

AECOM TECHNOLOGY CORP  
Form 10-K  
November 13, 2013

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

(Mark one)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**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 0-52423**

**AECOM TECHNOLOGY CORPORATION**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**61-1088522**

(I.R.S. Employer  
Identification No.)

**555 South Flower Street, Suite 3700  
Los Angeles, California 90071**

(Address of principal executive offices, including zip code)

**(213) 593-8000**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of Each Class</b>	<b>Name of Exchange on Which Registered</b>
Common Stock, par value \$0.01 per share	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: <b>None</b>	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

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

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subject to such filing requirements for the past 90 days.  Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a 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

The aggregate market value of registrant's common stock held by non-affiliates on March 28, 2013 (the last business day of the registrant's most recently completed second fiscal quarter), based upon the closing price of a share of the registrant's common stock on such date as reported on the New York Stock Exchange was approximately \$2.3 billion.

Number of shares of the registrant's common stock outstanding as of November 4, 2013: 98,196,114

### DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the registrant's definitive proxy statement for the 2014 Annual Meeting of Stockholders, to be filed within 120 days of the registrant's fiscal 2013 year end.

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**PART I**

**ITEM 1. BUSINESS**

*In this report, we use the terms "AECOM," "the Company," "we," "us" and "our" to refer to AECOM Technology Corporation and its consolidated subsidiaries. Unless otherwise noted, references to years are for fiscal years. Our fiscal year consists of 52 or 53 weeks, ending on the Friday closest to September 30. For clarity of presentation, we present all periods as if the year ended on September 30. We refer to the fiscal year ended September 30, 2012, as "fiscal 2012" and the fiscal year ended September 30, 2013, as "fiscal 2013."*

**Overview**

We are a leading provider of professional technical and management support services for public and private clients around the world. We provide planning, consulting, architectural and engineering design, and program and construction management services for a broad range of projects, including highways, airports, bridges, mass transit systems, government and commercial buildings, water and wastewater facilities and power transmission and distribution. We also provide program and facilities management and maintenance, training, logistics, security and other support services, primarily for agencies of the U.S. government.

Through our network of approximately 45,500 employees (as of September 30, 2013), we provide our services in a broad range of end markets, including the transportation, facilities, environmental, energy, water and government markets. According to *Engineering News-Record's* (ENR's) 2013 Design Survey, we are the largest general architectural and engineering design firm in the world, ranked by 2012 design revenue. In addition, we are ranked by ENR as the leading firm in a number of design end markets, including transportation and general building.

We were formed in 1980 as Ashland Technology Company, a Delaware corporation and a wholly owned subsidiary of Ashland, Inc., an oil and gas refining and distribution company. Since becoming independent of Ashland Inc., we have grown by a combination of organic growth and strategic mergers and acquisitions from approximately 3,300 employees and \$387 million in revenue in fiscal 1991, the first full fiscal year of independent operations, to approximately 45,500 employees at September 30, 2013, and \$8.2 billion in revenue for fiscal 2013. We completed the initial public offering of our common stock in May 2007, and these shares are traded on the New York Stock Exchange.

We offer our services through two business segments: Professional Technical Services and Management Support Services.

*Professional Technical Services (PTS).* Our PTS segment delivers planning, consulting, architectural and engineering design, and program and construction management services to commercial and government clients worldwide in major end markets such as transportation, facilities, environmental, energy, water and government. For example, we are providing program management services through a joint venture for the Second Avenue subway line in New York City, design and contract administration services for the Hong Kong-Zhuhai-Macao Bridge's Hong Kong Boundary Crossing Facilities and engineering and environmental management services to support global energy infrastructure development for a number of large petroleum and mining companies. Our PTS segment contributed \$7.3 billion, or 89%, of our fiscal 2013 revenue.

*Management Support Services (MSS).* Our MSS segment provides program and facilities management and maintenance, training, logistics, consulting, technical assistance and systems integration services, primarily for agencies of the U.S. government. For example, we oversee remote field experiments, multiple laboratory operations, waste management systems, and the design and fabrication of electronic, mechanical and structural systems at the U.S. Department of Energy's Nevada Test Site. Our MSS segment contributed \$0.9 billion, or 11%, of our fiscal 2013 revenue.

