

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **September 30, 2020**

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: **1-16129**

FLUOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

33-0927079

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

6700 Las Colinas Boulevard

Irving, Texas

(Address of principal executive offices)

75039

(Zip Code)

469-398-7000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value per share	FLR	New York Stock Exchange
Preferred Stock Purchase Rights	FLR	New York Stock Exchange

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, if any, every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 30, 2020, 140,715,205 shares of the registrant's common stock, \$0.01 par value, were outstanding.

FLUOR CORPORATION

FORM 10-Q

TABLE OF CONTENTS		PAGE
	Glossary of Terms	2
Part I:	Financial Information	
	Item 1: Financial Statements	
	Condensed Consolidated Statement of Operations (Unaudited)	3
	Condensed Consolidated Statement of Comprehensive Income (Loss) (Unaudited)	4
	Condensed Consolidated Balance Sheet (Unaudited)	5
	Condensed Consolidated Statement of Cash Flows (Unaudited)	6
	Condensed Consolidated Statement of Changes in Equity (Unaudited)	7
	Notes to Condensed Consolidated Financial Statements (Unaudited)	9
	Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations	29
	Item 3: Quantitative and Qualitative Disclosures about Market Risk	39
	Item 4: Controls and Procedures	39
	Changes in Consolidated Backlog (Unaudited)	41
Part II:	Other Information	
	Item 1: Legal Proceedings	42
	Item 1A: Risk Factors	42
	Item 2: Unregistered Sales of Equity Securities and Use of Proceeds	42
	Item 4: Mine Safety Disclosures	42
	Item 6: Exhibits	43
	Signatures	44

Glossary of Terms

The definitions and abbreviations set forth below apply to the indicated terms used throughout this filing.

Abbreviation/Term	Definition
2019 10-K	Annual Report on Form 10-K for the year ended December 31, 2019
2019 Period	Nine months ended September 30, 2019
2019 Quarter	Three months ended September 30, 2019
2020 Period	Nine months ended September 30, 2020
2020 Quarter	Three months ended September 30, 2020
AOCI	Accumulated other comprehensive income (loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Cont Ops	Continuing operations
Corporate G&A	Corporate general and administrative expense
COVID-19	Coronavirus pandemic
Disc Ops	Discontinued operations
DOE	U.S. Department of Energy
EPC	Engineering, procurement and construction
EPS	Earnings per share
Exchange Act	Securities Exchange Act of 1934
GAAP	Accounting principles generally accepted in the United States
ICFR	Internal control over financial reporting
NCI	Noncontrolling interests
NM	Not meaningful
NuScale	NuScale Power, LLC
OCI	Other comprehensive income (loss)
Q1 2020 10-Q	Quarterly Report on Form 10-Q for the three months ended March 31, 2020
Q2 2020 10-Q	Quarterly Report on Form 10-Q for the three and six months ended June 30, 2020
Q3 2020 10-Q	Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2020
RSU	Restricted stock units
RUPO	Remaining unsatisfied performance obligations
SEC	Securities and Exchange Commission
Stork	Stork Holding B.V. and subsidiaries; Acquired by Fluor in 2016
VIE	Variable interest entity

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements
FLUOR CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
 UNAUDITED

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue	\$ 3,803,210	\$ 4,628,578	\$ 12,012,759	\$ 12,908,594
Cost of revenue	3,669,535	4,537,327	11,750,224	13,185,793
Other (income) and expenses				
Corporate general and administrative expense	68,085	11,167	93,770	119,721
Impairment, restructuring and other exit costs	—	333,988	302,662	388,027
Interest expense	17,603	18,984	53,017	56,490
Interest income	(4,243)	(14,088)	(21,596)	(41,797)
Total cost and expenses	3,750,980	4,887,378	12,178,077	13,708,234
Earnings (loss) from Cont Ops before taxes	52,230	(258,800)	(165,318)	(799,640)
Income tax expense (benefit)	28,804	495,307	(6,943)	434,807
Net earnings (loss) from Cont Ops	23,426	(754,107)	(158,375)	(1,234,447)
Net earnings (loss) from Disc Ops	214	23,453	(92,697)	6,049
Net earnings (loss)	23,640	(730,654)	(251,072)	(1,228,398)
Less: Net earnings (loss) attributable to NCI from Cont Ops	4,299	12,445	20,536	(2,374)
Net earnings (loss) attributable to Fluor Corporation from Cont Ops	19,127	(766,552)	(178,911)	(1,232,073)
Net earnings (loss) attributable to Fluor Corporation from Disc Ops	214	23,453	(92,697)	6,049
Net earnings (loss) attributable to Fluor Corporation	\$ 19,341	\$ (743,099)	\$ (271,608)	\$ (1,226,024)
Basic earnings (loss) per share attributable to Fluor Corporation				
Net earnings (loss) from Cont Ops	\$ 0.14	\$ (5.47)	\$ (1.27)	\$ (8.80)
Net earnings (loss) from Disc Ops	—	0.17	(0.66)	0.04
Net earnings (loss)	\$ 0.14	\$ (5.30)	\$ (1.93)	\$ (8.76)
Diluted earnings (loss) per share attributable to Fluor Corporation				
Net earnings (loss) from Cont Ops	\$ 0.14	\$ (5.47)	\$ (1.27)	\$ (8.80)
Net earnings (loss) from Disc Ops	—	0.17	(0.66)	0.04
Net earnings (loss)	\$ 0.14	\$ (5.30)	\$ (1.93)	\$ (8.76)

The accompanying notes are an integral part of these financial statements.

FLUOR CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

UNAUDITED

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net earnings (loss)	\$ 23,640	\$ (730,654)	\$ (251,072)	\$ (1,228,398)
OCI, net of tax:				
Foreign currency translation adjustment	4,201	(42,332)	(75,828)	(14,672)
Ownership share of equity method investees' OCI	(34)	2,662	(18,860)	(2,125)
Defined benefit plan adjustments	1,070	1,990	3,071	6,093
Unrealized gain (loss) on derivative contracts	9,588	(6,294)	5,883	(599)
Total OCI, net of tax	14,825	(43,974)	(85,734)	(11,303)
Comprehensive income (loss)	38,465	(774,628)	(336,806)	(1,239,701)
Less: Comprehensive income (loss) attributable to NCI	3,804	10,696	18,245	(3,917)
Comprehensive income (loss) attributable to Fluor Corporation	\$ 34,661	\$ (785,324)	\$ (355,051)	\$ (1,235,784)

The accompanying notes are an integral part of these financial statements.

FLUOR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
 UNAUDITED

(in thousands, except share and per share amounts)	September 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents (\$559,667 and \$392,772 related to VIEs)	\$ 2,093,782	\$ 1,997,199
Marketable securities (\$66 related to VIEs in both periods)	17,514	7,262
Accounts and notes receivable, net (\$235,645 and \$329,548 related to VIEs)	1,083,351	1,217,464
Contract assets (\$330,343 and \$294,116 related to VIEs)	1,132,976	1,238,173
Other current assets (\$31,791 and \$32,271 related to VIEs)	386,751	389,565
Current assets held for sale	296,025	517,100
Total current assets	5,010,399	5,366,763
Noncurrent assets		
Property, plant and equipment, net (\$41,404 and \$29,492 related to VIEs)	563,624	594,826
Goodwill	326,892	508,415
Investments	558,690	600,814
Deferred taxes	69,008	62,688
Deferred compensation trusts	322,445	341,235
Other assets (\$41,367 and \$45,425 related to VIEs)	420,592	491,917
Total noncurrent assets	2,261,251	2,599,895
Total assets	\$ 7,271,650	\$ 7,966,658
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable (\$396,297 and \$501,525 related to VIEs)	\$ 1,338,153	\$ 1,546,840
Short-term borrowings	42,450	38,728
Contract liabilities (\$290,757 and \$232,160 related to VIEs)	1,062,342	1,157,788
Accrued salaries, wages and benefits (\$30,995 and \$31,178 related to VIEs)	609,878	609,094
Other accrued liabilities (\$72,773 and \$21,088 related to VIEs)	454,206	470,350
Current liabilities related to assets held for sale	37,584	82,322
Total current liabilities	3,544,613	3,905,122
Long-term debt	1,677,162	1,651,739
Deferred taxes	70,363	83,295
Other noncurrent liabilities (\$10,015 and \$11,366 related to VIEs)	672,828	742,410
Contingencies and commitments		
Equity		
Shareholders' equity		
Preferred stock — authorized 20,000,000 shares (\$0.01 par value); none issued	—	—
Common stock — authorized 375,000,000 shares (\$0.01 par value); issued and outstanding — 140,609,216 and 140,174,400 shares in 2020 and 2019, respectively	1,403	1,399
Additional paid-in capital	177,617	165,314
AOCI	(463,316)	(379,873)
Retained earnings	1,413,242	1,700,912
Total shareholders' equity	1,128,946	1,487,752
NCI	177,738	96,340
Total equity	1,306,684	1,584,092
Total liabilities and equity	\$ 7,271,650	\$ 7,966,658

The accompanying notes are an integral part of these financial statements.

