local community. Engineers and municipalities from across the United States have visited the new Ypsilanti treatment and incinerator system to study the technology for application in other cities.

In the first municipal application of this kind in the United States, Tetra Tech combined a fluidized bed incinerator with a four-step air cleaning system, including a wet electrostatic precipitator and activated carbon filters.

With the new wastewater treatment system in place, the Michigan Department of Natural Resources has reported increased fish population and increased fish diversity in local rivers.

MAKING A DIFFERENCE IN OPTIMIZING WASTE MANAGEMENT

Cheyenne Mountain is one of the most unique military installations in the world—a 4.5-acre grid of chambers and tunnels excavated from nearly 700,000 tons of solid rock, in which 15 buildings are sealed behind 25-ton steel blast doors and surrounded by 2,000 feet of solid, Rocky Mountain granite. Each product and resource that is brought into this enclosed facility must be properly managed throughout its life cycle—presenting a complex set of waste management challenges. The U.S. Air Force has established a goal of diverting 40 percent of the solid waste that it generates at Cheyenne Mountain through waste management and recycling programs. Tetra Tech is providing an economic analysis of Cheyenne Mountain's waste management and recycling program, including evaluation of alternative operating scenarios to reduce operating costs by selling its recyclable commodities—such as scrap metal, high-grade paper, cardboard, and aluminum.

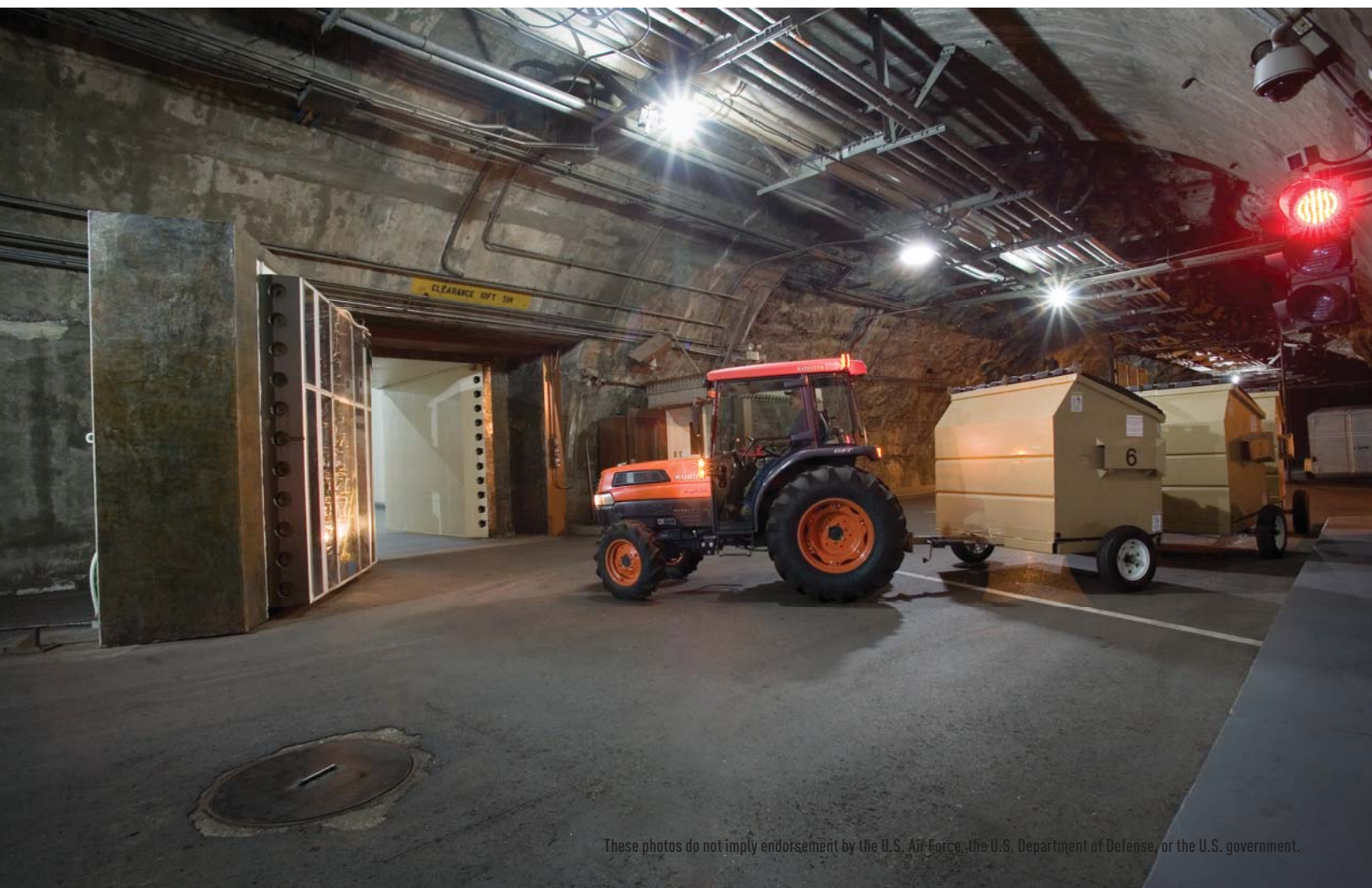
Many of our U.S. Air Force recycling and reuse programs pose unique challenges—ranging from on-site materials recovery at Cape Canaveral Air Force Station; to recycling at remote locations such as the interior of Alaska and Thule Air Base, Greenland; to waste management within the confines of Cheyenne Mountain. Building on several years of experience working with Headquarters Air Education and Training Command, Tetra Tech has evaluated recycling, composting, reuse, and disposal programs at 14 U.S. Air Force Space Command installations around the world—helping them reduce costs and minimize their environmental footprints in their communities. Fortunately, for places like these, the mission of national defense can be compatible with environmental stewardship.