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**Our Business Strategy**

Our business strategy focuses on leveraging our competitive strengths, leadership positions in our core markets, and client relationships to opportunistically enter new and emerging markets and geographies. Key elements of our strategy include:

***Expand our long-standing client relationships and provide our clients with a broad range of services***

We have long-standing relationships with a number of large corporations, public and private institutions and government agencies worldwide. We will continue to focus on client satisfaction along with opportunities to sell a greater range of services to clients and deliver full-service solutions for their needs. For example, as our environmental business has grown, we have provided environmental services for transportation and other infrastructure projects where such services have in the past been subcontracted to third parties.

By integrating and providing a broad range of services, we believe we deliver maximum value to our clients at competitive costs. Also, by coordinating and consolidating our knowledge base, we believe we have the ability to export our leading edge technical skills to any region in the world in which our clients may need them.

We also have formed AECOM Global Fund I, L.P. (AECOM Capital), an investment fund to invest in public-private partnership (P3) and private-sector real estate projects for which we provide a fully integrated solution that includes equity capital, design, engineering and construction services. In addition, we leverage our practical knowledge of P3s and other forms of alternative delivery to enable clients to fund their projects without direct investment by AECOM.

***Capitalize on opportunities in our core markets***

We intend to leverage our leading positions in the transportation, facilities, environmental, energy, water and government markets to continue to expand our services and revenue. We believe that the need for infrastructure upgrades, environmental management and government outsourcing of support services, among other things, will result in continued opportunities in our core markets. With our track record and our global resources, we believe we are well positioned to compete for projects in these markets.

***Continue to pursue our balanced capital allocation strategy***

We intend to pursue a balanced capital allocation strategy that includes acquisitions. This approach has served us well as we have strengthened and diversified our leadership positions geographically, technically and across end markets. We believe that the trend towards consolidation in our industry will continue to produce candidates that align with our acquisition strategy. Also, as previously mentioned in our description of services, we have formed AECOM Capital, an investment fund to invest in public-private partnership and private-sector real estate projects for which we can potentially provide a fully integrated solution that includes equity capital, design, engineering and construction services.

***Strengthen and support human capital***

Our experienced employees and management team are our most valuable resources. Attracting and retaining key personnel has been, and will remain, critical to our success. We will continue to focus on providing our personnel with training and other personal and professional growth opportunities, performance-based incentives, opportunities for stock ownership and other competitive benefits in order to strengthen and support our human capital base. We believe that our employee stock ownership and other programs align the interests of our personnel with those of our clients and stockholders.

Table of Contents**Our Business Segments**

The following table sets forth the revenue attributable to our business segments for the periods indicated(1):

	Year Ended September 30, (in millions)		
	2013	2012	2011
Professional Technical Services (PTS)	\$ 7,242.9	\$ 7,276.9	\$ 6,877.1
Management Support Services (MSS)	910.6	941.3	1,160.3
<b>Total</b>	<b>\$ 8,153.5</b>	<b>\$ 8,218.2</b>	<b>\$ 8,037.4</b>

***Our Professional Technical Services Segment***

Our PTS segment comprises a broad array of services, generally provided on a fee-for-service basis. These services include planning, consulting, architectural and engineering design, program management and construction management for industrial, commercial, institutional and government clients worldwide. For each of these services, our technical expertise includes civil, structural, process, mechanical, geotechnical systems and electrical engineering, architectural, landscape and interior design, urban and regional planning, project economics, cost consulting and environmental, health and safety work.

With our technical and management expertise, we are able to provide our clients with a broad spectrum of services. For example, within our environmental management service offerings, we provide remediation, regulatory compliance planning and management, environmental modeling, environmental impact assessment and environmental permitting for major capital/infrastructure projects.

Our services may be sequenced over multiple phases. For example, in the area of program management and construction management services, our work for a client may begin with a small consulting or planning contract, and may later develop into an overall management role for the project or a series of projects, which we refer to as a program. Program and construction management contracts typically employ a staff of 10 to more than 100 and, in many cases, operate as an outsourcing arrangement with our staff located at the project site. For example, since 1990, we have been managing renovation work at the Pentagon for the U.S. Department of Defense. Other examples include our construction management services for One World Trade Center, the tallest building in the Western Hemisphere, and program management services for Crossrail, the largest addition to the transit system in London and southeast England in half a century.