FLUOR CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 UNAUDITED

(in thousands)	Nine Months Ended September 30,	
	2020	2019
OPERATING CASH FLOW		
Net earnings (loss)	\$ (251,072)	\$ (1,228,398)
Adjustments to reconcile net earnings (loss) to operating cash flow:		
Impairment expense - Cont Ops	297,604	347,411
Impairment expense - Disc Ops	100,000	—
Depreciation	76,619	129,014
Amortization of intangibles	2,673	13,032
(Earnings) loss from equity method investments, net of distributions	(2,005)	6,510
Loss on sale of investment	10,780	—
(Gain) loss on sales of assets	(828)	5,690
Amortization of stock-based awards	11,571	27,513
Deferred compensation trust	(4,810)	(36,989)
Deferred compensation obligation	3,136	34,827
Deferred taxes	(23,673)	316,407
Net retirement plan accrual (contributions)	(8,507)	(1,821)
Changes in assets and liabilities	(62,230)	443,663
Other	(5,018)	10,039
Operating cash flow	144,240	66,898
INVESTING CASH FLOW		
Purchases of marketable securities	(23,589)	(31,165)
Proceeds from the sales and maturities of marketable securities	13,339	197,923
Capital expenditures	(80,786)	(140,058)
Proceeds from sales of property, plant and equipment	34,964	56,431
Proceeds from sales of businesses	19,885	—
Investments in partnerships and joint ventures	(25,252)	(34,502)
Return of capital from partnerships and joint ventures	433	11,733
Proceeds from company owned life insurance	4,574	12,245
Other	(317)	2,071
Investing cash flow	(56,749)	74,678
FINANCING CASH FLOW		
Dividends paid	(28,720)	(88,708)
Other borrowings	13,527	21,206
Distributions paid to NCI	(19,288)	(26,123)
Capital contributions by NCI	82,109	10,581
Taxes paid on vested restricted stock	(1,313)	(3,572)
Stock options exercised	—	1,466
Other	(356)	(1,990)
Financing cash flow	45,959	(87,140)
Effect of exchange rate changes on cash	(36,867)	(14,078)
Increase (decrease) in cash and cash equivalents	96,583	40,358
Cash and cash equivalents at beginning of period	1,997,199	1,764,746
Cash and cash equivalents at end of period	\$ 2,093,782	\$ 1,805,104

The accompanying notes are an integral part of these financial statements.

FLUOR CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands, except per share amounts)	Common Stock		Additional Paid-In Capital	AOCI	Retained Earnings	Total Shareholders' Equity	NCI	Total Equity
	Shares	Amount						
<i>BALANCE AS OF JUNE 30, 2020</i>	140,565	\$ 1,403	\$ 175,089	\$ (478,636)	\$ 1,393,866	\$ 1,091,722	\$ 139,172	\$ 1,230,894
Net earnings (loss)	—	—	—	—	19,341	19,341	4,299	23,640
OCI	—	—	—	15,320	—	15,320	(495)	14,825
Distributions to NCI	—	—	—	—	—	—	(8,457)	(8,457)
Capital contributions by NCI	—	—	—	—	—	—	42,589	42,589
Other NCI transactions	—	—	321	—	—	321	630	951
Stock-based plan activity	44	—	2,207	—	35	2,242	—	2,242
<i>BALANCE AS OF SEPTEMBER 30, 2020</i>	140,609	\$ 1,403	\$ 177,617	\$ (463,316)	\$ 1,413,242	\$ 1,128,946	\$ 177,738	\$ 1,306,684

(in thousands, except per share amounts)	Common Stock		Additional Paid-In Capital	AOCI	Retained Earnings	Total Shareholders' Equity	NCI	Total Equity
	Shares	Amount						
<i>BALANCE AS OF DECEMBER 31, 2019</i>	140,174	\$ 1,399	\$ 165,314	\$ (379,873)	\$ 1,700,912	\$ 1,487,752	\$ 96,340	\$ 1,584,092
Net earnings (loss)	—	—	—	—	(271,608)	(271,608)	20,536	(251,072)
Cumulative adjustment for the adoption of ASC 326	—	—	—	—	(1,977)	(1,977)	—	(1,977)
OCI	—	—	—	(83,443)	—	(83,443)	(2,291)	(85,734)
Dividends (\$0.10 per share)	—	—	—	—	(14,120)	(14,120)	—	(14,120)
Distributions to NCI	—	—	—	—	—	—	(19,288)	(19,288)
Capital contributions by NCI	—	—	—	—	—	—	82,109	82,109
Other NCI transactions	—	—	2,057	—	—	2,057	332	2,389
Stock-based plan activity	435	4	10,246	—	35	10,285	—	10,285
<i>BALANCE AS OF SEPTEMBER 30, 2020</i>	140,609	\$ 1,403	\$ 177,617	\$ (463,316)	\$ 1,413,242	\$ 1,128,946	\$ 177,738	\$ 1,306,684

The accompanying notes are an integral part of these financial statements.

FLUOR CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

(in thousands, except per share amounts)	Common Stock		Additional Paid-In Capital	AOCI	Retained Earnings	Total Shareholders' Equity	NCI	Total Equity
	Shares	Amount						
<i>BALANCE AS OF JUNE 30, 2019</i>	140,174	\$ 1,399	\$ 113,043	\$ (511,066)	\$ 2,772,110	\$ 2,375,486	\$ 123,252	\$ 2,498,738
Net earnings (loss)	—	—	—	—	(743,099)	(743,099)	12,445	(730,654)
OCI	—	—	—	(42,225)	—	(42,225)	(1,749)	(43,974)
Dividends (\$0.21 per share)	—	—	—	—	(29,677)	(29,677)	—	(29,677)
Distributions to NCI	—	—	—	—	—	—	(10,551)	(10,551)
Capital contributions by NCI	—	—	—	—	—	—	2,760	2,760
Other NCI transactions	—	—	1,105	—	—	1,105	(1,721)	(616)
Stock-based plan activity	—	—	(2,291)	—	—	(2,291)	—	(2,291)
<i>BALANCE AS OF SEPTEMBER 30, 2019</i>	140,174	\$ 1,399	\$ 111,857	\$ (553,291)	\$ 1,999,334	\$ 1,559,299	\$ 124,436	\$ 1,683,735

(in thousands, except per share amounts)	Common Stock		Additional Paid-In Capital	AOCI	Retained Earnings	Total Shareholders' Equity	NCI	Total Equity
	Shares	Amount						
<i>BALANCE AS OF DECEMBER 31, 2018</i>	139,654	\$ 1,396	\$ 82,106	\$ (543,531)	\$ 3,294,154	\$ 2,834,125	\$ 146,128	\$ 2,980,253
Net earnings (loss)	—	—	—	—	(1,226,024)	(1,226,024)	(2,374)	(1,228,398)
Cumulative adjustment for the adoption of ASC 842	—	—	—	—	20,544	20,544	—	20,544
OCI	—	—	—	(9,760)	—	(9,760)	(1,543)	(11,303)
Dividends (\$0.63 per share)	—	—	218	—	(89,340)	(89,122)	—	(89,122)
Distributions to NCI	—	—	—	—	—	—	(26,123)	(26,123)
Capital contributions by NCI	—	—	—	—	—	—	10,581	10,581
Other NCI transactions	—	—	4,188	—	—	4,188	(2,233)	1,955
Stock-based plan activity	520	3	25,345	—	—	25,348	—	25,348
<i>BALANCE AS OF SEPTEMBER 30, 2019</i>	140,174	\$ 1,399	\$ 111,857	\$ (553,291)	\$ 1,999,334	\$ 1,559,299	\$ 124,436	\$ 1,683,735

The accompanying notes are an integral part of these financial statements.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

1. Principles of Consolidation

These financial statements do not include footnotes and certain financial information normally presented annually under GAAP, and therefore, should be read in conjunction with our 2019 10-K. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year end. Although such estimates are based on management's most recent assessment of the underlying facts and circumstances utilizing the most current information available including considerations for the potential impacts of COVID-19, our reported results of operations may not necessarily be indicative of results that we expect for the full year.