Cheyenne Mountain poses challenges to resource management because of the high sensitivity of the installation's mission and because of the unique logistical requirements for collecting materials and transporting them out of the facility for recycling.

Every Air Force installation generates significant quantities of marketable materials, including reusable concrete, green waste for composting, high-grade paper, and scrap metal.

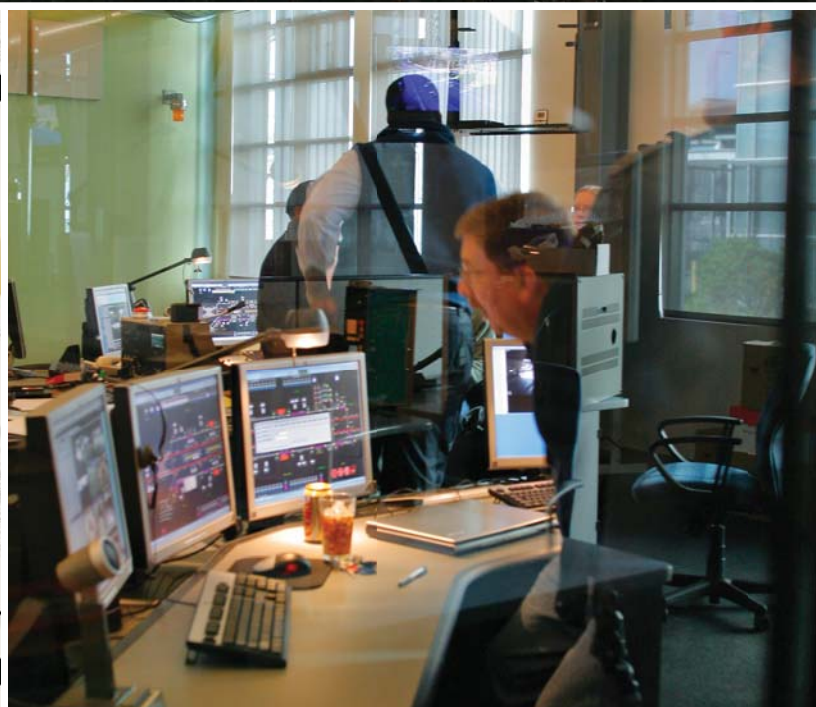
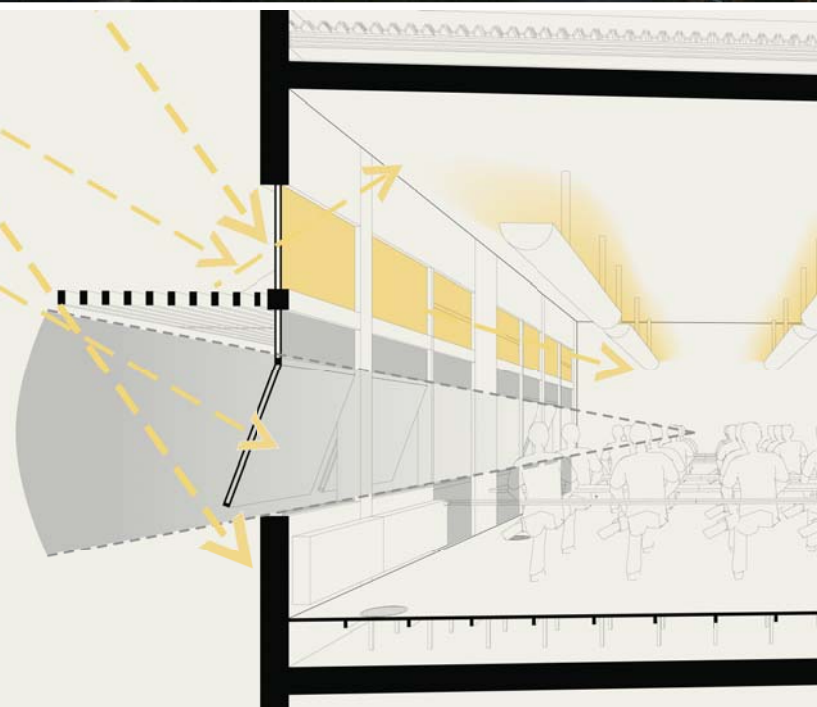