We provide the services in our PTS segment both directly and through joint ventures or similar partner arrangements to the following key end markets:

*Transportation.*

*Transit and Rail.* Projects include light rail, heavy rail (including high-speed, commuter and freight) and multimodal transit projects. For example, we have provided engineering design services for the new World Trade Center Terminal for PATH and the Second Avenue Subway (8.5-mile rail route and 16 stations) in New York City, the Ma On Shan Rail (7-mile elevated railway) in Hong Kong, and Crossrail (74-mile railway) in the United Kingdom. We were recently appointed designer as part of a consortium that will construct the largest portion of the Riyadh metro system in Saudi Arabia, one of the largest urban infrastructure projects in the world.

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(1) For additional financial information by segment, see Note 20 in the notes to our consolidated financial statements.

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*Marine, Ports and Harbors.* Projects include wharf facilities and container port facilities for private and public port operators. For example, we have provided marine design and engineering services for container facilities in Hong Kong, the ports of Los Angeles, Long Beach, New York and New Jersey, the new \$7 billion Doha Port project in Qatar and waterfront transshipment facilities for oil and liquid natural gas.

*Highways, Bridges and Tunnels.* Projects include interstate, primary and secondary urban and rural highway systems and bridge projects. For example, we have provided engineering services for the SH-130 Toll Road (49-mile "greenfield" highway project) in Austin, Texas, the Sydney Orbital Bypass (39 kilometer highway) in Sydney, Australia and the Sutong Bridge in China, which crosses the Yangtze River and was the world's longest cable-stayed bridge at the time of its completion. We also have provided mechanical, structural and environmental planning for Singapore's new North-South Expressway.

*Aviation.* Projects include landside terminal and airside facilities and runways as well as taxiways. For example, we have provided program management services to a number of major U.S. airports, including O'Hare International in Chicago, Los Angeles International, John F. Kennedy and La Guardia in New York City, Reagan National and Dulles International in Washington, D.C., and Miami International. We also have provided services to airports in Hong Kong, London, the United Arab Emirates, Saudi Arabia, Cyprus and Qatar.

#### *Facilities.*

*Government.* Projects include our emergency response services for the Department of Homeland Security, including the Federal Emergency Management Agency and engineering and program management services for agencies of the Department of Defense. We also provide architectural and engineering services for several national laboratories, including the laboratories at Hanford, Washington and Los Alamos, New Mexico.

*Industrial.* Projects include industrial facilities for a variety of niche end markets including manufacturing, distribution, aviation, aerospace, communications, media, pharmaceuticals, renewable energy, chemical, and food and beverage facilities.

*Urban Master Planning/Design.* Projects include design services, landscape architecture, general policy consulting and environmental planning projects for a variety of government, institutional and private sector clients. For example, we have provided planning and consulting services for the Olympic Games sites in Atlanta, Sydney, Beijing, Salt Lake City, London and Rio de Janeiro. We are providing strategic planning and master planning services for new cities and major mixed use developments in China, Southeast Asia, the Middle East, North Africa, the United Kingdom and the United States.

*Commercial and Leisure Facilities.* Projects include corporate headquarters, high-rise office towers, historic buildings, hotels, leisure, sports and entertainment facilities, hospitals and healthcare facilities and corporate campuses. For example, we provided electronic security programming and installation services for the renovation of Soldier Field in Chicago, design services for Barclays Center Arena in Brooklyn and building services, engineering, architectural lighting, advanced modeling, infrastructure and utilities engineering and advanced security for the headquarters of the British Broadcasting Company in London.

*Institutional.* Projects include engineering services for college and university campuses, including the new Kennedy-King College in Chicago, Illinois. We also have undertaken assignments for Oxford University in the United Kingdom, Pomona College and Loyola Marymount University in California.

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*Health Care.* Projects include design services for the Mayo Clinic Gonda Building in Rochester, Minnesota, University Hospital in Dubai Healthcare City and the Samsung Cancer Center in Seoul, Korea. We also have undertaken assignments for the Veterans Affairs Medical Center in Orlando, Florida, the Minneapolis campus of Children's Hospitals and Clinics of Minnesota, the Princess Grace Hospital in Monaco, and a major hospital complex in the Hong Kong Hospital Authority's West Kowloon Cluster.