The financial statements included herein are unaudited. In management's opinion, they contain all adjustments of a normal recurring nature which are necessary to present fairly our financial position and our operating results as of and for the interim periods presented. All significant intercompany transactions of consolidated subsidiaries are eliminated. Certain amounts in 2019 have been reclassified to conform to the 2020 presentation, which includes the segregation of Disc Ops and assets and liabilities held for sale. Segment operating information for 2019 has been recast to reflect the current composition of our reportable segments. Management has evaluated all material events occurring subsequent to September 30, 2020 through the filing date of this Q3 2020 10-Q.

In the first quarter of 2020, we decided to retain our government business, which had been included in Disc Ops since the third quarter of 2019. As a result, the government business is no longer reported as a discontinued operation for any period presented. Our plan to sell the AMECO equipment business remains unchanged and it remains reported as a discontinued operation. We expect to complete the sale of the AMECO equipment business within the first half of 2021. The assets and liabilities of the AMECO business are classified as held for sale for all periods presented.

2. Recent Accounting Pronouncements

Accounting pronouncements relevant to our business that were implemented by us during the first nine months of 2020

On January 1, 2020, we adopted ASC Topic 326, "Financial Instruments - Credit Losses," which replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of information to estimate credit losses. The new guidance requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. We adopted ASC 326 using the modified retrospective method, and accordingly, the new guidance was applied to financial assets measured at amortized cost (primarily accounts receivable and contract assets) that existed as of January 1, 2020 (the date of initial application). As a result, we recorded additional reserves for credit losses of \$2 million and a cumulative effect adjustment to decrease retained earnings by \$2 million as of January 1, 2020. The adoption of ASC 326 did not have a material impact on our results of operations or any impact on our cash flows. We utilize a combination of methods for estimating expected credit losses including loss rates, aging schedules and probability-of-default. In evaluating our historical loss rates, accounts receivable and contract assets are pooled into the following categories based on similar risk characteristics: (1) EPC management; (2) government; (3) operations and maintenance; and (4) equipment leasing. Historical loss experience is adjusted for current conditions and reasonable and supportable forecasts, when applicable. Significantly aged receivables are evaluated individually by credit rating. Our reserve for credit losses amounted to \$35 million as of both September 30, 2020 and December 31, 2019.

In the first quarter of 2020, we adopted ASU 2019-12, "Simplifying the Accounting for Income Taxes," which eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The adoption did not have a material impact on our financial statements.

In the first quarter of 2020, we adopted ASU 2018-18, "Clarifying the Interaction between Topic 808 and Topic 606," which clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer. The adoption did not have any impact on our financial statements.

In the first quarter of 2020, we adopted ASU 2018-17, "Targeted Improvements to Related Party Guidance for Variable Interest Entities," which amends the guidance for determining whether a decision-making fee is a variable interest. The adoption did not have any impact on our financial statements.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

In the first quarter of 2020, we adopted ASU 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," which requires customers in a hosting arrangement that is a service contract to capitalize certain implementation costs as if the arrangement was an internal-use software project. The adoption did not have any impact on our financial statements.

In the first quarter of 2020, we adopted ASU 2018-13, "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement," which amends certain disclosure requirements for fair value measurements. For example, public companies will now be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The adoption did not have any impact on our financial statements, but we have made additional disclosures related to the range and weighted average rates used to develop significant inputs for nonrecurring Level 3 measurements.

Accounting pronouncements relevant to our business that have not yet been implemented

In August 2018, the FASB issued ASU 2018-14, "Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans," which amends certain disclosure requirements related to defined benefit pension and other postretirement plans. ASU 2018-14 becomes effective for us on January 1, 2021, but we do not expect its adoption to have any impact on our financial statements.

3. Earnings Per Share

Potentially dilutive securities include stock options, RSUs, restricted stock and performance award units. Diluted EPS reflects the assumed exercise or conversion of all dilutive securities using the treasury stock method.

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Amounts attributable to Fluor Corporation:				
Net earnings (loss) from Cont Ops	\$ 19,127	\$ (766,552)	\$ (178,911)	\$ (1,232,073)
Net earnings (loss) from Disc Ops	214	23,453	(92,697)	6,049
Net earnings (loss)	\$ 19,341	\$ (743,099)	\$ (271,608)	\$ (1,226,024)
Basic EPS attributable to Fluor Corporation:				
Weighted average common shares outstanding	140,598	140,163	140,465	140,027
Net earnings (loss) from Cont Ops	\$ 0.14	\$ (5.47)	\$ (1.27)	\$ (8.80)
Net earnings (loss) from Disc Ops	—	0.17	(0.66)	0.04
Net earnings (loss)	\$ 0.14	\$ (5.30)	\$ (1.93)	\$ (8.76)
Diluted EPS attributable to Fluor Corporation:				
Weighted average common shares outstanding	140,598	140,163	140,465	140,027
Diluted effect:				
Stock options, RSUs, restricted stock and performance award units ⁽¹⁾	570	—	—	—
Weighted average diluted shares outstanding	141,168	140,163	140,465	140,027
Net earnings (loss) from Cont Ops	\$ 0.14	\$ (5.47)	\$ (1.27)	\$ (8.80)
Net earnings (loss) from Disc Ops	—	0.17	(0.66)	0.04
Net earnings (loss)	\$ 0.14	\$ (5.30)	\$ (1.93)	\$ (8.76)
(1) Anti-dilutive securities not included in shares outstanding	—	489	464	585

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

4. Operating Information by Segment and Geographic Area

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue				
Energy & Chemicals	\$ 1,336.0	\$ 1,611.6	\$ 4,187.4	\$ 4,485.2
Mining & Industrial	920.9	1,374.0	3,107.8	3,703.6
Infrastructure & Power	386.5	392.5	1,247.1	965.9
Government	753.7	718.2	2,173.2	2,196.2
Diversified Services	370.3	521.7	1,210.3	1,525.0
Other	35.8	10.6	87.0	32.7
Total revenue	\$ 3,803.2	\$ 4,628.6	\$ 12,012.8	\$ 12,908.6
Segment Profit (loss)				
Energy & Chemicals	\$ 94.9	\$ 84.7	\$ 129.4	\$ (125.1)
Mining & Industrial	18.2	56.9	86.7	129.1
Infrastructure & Power	6.4	0.9	15.1	(188.0)
Government	25.7	22.4	67.1	87.2
Diversified Services	7.1	10.5	7.4	22.2
Other	(22.9)	(96.6)	(63.7)	(200.2)
Total segment profit (loss)	\$ 129.4	\$ 78.8	\$ 242.0	\$ (274.8)
Corporate G&A	(68.1)	(11.2)	(93.8)	(119.7)
Impairment, restructuring and other exit costs	—	(334.0)	(302.7)	(388.0)
Interest income (expense), net	(13.4)	(4.9)	(31.3)	(14.7)
Earnings (loss) attributable to NCI from Cont Ops	4.3	12.5	20.5	(2.4)
Earnings (loss) from Cont Ops before taxes	\$ 52.2	\$ (258.8)	\$ (165.3)	\$ (799.6)

Energy & Chemicals. Segment profit for the 2019 Period included charges totaling \$240 million (or \$1.40 per share) for cost growth on an offshore project. Additional charges totaling \$87 million (or \$0.50 per share) for the 2019 Period resulted from schedule-driven cost growth and client and subcontractor negotiations on two downstream projects and scope reductions on a large upstream project. Pre-contract costs of \$26 million (or \$0.15 per share) were expensed in the 2019 Period due to our evaluation of the reduced probability of receiving an award. Segment profit during the 2019 Period was also impacted by a charge of \$31 million (or \$0.22 per share) resulting from the resolution of close-out matters with a customer. There were no similar material charges in 2020.