REDUCE, REUSE,
RECYCLE -
40% OF WASTE



GREEN BUILDINGS
FOR COMMUTERS

NATURAL LIGHT,
LESS ENERGY



MAKING A DIFFERENCE IN DESIGNING BUILDINGS THAT USE LESS ENERGY

With advancements in building technology and a better understanding of how buildings impact the environment, government and private industries around the world are incorporating green building practices to create more sustainable, safe, and cost-effective structures. King County Metro Transit, which serves 1.7 million commuters in the Seattle metropolitan area, has been honored as one of the best-run public transportation systems in the country. King County Metro Transit is committed to providing environmentally sensitive and energy-wise transportation. When King County Metro Transit decided to expand the Metro Atlantic and Central bus base complexes serving nearly half of the 1,300-bus fleet, it came as no surprise that they chose to “go green” in an eight-year, \$100 million base expansion program.

To date, Tetra Tech has designed and constructed five of the many planned sustainable green buildings. Two additional buildings are in the design phase, and Tetra Tech is aiming for LEED® (Leadership in Energy and Environmental Design) Gold and Platinum certification levels. Our architects and engineers are incorporating sustainable site development, water savings, energy efficiency, material selection, and indoor air quality in the designs. These landmark projects will demonstrate how transportation facilities can serve commuters while minimizing energy needs and providing a safe, aesthetic, and functional environment.

King County Metro Transit serves 1.7 million commuters, with an annual ridership of 100 million passengers within a 2,134 square mile area.

Green building design features employed in the transit facility designs include:

- Light wells to maximize natural lighting
- Green roofs
- Chilled beams that cool by natural convection
- Ground-source heat pumps
- Displacement ventilation systems
- Use of reclaimed, recycled, and sustainable building materials

MAKING A DIFFERENCE THROUGH SUSTAINABLE DEVELOPMENT OF OUR NATURAL RESOURCES

It's used in our power lines, roofing materials, water pipes, and circuit boards—copper is a critical element in our modern lives. More than 60 percent of our nation's copper is mined in Arizona. To meet a growing need, Tetra Tech is helping develop the first new copper mine in the greater Tucson area in more than a decade—a mine that is being designed with environmental considerations at the forefront. Once operational, the Rosemont project will be one of the larger copper mines in the United States.

Located on a working cattle ranch near Tucson, the new Rosemont project is a major "Greenfield" mining operation that will employ innovative water conservation and recycling techniques. These techniques will allow the mine to use about half as much water as traditional mining practices. Project owners plan to offset 105 percent of Rosemont's total water usage by recharging Colorado River water to the Tucson groundwater basin. Tetra Tech performed siting studies and helped design facilities to minimize land disturbance and keep the facility footprint to a minimum. All facilities designed by Tetra Tech are being engineered to meet the highest standards for environmental protection. Finally, Tetra Tech's closure and reclamation planning efforts will help ensure that only a small portion of the pit configuration will remain visible to the future desert traveler once mining operations have ceased.