*Correctional.* Projects include the planning, design, and construction of detention and correction facilities throughout the world. For example, we provided construction management services for the construction of the California State Prison Kern County Delano II, justice design and security consulting services for a multi-custody correctional complex for the Sultanate of Oman, Royal Police Force, architecture and engineering services for the Coleman Federal Correctional Complex in Florida and architecture services for the Grayville, Illinois Maximum Security Correctional Center.

*Environmental.*

*Water and Wastewater.* Projects include treatment facilities as well as supply, distribution and collection systems, stormwater management, desalinization, and other water re-use technologies for metropolitan governments. We have provided services to the Metropolitan Water Reclamation District of Greater Chicago's Calumet and Stickney wastewater treatment plants, two of the largest such plants in the world. Currently, we are working with New York City on the Bowery Bay facility reconstruction, and have had a major role in Hong Kong's Harbor Area Treatment Scheme for Victoria Harbor.

*Environmental Management.* Projects include remediation, waste handling, testing and monitoring of environmental conditions and environmental construction management for private sector clients. For example, we have provided environmental remediation, restoration of damaged wetlands, and services associated with reduction of greenhouse gas emissions for large multinational corporations, and we also have provided permitting services for pipeline projects for major energy companies.

*Water Resources.* Projects include regional-scale floodplain mapping and analysis for public agencies, along with the analysis and development of protected groundwater resources for companies in the bottled water industry.

*Energy/Power.*

*Demand Side Management.* Projects include energy efficient systems for public K-12 schools and universities, health care facilities, and courthouses and other public buildings, as well as energy conservation systems for utilities.

*Transmission and Distribution.* Projects include power stations and electric transmissions and distribution and co-generation systems, including enhanced electrical power generation in Stung Treng, Cambodia, as well as transmission in remote sections of Ontario. These projects utilize a wide range of services that include consulting, forecasting and surveying to detailed engineering design and construction management.

*Alternative/Renewable Energy.* Projects include production facilities such as ethanol plants, wind farms and micro hydropower and geothermal subsections of regional power grids. We typically provide site selection and permitting, engineering, procurement and construction management and related services.

*Hydropower/Dams.* Projects include hydroelectric power stations, dams, spillways, and flood control systems including the Song Ba Ha Hydropower Project in Vietnam, the Pine Brook Dam in Boulder County, Colorado and the Peribonka Hydroelectric Power Plant in Quebec, Canada.



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*Solar.* Projects include performing environmental work for the solar photovoltaic Brockton Brightfield project in New England, and environmental permitting services for the California Energy Commission to permit the development of a 250 MW solar thermal power plant in the Mojave Desert of California.

***Our Management Support Services Segment***

Through our MSS segment, we offer program and facilities management and maintenance, training, logistics, consulting, technical assistance and systems integration services, primarily for agencies of the U.S. government.

We provide a wide array of services in our MSS segment, both directly and through joint ventures or similar partner arrangements, including:

*Installation, Operations and Maintenance.* Projects include Department of Defense and Department of Energy installations where we provide comprehensive services for the operation and maintenance of complex government installations, including military bases, test ranges and equipment. We have undertaken assignments in this category in the Middle East and the United States. We also provide services for the operations and maintenance of the Department of Energy's Nevada Test Site.

*Logistics.* Projects include logistics support services for a number of Department of Defense agencies and defense prime contractors focused on developing and managing integrated supply and distribution networks. We oversee warehousing, packaging, delivery and traffic management for the distribution of government equipment and materials.

*Training.* Projects include training applications in live, virtual and simulation training environments. We have conducted training at the U.S. Army's Center for Security Training in Maryland for law enforcement and military personnel. We have also supported the training of international police officers and peacekeepers for deployment in various locations around the world in the areas of maintaining electronics and communications equipment.

*Systems Support.* Projects cover a diverse set of operational and support systems for the maintenance, operation and modernization of Department of Defense and Department of Energy installations. Our services in this area range from information technology and communications to life cycle optimization and engineering, including environmental management services. Through projects such as our joint venture operation at the Nevada Test Site, our team is responsible for facility and infrastructure support for critical missions of the U.S. government in its nonproliferation efforts, emergency response readiness, and force support and sustainment. Enterprise network operations and information systems support, including remote location engineering and operation in classified environments, are also specialized services we provide.