Infrastructure & Power. Segment profit for the 2019 Period included charges totaling \$135 million (or \$0.74 per share) which included the settlement of client disputes, as well as cost growth related to close-out matters on three lump-sum, gas-fired power plant projects that were substantially complete as of December 31, 2019. Segment profit during the 2019 Period also included charges totaling \$55 million (or \$0.30 per share) resulting from late engineering changes and schedule-driven cost growth, as well as negotiations with clients and subcontractors on pending change orders, for several infrastructure projects. There were no similar material charges in 2020.

Diversified Services. Intercompany revenue for Diversified Services, excluded from the amounts shown above, was \$61 million and \$200 million for the 2020 Quarter and 2020 Period, respectively, and \$81 million and \$253 million for the 2019 Quarter and 2019 Period, respectively.

Other. Segment loss for both the 2019 Quarter and 2019 Period included charges totaling \$59 million (or \$0.42 per share) resulting from forecast revisions for cost growth on the Warren project. Segment loss for the 2019 Quarter and 2019 Period also included charges totaling \$21 million (or \$0.11 per share) and \$83 million (or \$0.45 per share), respectively, resulting from estimated cost growth related to the Radford project. There were no similar material charges in 2020. Segment loss for all periods

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

included the operations of NuScale, which are primarily for research and development activities associated with the licensing and commercialization of small modular nuclear reactor technology. NuScale expenses included in the determination of segment loss were \$22 million and \$63 million for the 2020 Quarter and 2020 Period, respectively, and \$14 million and \$48 million for the 2019 Quarter and 2019 Period, respectively. NuScale expenses were reported net of qualified reimbursable expenses of \$20 million and \$53 million for the 2020 Quarter and 2020 Period, respectively, and \$16 million and \$43 million for the 2019 Quarter and 2019 Period, respectively.

Corporate G&A. Foreign currency gains and (losses) of (\$30 million) and \$15 million were included in corporate G&A during the 2020 and 2019 Quarters, respectively.

Total assets by segment are as follows:

(in millions)	September 30, 2020	December 31, 2019
Energy & Chemicals	\$ 1,022.3	\$ 1,139.3
Mining & Industrial	487.6	594.9
Infrastructure & Power	591.3	471.2
Government	572.2	629.1
Diversified Services	921.9	1,290.6
Other	49.4	68.5
Corporate	3,405.8	3,379.3

Energy & Chemicals. During the 2020 Period, we recognized impairment expense of \$86 million for equity method investments in "Impairment, restructuring and other exit costs." We also recorded a reserve of \$55 million on receivables and contract assets during the 2020 Period for expected credit losses associated with certain joint venture clients that were affected by the impacts of COVID-19 and declining oil prices.

Diversified Services. During the 2020 Period, we recognized impairment expense of \$169 million on goodwill and \$27 million on intangible customer relationships in the Diversified Services segment. Additionally, accounts receivable and contract assets at September 30, 2020 decreased by \$105 million compared to December 31, 2019.

Revenue by project location follows:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
North America	\$ 2,405.2	\$ 2,206.5	\$ 7,395.9	\$ 6,043.3
Asia Pacific (includes Australia)	350.1	492.5	1,036.7	1,391.2
Europe	664.2	605.3	2,128.8	2,573.4
Central and South America	251.9	714.8	1,017.9	1,743.0
Middle East and Africa	131.8	609.5	433.5	1,157.7
Total revenue	\$ 3,803.2	\$ 4,628.6	\$ 12,012.8	\$ 12,908.6

5. Impairment, Restructuring and Other Exit Costs

Restructuring and Other Exit Costs

During 2019, we initiated a broad restructuring plan designed to optimize costs and improve operational efficiency. These efforts primarily relate to the rationalization of resources, investments, real estate and overhead across various geographies, as well as the liquidation of certain components of the AMECO business that are being excluded from sale. We expect that our planned restructuring activities will be substantially completed by the end of 2020. Restructuring costs of \$5 million, primarily related to severance, were recognized during the 2020 Period. Restructuring costs of \$44 million and \$98 million recognized during the 2019 Quarter and 2019 Period, respectively, primarily related to severance and asset impairment

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

expense. Restructuring information is summarized as follows:

(in millions)	Recognized to Date	Total Cost Expected to be Incurred
Restructuring and other exit costs:		
Severance	\$ 68.9	\$ 70.0
Asset impairments	90.4	90.4
Entity liquidation costs (including the recognition of cumulative translation adjustments)	83.7	85.0
Other exit costs	2.1	5.0
Total restructuring and other exit costs	\$ 245.1	\$ 250.4

A reconciliation of the restructuring liabilities follows:

(in thousands)	Severance	Lease Exit Costs	Other	Total
Balance as of December 31, 2019	\$ 46,303	\$ 570	\$ 307	\$ 47,180
Restructuring charges recognized during the period	4,219	102	737	5,058
Cash payments / settlements during the period	(21,366)	(640)	(552)	(22,558)
Currency translation	426	—	(1)	425
Balance as of September 30, 2020	\$ 29,582	\$ 32	\$ 491	\$ 30,105

Impairment

Impairment expense is summarized as follows:

(in thousands)	Nine Months Ended September 30,	
	2020	2019
Impairment expense:		
Goodwill associated with the Diversified Services reporting unit	\$ 168,568	\$ —
Intangible customer relationships associated with the Stork business	26,671	33,657
Equity method investments in the Energy & Chemicals business	86,096	256,769
Information technology assets	16,269	—
Total impairment expense	\$ 297,604	\$ 290,426

2020 Impairment

Certain of our businesses have been adversely affected by the economic impacts of the outbreak of COVID-19 and the steep decline in commodity prices that occurred in the first quarter of 2020. These events have caused significant uncertainty, economic volatility and disruption, which have impacted and may continue to impact our operations. We have experienced, and may continue to experience, reductions in demand for certain of our services and the delay or abandonment of ongoing or anticipated projects due to our clients', suppliers' and other third parties' diminished financial condition or financial distress, as well as governmental budget constraints. These impacts are expected to continue or worsen if stay-at-home, social distancing, travel restrictions and other similar orders or restrictions remain in place for an extended period of time or are re-imposed after being relaxed. Significant uncertainty still exists concerning the magnitude of the impact and duration of these events. Because of these events and their impact on our operations, we performed interim impairment testing of our goodwill, intangible assets and investments and recognized the above impairment expense during the first quarter of 2020, which were included in "Impairment, restructuring and other exit costs." No additional impairment expense was recognized during the second or third quarters of 2020.

As part of our assessment of goodwill, the fair value of the reporting units was determined using an income based approach that utilized unobservable Level 3 inputs, including significant management assumptions such as expected awards,

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

forecasted revenue and operating margins, weighted average cost of capital, working capital assumptions and general market trends and conditions.

The customer relationships' valuation approach utilized unobservable Level 3 inputs including ranges of assumptions of long-term revenue growth from 2% to 5.5% with a weighted average of 2.4%, weighted average cost of capital of 12% and a customer attrition factor of 10%.

The valuation of the equity method investments utilized unobservable Level 3 inputs based on the forecast of anticipated volumes and overhead absorption in a cyclical business.

2019 Impairment

During the 2019 Quarter, we recognized impairment expense on our intangible customer relationships associated with the Stork business. We also evaluated our significant investments and determined that certain of our investments were impaired as of September 30, 2019.

6. Income Taxes

The effective tax rate on earnings (loss) from Cont Ops was 55.1% for the 2020 Quarter and 4.2% for the 2020 Period compared to (191.4)% and (54.4)% for the corresponding periods of 2019. The effective tax rate for all periods was unfavorably impacted by foreign income tax rates that exceed the U.S. statutory rate of 21%, as well as the establishment or augmentation of valuation allowances against foreign tax credits and certain losses. The effective tax rate for the 2020 Period was favorably impacted by the release of valuation allowances and rate benefits resulting from the carryback of our 2019 federal net operating loss as allowed by the CARES Act, enacted on March 27, 2020.