Over its anticipated 20-year life cycle, the Rosemont mine is expected to annually produce an average of 220 million pounds of copper, 4.5 million pounds of molybdenum, and 2.7 million ounces of silver to help supply our nation's growing needs.

Mining companies are exploring worldwide to supply the essential materials for today's society. Tetra Tech is working with mining clients in Mongolia, Australia, Romania, Bulgaria, Peru, Chile, Argentina, Brazil, Canada, and most Central American countries to help meet this need.

A wide-angle photograph of a massive open-pit copper mine in Arizona. The mine is characterized by numerous terraced levels of reddish-brown earth and rock, creating a stepped appearance. At the bottom of the mine, a vibrant turquoise lake is visible. The surrounding landscape is arid, with sparse desert vegetation and distant mountains under a clear blue sky. A bright sun in the upper right corner creates a strong lens flare effect.

ARIZONA LEADS THE NATION IN COPPER PRODUCTION.

MAPLE RIDGE
WIND ENERGY
POWERS
100,000 HOMES



MAKING A DIFFERENCE BY PROVIDING ALTERNATIVE SOURCES OF ENERGY

On New York's Tug Hill Plateau, Tetra Tech has helped our client to site, design, permit, engineer, and construct the largest wind farm east of the Mississippi River—the Maple Ridge Wind Farm. Today, turning peacefully over herds of grazing dairy cows, the wind farm's 195 turbines are expected to generate enough clean, renewable electricity to power 100,000 homes, increasing the amount of wind power in the state by six-fold. For every kilowatt-hour of electricity produced by this wind farm, approximately 1.5 pounds of carbon dioxide from conventional power plants can be saved from entering the atmosphere. That's a potential savings of 586,117 tons of carbon dioxide per year.

Maple Ridge is just one of many new wind farms that are rising up across the country. The new wind farms are addressing general energy demand and helping to meet state-mandated renewable energy goals of 10 to 25 percent of energy production. Today, Tetra Tech is siting, designing, or constructing more than 70 wind projects in 35 states, in areas as diverse as Hawaii, Maine, Alaska, and offshore Delaware. We are a national expert in wind farm siting, and the American Wind Energy Association selected Tetra Tech to write the definitive *Wind Farm Siting Guide*. We are going where the winds are strong—to help our clients select the best sites, carefully screen the environmental impacts, and address the engineering, construction, and operational concerns.

While the entire Maple Ridge project area spans approximately 21,000 acres, the actual footprint of the turbines uses less than one percent of the total acreage. Landowners can continue using the remainder of the land for pastures, timberland, farming, and leisure activities.

Tetra Tech created New York's first-ever environmental construction compliance program for the Maple Ridge Wind Farm, which was featured in the *North American Windpower Journal*.

This wind project supports the local economy through property tax payments of about \$8 million per year. More than 400 jobs were created during the three years of construction activities.

A landscape photograph featuring a green field with several wind turbines in the distance. A gravel path runs along the right side of the field, and a small tree stands on the right. The sky is filled with soft, white clouds.

TODAY, TETRA TECH IS AT THE FOREFRONT OF

A gravel road leads from the bottom left towards the horizon. To the right of the road is a field of tall, dry grass. In the distance, a large wind turbine stands prominently on a green hill, with two smaller ones visible further back. The sky is filled with soft, grey clouds.

MORE THAN 70 WIND PROJECTS IN 35 STATES.

TETRA TECH IS MAKING A DIFFERENCE

Tetra Tech provides services that make a difference—today, tomorrow, and for the long term. The difference is our people—they are the best and brightest, and they are committed to delivering the best services to our clients; committed to learning, innovating, and adapting to today's needs; and committed to collaborating with our clients. The difference is proven by results—not just thinking, but creating; not just conceptualizing, but delivering. The results are what endure. We are proud of our long heritage of water, waste management, and resource protection services for our clients and look forward to future opportunities to make a difference in the markets we serve.



Our complete audited consolidated financial statements, including the notes referred to herein, appear in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission for the year ended September 30, 2007. A copy of the Form 10-K is available on the Investor Relations section of our web site at www.tetrattech.com.