*Technical Personnel Placement.* Projects include the placement of personnel in key functional areas of military and other government agencies, as these entities continue to outsource critical services to commercial entities. We provide systems, processes and personnel in support of the Department of Justice's management of forfeited assets recovered by law enforcement agencies. We also support the Department of State in its enforcement programs by recruiting, training and supporting police officers for international and homeland security missions.

*Field Services.* Projects include maintaining, modifying and overhauling ground vehicles, armored carriers and associated support equipment both within and outside of the United States under contracts with the Department of Defense. We also maintain and repair telecommunications systems for military and civilian entities.

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Our clients consist primarily of national, state, regional and local governments, public and private institutions and major corporations. The following table sets forth our total revenue attributable to these categories of clients for each of the periods indicated:

	Year Ended September 30, (\$ in millions)					
	2013		2012		2011	
U.S. Federal Government						
PTS	\$ 550.0	7%	\$ 548.7	7%	\$ 640.8	8%
MSS	903.2	11	931.3	11	1,151.4	14
U.S. State and Local Governments	1,485.4	18	1,454.4	18	1,453.3	18
Non-U.S. Governments	1,911.5	23	2,006.4	24	1,931.3	24
Subtotal Governments	4,850.1	59	4,940.8	60	5,176.8	64
Private Entities (worldwide)	3,303.4	41	3,277.4	40	2,860.6	36
Total	\$ 8,153.5	100%	\$ 8,218.2	100%	\$ 8,037.4	100%

Other than the U.S. federal government, no single client accounted for 10% or more of our revenue in any of the past five fiscal years. Approximately 18%, 18% and 22% of our revenue was derived through direct contracts with agencies of the U.S. federal government in the years ended September 30, 2013, 2012 and 2011, respectively. One of these contracts accounted for approximately 4%, 4% and 3% of our revenue in the years ended September 30, 2013, 2012 and 2011, respectively. The work attributed to the U.S. federal government includes our work for the Department of Defense, Department of Energy, Department of Justice and the Department of Homeland Security.

**Contracts**

The price provisions of the contracts we undertake can be grouped into two broad categories: cost-reimbursable contracts and fixed-price contracts. The majority of our contracts fall under the category of cost-reimbursable contracts, which we believe are generally less subject to loss than fixed-price contracts. As detailed below, our fixed-price contracts relate primarily to design and construction management contracts where we do not self-perform or take the risk of construction.

***Cost-Reimbursable Contracts***

Cost-reimbursable contracts consist of two similar contract types: cost-plus and time and material.

*Cost-Plus.* We enter into two major types of cost-plus contracts:

*Cost-Plus Fixed Fee.* Under cost-plus fixed fee contracts, we charge clients for our costs, including both direct and indirect costs, plus a fixed negotiated fee. The total estimated cost plus the fixed negotiated fee represents the total contract value. We recognize revenue based on the actual labor and other direct costs incurred, plus the portion of the fixed fee earned to date.

*Cost-Plus Fixed Rate.* Under cost-plus fixed rate contracts, we charge clients for our direct and indirect costs based upon a negotiated rate. We recognize revenue based on the actual total costs expended and the applicable fixed rate.

Certain cost-plus contracts provide for award fees or a penalty based on performance criteria in lieu of a fixed fee or fixed rate. Other contracts include a base fee component plus a performance-based award fee. In addition, we may share award fees with subcontractors. We record accruals for fee-sharing as fees are earned. We generally recognize revenue to the extent of costs actually incurred plus a proportionate

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amount of the fee expected to be earned. We take the award fee or penalty on contracts into consideration when estimating revenue and profit rates, and record revenue related to the award fees when there is sufficient information to assess anticipated contract performance. On contracts that represent higher than normal risk or technical difficulty, we may defer all award fees until an award fee letter is received. Once an award fee letter is received, the estimated or accrued fees are adjusted to the actual award amount.

Certain cost-plus contracts provide for incentive fees based on performance against contractual milestones. The amount of the incentive fees varies, depending on whether we achieve above, at, or below target results. We originally recognize revenue on these contracts based upon expected results. These estimates are revised when necessary based upon additional information that becomes available as the contract progresses.

*Time and Material.* Time and material is common for smaller scale engineering and consulting services. Under these types of contracts, we negotiate hourly billing rates and charge our clients based upon actual hours expended on a project. Unlike cost-plus contracts, however, there is no predetermined fee. In addition, any direct project expenditures are passed through to the client and are reimbursed. These contracts may have a fixed-price element in the form of not-to-exceed or guaranteed maximum price provisions.