7. Cash Paid for Interest and Taxes

(in thousands)	Nine Months Ended September 30,	
	2020	2019
Cash paid for:		
Interest	\$ 54,677	\$ 59,067
Income taxes (net of refunds)	29,367	180,005

8. Partnerships and Joint Ventures

In the normal course of business, we form partnerships or joint ventures primarily for the execution of single contracts or projects. The majority of these partnerships or joint ventures are characterized by a 50% or less noncontrolling ownership or participation interest with decision making and distribution of expected gains and losses typically being proportionate to the ownership or participation interest. Many of the partnership and joint venture agreements provide for capital calls to fund operations, as necessary. Accounts receivable related to work performed for unconsolidated partnerships and joint ventures included in "Accounts and notes receivable, net" was \$191 million and \$149 million as of September 30, 2020 and December 31, 2019, respectively.

During the first quarter of 2020, we evaluated our significant investments and determined that certain of our investments were impaired. As a result, we recognized impairment expense of \$86 million.

One of our more significant joint ventures is COOEC Fluor, in which we have a 49% ownership interest. COOEC Fluor owns, operates and manages the Zhuhai Fabrication Yard in China's Guangdong province. We have a scheduled funding commitment to the joint venture of \$26 million due at the end of 2020.

During the 2020 Period, we sold our 50% ownership interest in Sacyr Fluor and recognized a loss on sale of \$11 million, which was included in Energy & Chemicals' segment profit.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

Variable Interest Entities

We assess our partnerships and joint ventures at inception to determine if any meet the qualifications of a VIE. We consider a partnership or joint venture a VIE if it has any of the following characteristics:

- (a) the total equity investment is not sufficient to permit the entity to finance its activities without additional subordinated financial support,
- (b) characteristics of a controlling financial interest are missing (either the ability to make decisions through voting or other rights, the obligation to absorb the expected losses of the entity or the right to receive the expected residual returns of the entity), or
- (c) the voting rights of the equity holders are not proportional to their obligations to absorb the expected losses of the entity and/or their rights to receive the expected residual returns of the entity, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights.

Upon the occurrence of certain events, we reassess our initial determination of whether the partnership or joint venture is a VIE. The majority of our partnerships and joint ventures qualify as VIEs because the total equity investment is typically nominal and not sufficient to permit the entity to finance its activities without additional subordinated financial support.

We also perform a qualitative assessment of each identified VIE to determine if we are its primary beneficiary. We conclude that we are the primary beneficiary and consolidate the VIE if we have both:

- (a) the power to direct the economically significant activities of the entity and
- (b) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE.

We consider the contractual agreements that define the ownership structure, distribution of profits and losses, risks, responsibilities, indebtedness, voting rights and board representation of the respective parties in determining if we are the primary beneficiary. We also consider all parties that have direct or implicit variable interests when determining whether we are the primary beneficiary. Management's assessment of whether we are the primary beneficiary of a VIE is continuously performed.

The net carrying value of unconsolidated VIEs (classified under both "Investments" and "Other accrued liabilities") was a net asset of \$241 million and \$217 million as of September 30, 2020 and December 31, 2019, respectively. Some of our VIEs have debt; however, such debt is typically non-recourse to us. Our maximum exposure to loss as a result of our investments in unconsolidated VIEs is typically limited to the aggregate of the carrying value of the investment and future funding necessary to satisfy the contractual obligations of the VIE. Future funding commitments as of September 30, 2020 for the unconsolidated VIEs were \$77 million.

In some cases, we are required to consolidate VIEs. As of September 30, 2020, the carrying values of the assets and liabilities associated with the operations of the consolidated VIEs were \$1.3 billion and \$816 million, respectively. As of December 31, 2019, the carrying values of the assets and liabilities associated with the operations of the consolidated VIEs were \$1.1 billion and \$798 million, respectively. The assets of a VIE are restricted for use only for the particular VIE and are not available for our general operations.

We have agreements with certain VIEs to provide financial or performance assurances to clients, as discussed elsewhere.

9. Guarantees

In the ordinary course of business, we enter into various agreements providing performance assurances and guarantees to our clients on behalf of certain unconsolidated and consolidated partnerships, joint ventures and other jointly executed contracts. These agreements are entered into primarily to support project execution commitments. The performance guarantees have various expiration dates ranging from mechanical completion of the project to a period extending beyond contract completion. The maximum potential amount of future payments that we could be required to make under outstanding performance guarantees, which represents the remaining cost of work to be performed, was estimated to be \$15 billion as of September 30, 2020. Amounts that may be required to be paid in excess of estimated cost to complete contracts

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

in progress are not estimable. For cost reimbursable contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed. For lump-sum contracts, the performance guarantee amount is the cost to complete the contracted work, less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete. In those cases where costs exceed the remaining amounts payable under the contract, we may have recourse to third parties, such as owners, partners, subcontractors or vendors for claims. The performance guarantee obligation was not material as of September 30, 2020 or December 31, 2019.

10. Contingencies and Commitments

We and certain of our subsidiaries are subject to litigation, claims and other commitments and contingencies arising in the ordinary course of business. Although the asserted value of these matters may be significant, we currently do not expect that the ultimate resolution of any open matters will have a material adverse effect on our financial position or results of operations.

Since May 2018, purported shareholders have filed various complaints against Fluor Corporation and certain of its current and former executives in the U.S. District Court for the Northern District of Texas. The plaintiffs purport to represent a class of shareholders who purchased or otherwise acquired Fluor common stock from August 14, 2013 through February 14, 2020, and seek to recover damages arising from alleged violations of federal securities laws. These claims are based on statements concerning Fluor's internal and disclosure controls, risk management, revenue recognition, and Fluor's gas-fired power business, which plaintiffs assert were materially misleading. As of May 26, 2020, these complaints have been consolidated into one matter. We filed a motion to dismiss the matter on July 1, 2020. While no assurance can be given as to the ultimate outcome of this matter, we do not believe it is probable that a loss will be incurred.

Since September 2018, nine separate purported shareholders' derivative actions were filed against current and former members of the Board of Directors, as well as certain of Fluor's current and former executives. Fluor Corporation is named as a nominal defendant in the actions. These derivative actions purport to assert claims on behalf of Fluor Corporation and make substantially the same factual allegations as the securities class action matter discussed above and seek various forms of monetary and injunctive relief. These actions are pending in Texas state court (District Court for Dallas County), the U.S. District Court for the District of Delaware, the U.S. District Court for the Northern District of Texas, and the Court of Chancery of the State of Delaware. Certain of these actions have been consolidated and stayed until our motion to dismiss is ruled upon in the securities class action matter. While no assurance can be given as to the ultimate outcome of this matter, we do not believe it is probable that a loss will be incurred.

Fluor Australia Ltd., our wholly-owned subsidiary ("Fluor Australia"), completed a cost reimbursable engineering, procurement and construction management services project for Santos Ltd. ("Santos") involving a large network of natural gas gathering and processing facilities in Queensland, Australia. On December 13, 2016, Santos filed an action in Queensland Supreme Court against Fluor Australia, asserting various causes of action and seeking damages and/or a refund of contract proceeds paid of approximately AUD \$1.47 billion. Santos has joined Fluor Corporation to the matter on the basis of a parent company guarantee issued for the project. We believe that the claims asserted by Santos are without merit and we are vigorously defending these claims. While no assurance can be given as to the ultimate outcome of this matter, we do not believe it is probable that a loss will be incurred. Accordingly, we have not recorded a charge as a result of this action.