FINANCIAL HIGHLIGHTS

Fiscal Year Ended	September 30, 2007 ^{(1),(5)}	October 1, 2006 ^{(2),(5)}	October 2, 2005	October 3, 2004 ⁽³⁾	September 28, 2003 ⁽⁴⁾
(in thousands, except per share data)					
Revenue	\$ 1,553,888	\$ 1,414,704	\$ 1,279,531	\$ 1,288,998	\$ 1,034,295
Revenue, net of subcontractor costs	1,012,915	958,641	910,902	947,481	797,090
Income (loss) from operations	86,297	69,495	(73,899)	57,303	80,702
Basic earnings (loss) per share:					
Income (loss) from continuing operations	\$ 0.80	\$ 0.64	\$ (1.30)	\$ 0.50	\$ 0.78
Income (loss) from discontinued operations, net of tax ⁽⁶⁾	—	—	(0.45)	(0.08)	0.12
Cumulative effect of accounting change	—	—	—	—	(2.09)
Net income (loss)	\$ 0.80	\$ 0.64	\$ (1.75)	\$ 0.42	\$ (1.19)
Diluted earnings (loss) per share:					
Income (loss) from continuing operations	\$ 0.79	\$ 0.63	\$ (1.30)	\$ 0.49	\$ 0.77
Income (loss) from discontinued operations, net of tax ⁽⁶⁾	—	—	(0.45)	(0.08)	0.12
Cumulative effect of accounting change	—	—	—	—	(2.06)
Net income (loss)	\$ 0.79	\$ 0.63	\$ (1.75)	\$ 0.41	\$ (1.17)
Weighted average common shares outstanding:					
Basic	57,948	57,376	56,736	55,969	54,766
Diluted	58,553	57,892	56,736	57,288	55,782
Working capital ⁽⁷⁾	\$ 194,375	\$ 150,313	\$ 121,614	\$ 144,829	\$ 160,780
Total assets ⁽⁷⁾	847,487	701,679	648,135	808,507	703,232
Long-term obligations, excluding current portion ⁽⁷⁾	81,080	57,608	74,185	92,346	107,463
Stockholders' equity ⁽⁷⁾	415,703	354,803	304,616	397,500	358,205

(1) Includes the results of operations and financial positions of Vector Colorado, LLC (acquired January 12, 2007), Soil Testing Engineers, Inc. (acquired January 26, 2007), Vector Nevada, LLC (acquired March 5, 2007), Delaney Group (acquired April 16, 2007), Gore Engineering, Inc. (acquired September 7, 2007), Murphy Engineering Group, LLC (acquired September 17, 2007), and Northern Ecological Associates, Inc. (acquired September 24, 2007) from their acquisition dates.

(2) Includes the results of operations and financial positions of two small engineering companies (acquired January 2, 2006) from their acquisition dates.

(3) Includes the results of operations and financial positions of Advanced Management Technology, Inc. (acquired March 5, 2004) from its acquisition date.

(4) Includes the results of operations and financial positions of Foster Wheeler Environmental Corporation and Hartman Consulting Corporation (collectively acquired March 7, 2003) and Engineering Management Concepts, Inc. (acquired July 31, 2003) from their respective acquisition dates.

(5) Includes pre-tax stock-based compensation expense of \$5.8 million (\$3.5 million, net of tax) and \$4.8 million (\$4.3 million, net of tax) in fiscal 2007 and 2006, respectively, in accordance with Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment.

(6) Reflects tax expense of \$0.1 million, tax benefit of \$1.0 million, \$16.1 million and \$2.8 million, and tax expense of \$4.4 million, in fiscal 2007, 2006, 2005, 2004 and 2003, respectively.

(7) Amounts include both continuing and discontinued operations.

REVENUE

(\$ IN MILLIONS)



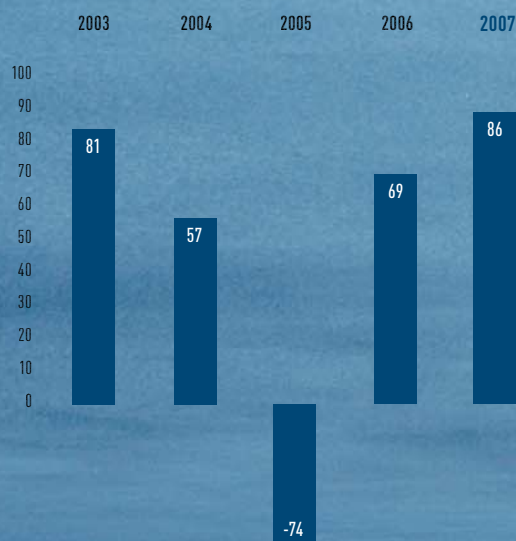
STOCKHOLDERS' EQUITY

(\$ IN MILLIONS)



