



complex world | CLEAR SOLUTIONS™

Press Release

Tetra Tech Reports Third Quarter Results Exceeding Net Revenue and EPS Guidance

Record net revenue: \$356.9 million Diluted EPS: \$0.51, including \$0.16 tax benefit from prior years Cash from operations: \$60.8 million

PASADENA, Calif.--(BUSINESS WIRE)--Jul. 29, 2009-- Tetra Tech, Inc. (NASDAQ: TTEK) today announced results for the third quarter ended June 28, 2009.

Third Quarter Results

Revenue in the quarter was \$551.4 million, down 2.3% from \$564.3 million, and revenue, net of subcontractor costs, was \$356.9 million, up 7.4% from \$332.3 million for the same quarter last year. Income from operations was \$32.8 million, up 16.8% from \$28.1 million for the same quarter last year. Net income was \$31.0 million, up 92.2% from \$16.1 million for the same quarter last year. Diluted earnings per share (EPS) were \$0.51, up 88.2% from \$0.27 for the same quarter last year. Diluted EPS included approximately \$0.16 from a tax benefit related to prior years' research and experimentation tax credits. Backlog was \$1.70 billion, up 8.2% from \$1.57 billion at the end of the same quarter last year. Cash generated from operations improved to \$60.8 million, up 261.8% from \$16.8 million for the same quarter last year. Cash generated from operations in the third quarter benefited from a \$39.8 million cash refund related to the second quarter IRS settlement.

Commenting on the third quarter results, Tetra Tech's Chairman and CEO Dan Batrack remarked, "During this challenging economic environment, I am pleased to report very strong performance in the third quarter. We were successful in winning several key new orders, and completed three acquisitions in the quarter. The quarter's financial results were highlighted by strong cash generation, improved operating margin, and tax benefits. The Company remains on track for a solid fiscal 2009."

Nine Month Results

Revenue for the first nine months was \$1,712.4 million, up 14.5% from \$1,496.1 million, and revenue, net of subcontractor costs, was \$1,019.2 million, an increase of 13.6% from \$896.8 million for the same period last year. Income from operations was \$89.2 million, up 18.0% from \$75.6 million for the same period last year. Net income was \$66.5 million, up 55.8% from \$42.7 million for the same period last year. Diluted EPS were \$1.10 including tax benefits, up 52.3% from \$0.72 for the same period last year. Cash generated from operations improved to \$107.4 million, up 149.3% compared to \$43.1 million for the same period last year.

In thousands (except EPS data)	Three Months Ended		Nine Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Revenue	\$ 551,376	\$ 564,277	\$ 1,712,364	\$ 1,496,050
Revenue, net of subcontractor costs	356,927	332,269	1,019,167	896,781
Income from operations	32,751	28,050	89,196	75,591
Interest expense, net	(473)	(483)	(2,240)	(2,600)
Income tax expense	(1,267)	(11,432)	(20,423)	(30,283)
Net income	\$ 31,011	\$ 16,135	\$ 66,533	\$ 42,708

Earnings per share:

Basic	\$ 0.52	\$ 0.27	\$ 1.11	\$ 0.73
Diluted	\$ 0.51	\$ 0.27	\$ 1.10	\$ 0.72

Weighted-average common shares outstanding:

Basic	60,123	58,943	59,947	58,590
Diluted	61,108	59,833	60,707	59,331

Business Outlook

The following statements are based on current expectations. These statements are forward-looking and the actual results could differ materially. These statements do not include the potential impact of transactions that may be completed or developments that become evident after the date of this release. The Business Outlook section should be read in conjunction with the information on forward-looking statements at the end of this release.

Tetra Tech expects diluted EPS for the fourth quarter of fiscal 2009 to be in the range of \$0.30 to \$0.33. Revenue, net of subcontractor costs, for the fourth quarter is expected to range from \$330 million to \$360 million. For fiscal 2009, Tetra Tech is raising its EPS guidance and now expects diluted EPS to be \$1.40 to \$1.43, which includes \$0.22 in year to date tax benefits. Revenue, net of subcontractor costs, for fiscal 2009 is expected to range from \$1.35 billion to \$1.38 billion.

Webcast

Investors will have the opportunity to access a live audio-visual webcast and supplemental financial information concerning the third quarter results through a link posted on the Company's web site at www.tetratech.com on July 30, 2009 at 8:00 a.m. (PDT).

About Tetra Tech (www.tetratech.com)

Tetra Tech is a leading provider of consulting, engineering, program management, construction, and technical services addressing the resource management and infrastructure markets. The Company supports government and commercial clients by providing innovative solutions focused on water, the environment, and energy. With more than 10,000 employees worldwide, Tetra Tech's capabilities span the entire project life cycle.

Forward-Looking Statements

This news release contains forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include information concerning future events and the future financial performance of Tetra Tech that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are urged to read the documents filed by Tetra Tech with the SEC, specifically the most recent reports on Form 10-K, 10-Q, and 8-K, each as it may be amended from time to time, which identify risk factors that could cause actual results to differ materially from the forward-looking statements. Among the important factors or risks that could cause actual results or events to differ materially from those in the forward-looking statements in this release are: worldwide political and economic uncertainties; fluctuations in annual revenue, expenses and operating results; the cyclical nature of demand for state and local government services; concentration of revenues from government agencies and funding disruptions by these agencies; a shift in U.S. defense spending; a delay in the completion of the U.S. government budget process; impact of downturns in the financial markets and reductions in government budgets; violations of government contractor regulations; dependence on winning or renewing federal, state and local government contracts; the government's right to modify, delay, curtail or terminate contracts at its convenience; the failure to properly manage projects; the loss of key personnel or the inability to attract and retain qualified personnel; the use of estimates and assumptions in the preparation of financial statements; the use of the percentage-of-completion method of accounting; the inability to accurately estimate contract risks, revenue and costs; the failure to win or renew contracts with private and public sector clients; acquisition strategy risks; goodwill impairment; growth strategy management; adverse resolution of an IRS examination; backlog cancellation and adjustments; risks associated with international operations; the failure of partners to perform on joint projects; the inability to find qualified subcontractors; the failure of subcontractors to satisfy their obligations; changes in existing environmental laws, regulations or programs; credit risks associated with commercial clients; changes in capital markets and the access to capital; credit agreement covenants; industry competition; the volatility of common stock value; liability risks and the ability to obtain or maintain adequate insurance; the ability to obtain adequate bonding; safety programs; conflict of interest issues; force majeure events; protection of intellectual property rights; and the implementation of the enterprise resource planning system. Any projections in this release are based on limited information currently available to Tetra Tech, which is subject to change. Although any such projections and the factors influencing them will likely change, Tetra Tech will not necessarily update the information, since Tetra Tech will only provide guidance at certain points during the year. Readers should not place undue reliance on forward-looking statements since such information speaks only as of the date of this release.

Source: Tetra Tech, Inc.

Tetra Tech, Inc.
Jorge Casado, Investor Relations
Talia Starkey, Media & Public Relations
626-470-2844