Fluor Limited, our wholly-owned subsidiary ("Fluor Limited"), and Fluor Arabia Limited, a partially-owned subsidiary ("Fluor Arabia"), completed cost reimbursable engineering, procurement and construction management services for Sadara Chemical Company ("Sadara") involving a large petrochemical facility in Jubail, Kingdom of Saudi Arabia. On August 23, 2019, Fluor Limited and Fluor Arabia Limited commenced arbitration proceedings against Sadara after it refused to pay invoices totaling approximately \$100 million due under the parties' agreements. As part of the arbitration proceedings, Sadara has asserted various counterclaims for damages and/or a refund of contract proceeds paid totaling approximately \$574 million against Fluor Limited and Fluor Arabia Limited. We believe that the counterclaims asserted by Sadara are without merit and are vigorously defending these claims. While no assurance can be given as to the ultimate outcome of the counterclaims, we do not believe it is probable that a loss will be incurred. Accordingly, we have not recorded a charge as a result of the counterclaims.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

Various wholly-owned subsidiaries of Fluor, in conjunction with a partner, TECHINT, (“Fluor/TECHINT”) performed engineering, procurement and construction management services on a cost reimbursable basis for Barrick involving a gold mine and ore processing facility on a site straddling the border between Argentina and Chile. In 2013 Barrick terminated the Fluor/TECHINT agreements for convenience and not due to the performance of Fluor/TECHINT. On August 12, 2016, Barrick filed a notice of arbitration against Fluor/TECHINT, demanding damages and/or a refund of contract proceeds paid of not less than \$250 million under various claims relating to Fluor/TECHINT’s alleged performance. Proceedings were suspended while the parties explored a possible settlement. In August 2019, Barrick drew down \$36 million of letters of credit from Fluor/TECHINT (\$24 million from Fluor and \$12 million from TECHINT). Thereafter, Barrick proceeded to reactivate the arbitration. We believe that the claims asserted by Barrick are without merit and are vigorously defending these claims. While no assurance can be given as to the ultimate outcome of this matter, we do not believe it is probable that a loss will be incurred. Accordingly, we have not recorded a charge as a result of these claims.

Purple Line Transit Partners, LLC (“PLTP”) entered into a Public Private Partnership Agreement (“PPPA”) with the Maryland Department of Transportation and the Maryland Transit Administration (together, the “State”) for the finance, design, construction, and operation of the Purple Line Project, a new light rail line in Maryland (the “Project”). PLTP is a limited liability company in which Fluor has a 15% membership interest. PLTP entered into an Amended and Restated Design-Build Contract (the “DB Contract”) with Purple Line Transit Constructors, LLC (“PLTC”) as design-build contractor to perform PLTP’s design and construction obligations under the PPPA on a back-to-back basis. PLTC is a limited liability company in which Fluor has a 50% membership interest. The design and construction of the Project was significantly delayed by more than two and a half years due to events outside of PLTP or PLTC’s control. The PPPA contained a provision allowing PLTP the unconditional right to terminate the PPPA if certain events delayed the design and construction of the Project by 365 days or more. The DB Contract contained a similar provision allowing PLTC to terminate the DB Contract. Because of significant Project delays, in excess of 365 days, on May 1, 2020, PLTC gave notice to PLTP of PLTC’s intent to terminate the DB Contract. Upon receiving PLTC’s notice, on June 23, 2020, PLTP exercised its unconditional right to terminate the PPPA. The State has challenged PLTP’s termination of the PPPA and commenced a lawsuit in Maryland state court against PLTP alleging breach of the PPPA. We believe that PLTP and PLTC’s terminations of the PPPA and DB Contract, respectively, were justified and are vigorously defending against the State’s lawsuit.

Other Matters

We have made claims arising from the performance under our contracts. We periodically evaluate our positions and the amounts recognized with respect to all of our claims and back charges. As of September 30, 2020 and December 31, 2019, we had recorded \$214 million and \$198 million, respectively, of claim revenue for costs incurred to date. Additional costs, which will increase the claim revenue balance over time, are expected to be incurred in future periods. We also had recorded disputed back charges to suppliers or subcontractors totaling \$1 million and \$2 million as of September 30, 2020 and December 31, 2019, respectively. We believe the ultimate recovery of amounts related to these claims and back charges is probable in accordance with GAAP.

From time to time, we enter into significant contracts with the U.S. government and its agencies. Government contracts are subject to audits and investigations by government representatives with respect to our compliance with various restrictions and regulations applicable to government contractors, including but not limited to the allowability of costs incurred under reimbursable contracts. In connection with performing government contracts, we maintain reserves for estimated exposures associated with these matters.

Our operations are subject to and affected by federal, state and local laws and regulations regarding the protection of the environment. We maintain reserves for potential future environmental cost where such obligations are either known or considered probable, and can be reasonably estimated. We believe, based upon present information available to us, that our reserves with respect to future environmental cost are adequate and such future cost will not have a material effect on our consolidated financial position, results of operations or liquidity.

On February 18, 2020, we announced that the SEC is conducting an investigation and has requested documents and information related to projects for which we recorded charges in the second quarter of 2019. On April 30, 2020, the Corporation received a subpoena from the U.S. Department of Justice (“DOJ”) seeking documents and information related to the second quarter 2019 charges; certain of the projects associated with those charges; and certain project accounting,

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

financial reporting and governance matters. We are coordinating responses to the SEC and DOJ and cooperating in providing the requested documents and information, which efforts are ongoing.

11. Contract Assets and Liabilities

The following summarizes information about our contract assets and liabilities:

(in millions)	September 30, 2020	December 31, 2019
Information about contract assets:		
Contract assets		
Unbilled receivables	\$ 737	\$ 851
Contract work in progress	396	387
Contract assets	\$ 1,133	\$ 1,238
Advance billings deducted from contract assets	\$ 412	\$ 574

(in millions)	Nine Months Ended September 30,	
	2020	2019
Information about contract liabilities:		
Revenue recognized that was included in contract liabilities as of January 1	\$ 731	\$ 743

12. Remaining Unsatisfied Performance Obligations

We estimate that our RUPO will be satisfied over the following periods:

(in millions)	September 30, 2020
Within 1 year	\$ 12,045
1 to 2 years	8,117
Thereafter	5,620
Total remaining unsatisfied performance obligations	\$ 25,782

13. Debt and Letters of Credit

As of September 30, 2020, letters of credit totaling \$384 million were outstanding under our committed lines of credit, which consist of a \$1.7 billion Revolving Loan and Letter of Credit Facility and a \$1.8 billion Revolving Loan and Letter of Credit Facility. Both facilities mature in February 2022. These credit facilities contain customary financial and restrictive covenants, including a debt-to-capitalization ratio that cannot exceed 0.6 to 1.0 and a limitation on the aggregate amount of debt of the greater of \$750 million or €750 million for our subsidiaries. As of September 30, 2020, our financial covenants limit our borrowings to approximately \$654 million under the committed lines of credit, although no amounts were drawn. Borrowings under both facilities, which may be denominated in USD, EUR, GBP or CAD, bear interest at rates based on the Eurodollar Rate or an alternative base rate, plus an applicable borrowing margin.

Due to the delays in the preparation of our financial statements for the quarter ended September 30, 2020, we were not in compliance with the reporting deadlines under the committed lines of credit. We have entered into amendments to extend the deadline to provide financial information for the third quarter until December 31, 2020. By completing the filing of the Q3 2020 10-Q and submitting other information to the lenders, we will have satisfied all interim 2020 reporting obligations under the committed lines of credit.

As of September 30, 2020, letters of credit totaling \$792 million were also outstanding under uncommitted lines of credit.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

In August 2020, we received a notice of default from the trustee under the indenture governing all of our Senior Notes arising from the delay in the filing of the 2019 10-K and the Q1 2020 10-Q. In September 2020, we received a second notice of default arising from the delay in the filing of the Q2 2020 10-Q. Upon the filing of the 2019 10-K on September 25, 2020, the Q1 2020 10-Q on October 22, 2020 and the Q2 2020 10-Q on November 12, 2020, we have now satisfied these reporting requirements.