INCOME FROM OPERATIONS

(\$ IN MILLIONS)



CONSOLIDATED BALANCE SHEETS

	September 30, 2007	October 1, 2006
(in thousands, except par value)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 76,741	\$ 65,353
Accounts receivable—net	437,315	346,543
Prepaid expenses and other current assets	28,496	21,757
Income tax receivable	—	5,063
Current assets of discontinued operations	304	865
Total current assets	542,856	439,581
PROPERTY AND EQUIPMENT:		
Land and buildings	6,630	1,810
Equipment, furniture and fixtures	100,391	77,415
Leasehold improvements	10,738	8,798
Total	117,759	88,023
Accumulated depreciation and amortization	(63,382)	(56,033)
PROPERTY AND EQUIPMENT—NET	54,377	31,990
DEFERRED INCOME TAXES	12,342	12,909
INCOME TAXES RECEIVABLE	33,800	33,800
GOODWILL	180,952	158,581
INTANGIBLE ASSETS—NET	5,166	4,507
OTHER ASSETS	15,576	17,893
NON-CURRENT ASSETS OF DISCONTINUED OPERATIONS	2,418	2,418
TOTAL ASSETS	\$ 847,487	\$ 701,679
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 154,560	\$ 104,626
Accrued compensation	78,029	67,592
Billings in excess of costs on uncompleted contracts	55,172	41,345
Deferred income taxes	13,035	15,386
Income taxes payable	1,576	—
Current portion of long-term obligations	3,304	17,760
Other current liabilities	42,794	42,200
Current liabilities of discontinued operations	11	359
Total current liabilities	348,481	289,268
LONG-TERM OBLIGATIONS	81,080	57,608
OTHER LONG-TERM LIABILITIES	2,223	—
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock—Authorized, 2,000 shares of \$0.01 par value; no shares issued and outstanding as of September 30, 2007 and October 1, 2006	—	—
Common stock—Authorized, 85,000 shares of \$0.01 par value; issued and outstanding, 58,387 and 57,676 shares as of September 30, 2007 and October 1, 2006, respectively	584	577
Additional paid-in capital	280,022	265,444
Accumulated other comprehensive (loss) income	(37)	1
Retained earnings	135,134	88,781
TOTAL STOCKHOLDERS' EQUITY	415,703	354,803
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 847,487	\$ 701,679

CONSOLIDATED STATEMENTS OF OPERATIONS

<u>Fiscal Year Ended</u>	September 30, 2007	October 1, 2006	October 2, 2005
(in thousands, except per share data)			
Revenue	\$ 1,553,888	\$ 1,414,704	\$ 1,279,531
Subcontractor costs	(540,973)	(456,063)	(368,629)
Revenue, net of subcontractor costs	1,012,915	958,641	910,902
Other contract costs	(812,270)	(776,768)	(758,554)
Gross profit	200,645	181,873	152,348
Selling, general and administrative expenses	(114,348)	(112,378)	(120,635)
Impairment of goodwill and other intangible assets	—	—	(105,612)
Income (loss) from operations	86,297	69,495	(73,899)
Interest income	2,984	3,144	735
Interest expense	(5,274)	(8,242)	(11,900)
Loss on retirement of debt	(4,226)	—	—
Income (loss) from continuing operations before income tax (expense) benefit	79,781	64,397	(85,064)
Income tax (expense) benefit	(33,437)	(27,933)	11,026
Income (loss) from continuing operations	46,344	36,464	(74,038)
Income (loss) from discontinued operations, net of tax	9	140	(25,431)
Net income (loss)	\$ 46,353	\$ 36,604	\$ (99,469)
Basic earnings (loss) per share:			
Income (loss) from continuing operations	\$ 0.80	\$ 0.64	\$ (1.30)
Income (loss) from discontinued operations, net of tax	—	—	(0.45)
Net income (loss)	\$ 0.80	\$ 0.64	\$ (1.75)
Diluted earnings (loss) per share:			
Income (loss) from continuing operations	\$ 0.79	\$ 0.63	\$ (1.30)
Income (loss) from discontinued operations, net of tax	—	—	(0.45)
Net income (loss)	\$ 0.79	\$ 0.63	\$ (1.75)
Weighted average common shares outstanding:			
Basic	57,948	57,376	56,736
Diluted	58,553	57,892	56,736