For fiscal 2013, 2012 and 2011, cost-reimbursable contracts represented approximately 58%, 53% and 54%, respectively, of our total revenue, consisting of cost-plus contracts and time and material contracts as follows:

	Year Ended September 30,		
	2013	2012	2011
Cost-plus contracts	17%	18%	19%
Time and materials contracts	41	35	35
Total	58%	53%	54%

*Fixed-Price Contracts*

There are typically two types of fixed-price contracts. The first and more common type, lump-sum, involves performing all of the work under the contract for a specified lump-sum fee. Lump-sum contracts are typically subject to price adjustments if the scope of the project changes or unforeseen conditions arise. In such cases, we will submit formal requests for adjustment of the lump sum via formal change orders or contract amendments. The second type, fixed-unit price, involves performing an estimated number of units of work at an agreed price per unit, with the total payment under the contract determined by the actual number of units delivered.

Many of our fixed-price contracts are negotiated and arise in the design of projects with a specified scope. Fixed-price contracts often arise in the areas of construction management and design-build services. Construction management services are typically in the form of general administrative oversight (in which we do not assume responsibility for construction means and methods and which is on a cost-reimbursable basis). Under our design-build projects, we are typically responsible for the design of a facility with the fixed contract price negotiated after we have had the opportunity to secure specific bids from various subcontractors (including the contractor that will be primarily responsible for all construction risks) and add a contingency fee.

We typically attempt to mitigate the risks of fixed-price design-build contracts by contracting to complete the projects based on our design as opposed to a third party's design, by not self-performing construction (except for limited environmental tasks), by not guaranteeing new or untested processes or technologies and by working only with experienced subcontractors with sufficient bonding capacity.

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Some of our fixed-price contracts require us to provide performance bonds or parent company guarantees to assure our clients that their project will be completed in accordance with the terms of the contracts. In such cases, we typically require our primary subcontractors to provide similar bonds and guarantees and to be adequately insured, and we flow down the terms and conditions set forth in our agreement on to our subcontractors.

For fiscal 2013, 2012 and 2011, fixed-price contracts represented approximately 42%, 47% and 46%, respectively, of our total revenue. There may be risks associated with completing these projects profitably if we are not able to perform our professional services for the amount of the fixed fee. However, we attempt to mitigate these risks as described above.

### *Joint Ventures*

Some of our larger contracts may operate under joint ventures or other arrangements under which we team with other reputable companies, typically companies with which we have worked for many years. This is often done where the scale of the project dictates such an arrangement or when we want to strengthen either our market position or our technical skills.

### **Backlog**

Backlog is expressed in terms of gross revenue and therefore may include significant estimated amounts of third party, or pass-through costs to subcontractors and other parties. Our total backlog is comprised of contracted backlog and awarded backlog. Our contracted backlog includes revenue we expect to record in the future from signed contracts, and in the case of a public client, where the project has been funded. Our awarded backlog includes revenue we expect to record in the future where we have been awarded the work, but the contractual agreement has not yet been signed. For non-government contracts, our backlog includes future revenue at contract rates, excluding contract renewals or extensions that are at the discretion of the client. For contracts with a not-to-exceed maximum amount, we include revenue from such contracts in backlog to the extent of the remaining estimated amount. We calculate backlog without regard to possible project reductions or expansions or potential cancellations until such changes or cancellations occur. No assurance can be given that we will ultimately realize our full backlog. Our backlog for the year ended September 30, 2013, increased \$0.6 billion, or 3%, to \$16.6 billion as compared to \$16.0 billion for the corresponding period last year.

The following summarizes contracted and awarded backlog:

	September 30,		
	2013	2012	2011
<b>Contracted backlog:</b>			
PTS segment	\$ 8.4	\$ 7.7	\$ 7.9
MSS segment	0.4	0.8	1.0
Total contracted backlog	\$ 8.8	\$ 8.5	\$ 8.9
<b>Awarded backlog:</b>			
PTS segment	\$ 6.9	\$ 6.3	\$ 5.7
MSS segment	0.9	1.2	1.0
Total awarded backlog	\$ 7.8	\$ 7.5	\$