14. Fair Value Measurements

The following table delineates assets and liabilities that are measured at fair value on a recurring basis:

(in thousands)	September 30, 2020				December 31, 2019			
	Fair Value Hierarchy				Fair Value Hierarchy			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Deferred compensation trusts ⁽¹⁾	\$ 8,733	\$ 8,733	\$ —	\$ —	\$ 7,719	\$ 7,719	\$ —	\$ —
Derivative assets⁽²⁾								
Foreign currency	10,942	—	10,942	—	7,167	—	7,167	—
Commodity	46	—	46	—	46	—	46	—
Liabilities:								
Derivative liabilities⁽²⁾								
Foreign currency	\$ 4,495	\$ —	\$ 4,495	\$ —	\$ 6,561	\$ —	\$ 6,561	\$ —
Commodity	6,920	—	6,920	—	1,247	—	1,247	—

(1) Consists of registered money market funds and an equity index fund. These investments, which are trading securities, represent the net asset value of the close of business at the end of the period based on the last trade or official close of an active market or exchange.

(2) Foreign currency and commodity derivatives are estimated using pricing models with market-based inputs, which take into account the present value of estimated future cash flows.

We have measured assets and liabilities held for sale and certain other impaired assets at fair value on a nonrecurring basis.

The following summarizes information about financial instruments that are not required to be measured at fair value :

(in thousands)	Fair Value Hierarchy	September 30, 2020		December 31, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:					
Cash ⁽¹⁾	Level 1	\$ 1,055,169	\$ 1,055,169	\$ 1,014,138	\$ 1,014,138
Cash equivalents ⁽²⁾	Level 2	1,038,613	1,038,613	983,061	983,061
Marketable securities ⁽³⁾	Level 2	17,514	17,514	7,262	7,262
Notes receivable, including noncurrent portion ⁽⁴⁾	Level 3	24,179	24,179	28,117	28,117
Liabilities:					
2016 Senior Notes ⁽⁵⁾	Level 2	\$ 579,357	\$ 490,543	\$ 557,185	\$ 562,399
2014 Senior Notes ⁽⁵⁾	Level 2	495,960	439,540	495,240	510,145
2018 Senior Notes ⁽⁵⁾	Level 2	594,976	513,954	594,502	609,918
Other borrowings, including noncurrent portion ⁽⁶⁾	Level 2	49,319	49,319	43,540	43,540

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

- (1) Cash consists of bank deposits. Carrying amounts approximate fair value.
- (2) Cash equivalents consist of held-to-maturity time deposits with maturities of three months or less at the date of purchase. The carrying amounts of these time deposits approximate fair value because of the short-term maturity of these instruments.
- (3) Marketable securities consist of held-to-maturity time deposits with original maturities greater than three months that will mature within one year. The carrying amounts of these time deposits approximate fair value because of the short-term maturity of these instruments. Amortized cost is not materially different from the fair value.
- (4) Notes receivable are carried at net realizable value which approximates fair value. Factors considered in determining the fair value include the credit worthiness of the borrower, current interest rates, the term of the note and any collateral pledged as security. Notes receivable are periodically assessed for impairment.
- (5) The fair value of the Senior Notes was estimated based on the quoted market prices for these issues as of the end of the period.
- (6) Other borrowings primarily represent bank loans and other financing arrangements which mature within one year. The carrying amount of borrowings under these arrangements approximates fair value because of the short-term maturity.

15. Stock-Based Plans

Our executive and director stock-based compensation plans are described more fully in the 2019 10-K. In the 2020 and 2019 Periods, RSUs totaling 1,098,926 and 1,065,139, respectively, were granted to executives or directors (2019 Period only) at weighted-average grant date fair values of \$8.81 per share and \$36.45 per share, respectively. RSUs granted to executives in 2020 and 2019 generally vest over three years. RSUs granted to directors in 2019 vested immediately and are subject to a post-vest holding period of three years. The fair value of RSUs represents the closing price of our common stock on the date of grant discounted for the post-vest holding period, when applicable. There were no RSUs awarded to directors during the 2020 Period. Instead, RSUs were awarded to directors in November 2020 following the annual shareholder meeting.

Stock options for the purchase of 672,309 shares at a weighted-average exercise price of \$8.81 per share and 392,841 shares at a weighted-average exercise price of \$29.03 per share were awarded to executives during the 2020 and 2019 Periods, respectively. The exercise price of options represents the closing price of our common stock on the date of grant. The options granted in 2020 and 2019 generally vest over three years and expire ten years after the grant date.

Performance-based award units totaling 1,156,365 and 350,532 were awarded to executives during the 2020 and 2019 Periods, respectively. These awards generally vest after a period of three years and contain annual performance conditions for each of the three years of the vesting period. Under GAAP, performance-based awards are not deemed granted until the performance targets have been established. The performance targets for each year are generally established in the first quarter. During the 2020 Period, units totaling 385,455, 116,844 and 68,866 under the 2020, 2019 and 2018 performance award plans, respectively, were granted at weighted-average grant date fair values of \$9.05 per share, \$9.77 per share and \$10.75 per share, respectively. The number of units are adjusted at the end of each performance period based on achievement of certain performance targets and market conditions, as defined in the award agreements. The grant date fair value is determined by adjusting the closing price of our common stock on the date of grant for the effect of the market condition and for the post-vest holding period discount, when applicable. Units granted under the 2020, 2019 and 2018 performance award plans can only be settled in stock and are accounted for as equity awards under GAAP.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

16. Retirement Benefits

Net periodic pension expense for our defined benefit pension plans includes the following components:

(in thousands)	Location of Component	Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
Service cost	Cost of revenue	\$ 4,632	\$ 3,917	\$ 13,391	\$ 11,846
Interest cost	Corp G&A	2,530	4,832	7,312	14,731
Expected return on assets	Corp G&A	(6,723)	(8,068)	(19,419)	(24,540)
Amortization of prior service credit	Corp G&A	(231)	(220)	(667)	(667)
Recognized net actuarial loss	Corp G&A	1,484	2,529	4,286	7,736
Net periodic pension expense		<u>\$ 1,692</u>	<u>\$ 2,990</u>	<u>\$ 4,903</u>	<u>\$ 9,106</u>

We currently expect to contribute up to \$15 million into our defined benefit pension plans during 2020, including \$2 million during the fourth quarter of 2020, which we expect to be in excess of the minimum funding required.

17. Derivatives and Hedging

We attempt to limit foreign currency exposure in most of our contracts by denominating contract revenue in the currencies in which cost is incurred. Certain financial exposure, which includes currency and commodity price risk associated with engineering and construction contracts, currency risk associated with monetary assets and liabilities denominated in nonfunctional currencies and risk associated with interest rate volatility, may subject the company to earnings volatility. We may utilize derivatives instruments or hedging instruments to mitigate such risk. Our hedging instruments are designated as either fair value or cash flow hedges. We formally document our hedge relationships at inception, including identification of the hedging instruments and the hedged items, our risk management objectives and strategies for undertaking the hedge transaction, and the initial quantitative assessment of the hedging instrument's effectiveness in offsetting changes in the fair value of the hedged items. We subsequently assess hedge effectiveness qualitatively, unless the hedge relationship is no longer highly effective. All hedging instruments are recorded at fair value. For fair value hedges, the change in fair value is offset against the change in the fair value of the underlying asset or liability through earnings. For cash flow hedges, the change in fair value is recorded as a component of AOCI and is reclassified into earnings when the hedged item settles. For derivatives that are not designated or do not qualify as hedging instruments, the change in the fair value of the derivative is offset against the change in the fair value of the underlying asset or liability through earnings. In certain limited circumstances, foreign currency payment provisions could be deemed embedded derivatives. If an embedded foreign currency derivative is identified, the derivative is bifurcated from the host contract and the change in fair value is recognized through earnings. We maintain master netting arrangements with certain counterparties to facilitate the settlement of derivative instruments; however, we report the fair value of derivatives on a gross basis.