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Exchangeable Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
(in thousands)								
BALANCE AS OF OCTOBER 3, 2004	85	\$ 1,426	56,305	\$ 563	\$ 243,490	\$ 375	\$ 151,646	\$ 397,500
Comprehensive loss:								
Net loss							(99,469)	(99,469)
Foreign currency translation adjustment						382		382
Comprehensive loss								(99,087)
Stock options exercised			302	3	2,714			2,717
Shares issued by Employee								
Stock Purchase Plan			308	3	3,144			3,147
Conversion of exchangeable stock	(85)	(1,426)	133	1	1,425			—
Tax benefit for stock options					339			339
BALANCE AS OF OCTOBER 2, 2005	—	—	57,048	570	251,112	757	52,177	304,616
Comprehensive income:								
Net income							36,604	36,604
Foreign currency translation adjustment						(1)		(1)
Reclassification of foreign currency translation gain realized upon liquidation of discontinued operations						(755)		(755)
Comprehensive income								35,848
Stock-based compensation					6,563			6,563
Stock options exercised			435	5	4,629			4,634
Shares issued by Employee								
Stock Purchase Plan			193	2	2,327			2,329
Tax benefit for stock options					813			813
BALANCE AS OF OCTOBER 1, 2006	—	—	57,676	577	265,444	1	88,781	354,803
Comprehensive income:								
Net income							46,353	46,353
Foreign currency translation adjustment						(38)		(38)
Comprehensive income								46,315
Stock-based compensation					5,763			5,763
Stock options exercised			711	7	7,546			7,553
Tax benefit for stock options					1,269			1,269
BALANCE AS OF SEPTEMBER 30, 2007	—	\$ —	58,387	\$ 584	\$ 280,022	\$ (37)	\$ 135,134	\$ 415,703

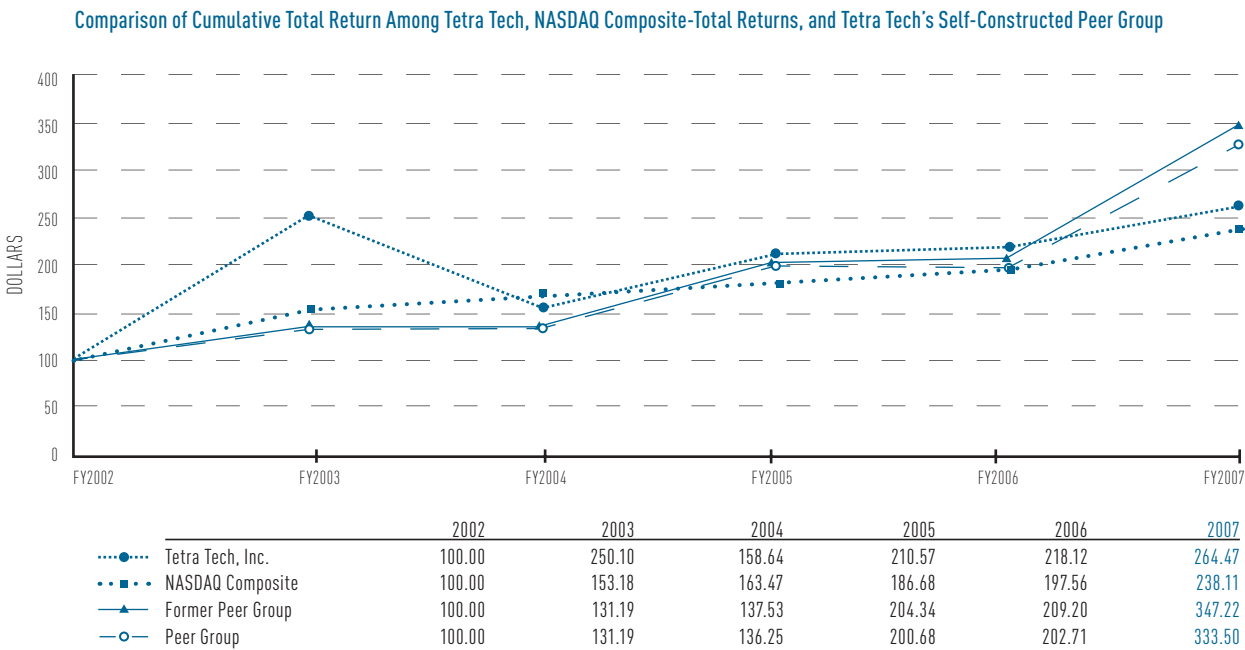
CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Year Ended (in thousands)	September 30, 2007	October 1, 2006	October 2, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 46,353	\$ 36,604	\$ (99,469)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	13,723	12,696	16,321
Stock-based compensation	5,763	6,563	—
Excess tax benefits from stock-based compensation	(491)	(348)	—
Deferred income taxes	(1,785)	6,434	(19,542)
Write-off of unamortized debt financing costs	1,069	—	—
Provision for losses on contracts and related receivables	3,581	1,057	33,411
Impairment of goodwill and other assets	—	—	108,112
Gain on sale of discontinued operations	(414)	(2,061)	(930)
(Gain) loss on disposal of property and equipment	(732)	(307)	1,393
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(85,611)	(27,888)	9,940
Prepaid expenses and other assets	(6,110)	264	4,686
Accounts payable	44,813	9,849	(12,695)
Accrued compensation	10,416	15,747	(3,331)
Billings in excess of costs on uncompleted contracts	6,226	(7,266)	19,730
Other liabilities	1,969	(3,958)	(1,725)
Income taxes receivable/payable	7,906	9,644	(7,406)
Net cash provided by operating activities	46,676	57,030	48,495
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(13,141)	(11,546)	(9,791)
Payments for business acquisitions, net of cash acquired	(31,343)	(1,995)	(8,374)
Proceeds from sale of discontinued operations	3,901	5,184	500
Proceeds from sale of property and equipment	896	636	980
Net cash used in investing activities	(39,687)	(7,721)	(16,685)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments on long-term obligations	(130,677)	(28,173)	(119,091)
Proceeds from borrowings under long-term obligations	128,000	10,000	60,000
Payment of deferred financing fees	(1,032)	—	—
Excess tax benefits from stock-based compensation	491	348	—
Net proceeds from issuance of common stock	7,617	7,008	5,863
Net cash provided by (used in) financing activities	4,399	(10,817)	(53,228)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	247
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,388	38,492	(21,171)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	65,353	26,861	48,032
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 76,741	\$ 65,353	\$ 26,861
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid (received) during the year for:			
Interest	\$ 6,564	\$ 8,417	\$ 10,974
Income taxes, net of refunds received	\$ 27,852	\$ 11,979	\$ (401)

STOCK PERFORMANCE GRAPH

The following graph shows a comparison of our cumulative total returns with those of the NASDAQ Composite–Total Returns Index and our self-constructed Peer Group Index (as defined below). The graph assumes that the value of an investment in our common stock and in each such index was \$100 on September 30, 2002, and that all dividends have been reinvested. No cash dividends have been declared on shares of our common stock. Our new self-constructed Peer Group Index includes the following companies: CACI International, Inc.; Jacobs Engineering Group, Inc.; AECOM Technology Corporation; TRC Companies, Inc.; and URS Corporation. We believe that the companies included in the Peer Group Index are among our primary competitors.

The comparison in the graph below is based on historical data and is not intended to forecast the possible future performance of our common stock.



CORPORATE INFORMATION

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Dan L. Batrack
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and Chief Operating Officer
Tetra Tech, Inc.

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Riordan, Lewis & Haden

Patrick C. Haden
General Partner
Riordan, Lewis & Haden

Hugh M. Grant
Former Vice-Chairman and
Regional Managing Partner
Ernst & Young LLP

Richard H. Truly
Vice Admiral U.S. Navy (Ret.)
Retired NASA Administrator

J. Kenneth Thompson
President and
Chief Executive Officer
Pacific Star Energy, LLC

CHAIRMAN EMERITUS

Li-San Hwang

CORPORATE OFFICERS

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Executive Vice President,
Chief Financial Officer
and Treasurer

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Corporate Administration

Steven M. Burdick
Senior Vice President,
Corporate Controller

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Senior Vice President and
President of the Environmental
Engineering and Consulting Group

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Senior Vice President and
President of the Remediation and
Construction Group

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President of the Infrastructure Group

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STOCK LISTING

The Company's common stock is
traded on the Nasdaq Global Select
Market (Symbol: TTEK)

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FORM 10-K

The Company's Form 10-K may
be obtained by writing to Investor
Relations. The Form 10-K is also available
on the Investor Relations section of our
web site at www.tetratech.com



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