Derivatives Designated as Hedges

As of September 30, 2020, we had total gross notional amounts of \$754 million of foreign currency contracts outstanding (primarily related to the Canadian Dollar, Chinese Yuan, British Pound, Euro, Indian Rupee and Philippine Peso) that were designated as hedging instruments. The foreign currency contracts are of varying duration, none of which extend beyond June 2024. There were no commodity contracts outstanding that were designated as hedging instruments as of September 30, 2020.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

The fair values of derivatives designated as hedging instruments follows:

(in thousands)	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	September 30, 2020	December 31, 2019	Balance Sheet Location	September 30, 2020	December 31, 2019
Foreign currency contracts	Other current assets	\$ 7,076	\$ 2,871	Other accrued liabilities	\$ 3,105	\$ 1,585
Commodity contracts	Other current assets	—	10	Other accrued liabilities	—	—
Foreign currency contracts	Other assets	3,219	3,757	Noncurrent liabilities	1,390	4,747
Total		\$ 10,295	\$ 6,638		\$ 4,495	\$ 6,332

The after-tax amount of gain (loss) recognized in OCI associated with derivative instruments designated as cash flow hedges follows:

Cash Flow Hedges (in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Foreign currency contracts	\$ 10,112	\$ (8,611)	\$ 6,115	\$ (4,285)
Commodity contracts	—	1,767	(108)	1,766
Total	\$ 10,112	\$ (6,844)	\$ 6,007	\$ (2,519)

The after-tax amount of gain (loss) reclassified from AOCI into earnings associated with derivative instruments designated as cash flow hedges follows:

Cash Flow Hedges (in thousands)	Location of Gain (Loss)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
Foreign currency contracts	Cost of revenue	\$ 943	\$ (288)	\$ 1,482	\$ (1,134)
Commodity contracts	Cost of revenue	—	—	(100)	—
Interest rate contracts	Interest expense	(419)	(262)	(1,258)	(786)
Total		\$ 524	\$ (550)	\$ 124	\$ (1,920)

Derivatives Not Designated as Hedges

As of September 30, 2020, we also had total gross notional amounts of \$116 million of foreign currency contracts and \$23 million of commodity contracts outstanding that were not designated as hedging instruments. The foreign currency contracts primarily related to contract obligations denominated in nonfunctional currencies. As of September 30, 2020, we had total gross notional amounts of \$9 million associated with contractual foreign currency payment provisions that were deemed embedded derivatives. The gains and losses associated with derivatives not designated as hedges and embedded derivatives were not material for all periods.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

18. Other Comprehensive Income (Loss)

The components of OCI follow:

(in thousands)	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
OCI:						
Foreign currency translation adjustments	\$ 4,201	\$ —	\$ 4,201	\$ (47,577)	\$ 5,245	\$ (42,332)
Ownership share of equity method investees' OCI	(1,287)	1,253	(34)	3,593	(931)	2,662
Defined benefit plan adjustments	1,070	—	1,070	2,126	(136)	1,990
Unrealized gain (loss) on derivative contracts	11,328	(1,740)	9,588	(8,031)	1,737	(6,294)
Total OCI	15,312	(487)	14,825	(49,889)	5,915	(43,974)
Less: OCI attributable to NCI	(495)	—	(495)	(1,749)	—	(1,749)
OCI attributable to Fluor Corporation	\$ 15,807	\$ (487)	\$ 15,320	\$ (48,140)	\$ 5,915	\$ (42,225)

(in thousands)	Nine Months Ended September 30, 2020			Nine Months Ended September 30, 2019		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
OCI:						
Foreign currency translation adjustments	\$ (75,828)	\$ —	\$ (75,828)	\$ (19,956)	\$ 5,284	\$ (14,672)
Ownership share of equity method investees' OCI	(18,707)	(153)	(18,860)	(3,302)	1,177	(2,125)
Defined benefit plan adjustments	3,071	—	3,071	6,518	(425)	6,093
Unrealized gain (loss) on derivative contracts	6,751	(868)	5,883	(1)	(598)	(599)
Total OCI	(84,713)	(1,021)	(85,734)	(16,741)	5,438	(11,303)
Less: OCI attributable to NCI	(2,291)	—	(2,291)	(1,543)	—	(1,543)
OCI attributable to Fluor Corporation	\$ (82,422)	\$ (1,021)	\$ (83,443)	\$ (15,198)	\$ 5,438	\$ (9,760)

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

The changes in AOCI balances follow:

(in thousands)	Foreign Currency Translation	Ownership Share of Equity Method Investees' OCI	Defined Benefit Plans	Unrealized Gain (Loss) on Derivative Contracts	AOCI, Net
Attributable to Fluor Corporation:					
Balance as of June 30, 2020	\$ (321,183)	\$ (54,282)	\$ (97,196)	\$ (5,975)	\$ (478,636)
OCI before reclassifications	4,696	(171)	—	10,112	14,637
Amounts reclassified from AOCI	—	137	1,070	(524)	683
Net OCI	4,696	(34)	1,070	9,588	15,320
Balance as of September 30, 2020	<u>\$ (316,487)</u>	<u>\$ (54,316)</u>	<u>\$ (96,126)</u>	<u>\$ 3,613</u>	<u>\$ (463,316)</u>

Attributable to NCI:

Balance as of June 30, 2020	\$ (6,847)	\$ —	\$ —	\$ —	\$ (6,847)
OCI before reclassifications	(495)	—	—	—	(495)
Amounts reclassified from AOCI	—	—	—	—	—
Net OCI	(495)	—	—	—	(495)
Balance as of September 30, 2020	<u>\$ (7,342)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (7,342)</u>

(in thousands)	Foreign Currency Translation	Ownership Share of Equity Method Investees' OCI	Defined Benefit Plans	Unrealized Gain (Loss) on Derivative Contracts	AOCI, Net
Attributable to Fluor Corporation:					
Balance as of December 31, 2019	\$ (242,950)	\$ (35,456)	\$ (99,197)	\$ (2,270)	\$ (379,873)
OCI before reclassifications	(73,537)	(19,270)	—	6,007	(86,800)
Amounts reclassified from AOCI	—	410	3,071	(124)	3,357
Net OCI	(73,537)	(18,860)	3,071	5,883	(83,443)
Balance as of September 30, 2020	<u>\$ (316,487)</u>	<u>\$ (54,316)</u>	<u>\$ (96,126)</u>	<u>\$ 3,613</u>	<u>\$ (463,316)</u>

Attributable to NCI:

Balance as of December 31, 2019	\$ (5,051)	\$ —	\$ —	\$ —	\$ (5,051)
OCI before reclassifications	(2,291)	—	—	—	(2,291)
Amounts reclassified from AOCI	—	—	—	—	—
Net OCI	(2,291)	—	—	—	(2,291)
Balance as of September 30, 2020	<u>\$ (7,342)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (7,342)</u>

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

(in thousands)	Foreign Currency Translation	Ownership Share of Equity Method Investees' OCI	Defined Benefit Plans	Unrealized Gain (Loss) on Derivative Contracts	AOCI, Net
Attributable to Fluor Corporation:					
Balance as of June 30, 2019	\$ (282,346)	\$ (28,459)	\$ (200,546)	\$ 285	\$ (511,066)
OCI before reclassifications	(40,583)	2,518	—	(6,844)	(44,909)
Amounts reclassified from AOCI	—	144	1,990	550	2,684
Net OCI	(40,583)	2,662	1,990	(6,294)	(42,225)
Balance as of September 30, 2019	<u>\$ (322,929)</u>	<u>\$ (25,797)</u>	<u>\$ (198,556)</u>	<u>\$ (6,009)</u>	<u>\$ (553,291)</u>

Attributable to NCI:

Balance as of June 30, 2019	\$ (3,495)	\$ —	\$ —	\$ —	\$ (3,495)
OCI before reclassifications	(1,749)	—	—	—	(1,749)
Amounts reclassified from AOCI	—	—	—	—	—
Net OCI	(1,749)	—	—	—	(1,749)
Balance as of September 30, 2019	<u>\$ (5,244)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (5,244)</u>

(in thousands)	Foreign Currency Translation	Ownership Share of Equity Method Investees' OCI	Defined Benefit Plans	Unrealized Gain (Loss) on Derivative Contracts	AOCI, Net
Attributable to Fluor Corporation:					
Balance as of December 31, 2018	\$ (309,800)	\$ (23,672)	\$ (204,649)	\$ (5,410)	\$ (543,531)
OCI before reclassifications	(13,129)	(2,552)	—	(2,519)	(18,200)
Amounts reclassified from AOCI	—	427	6,093	1,920	8,440
Net OCI	(13,129)	(2,125)	6,093	(599)	(9,760)
Balance as of September 30, 2019	<u>\$ (322,929)</u>	<u>\$ (25,797)</u>	<u>\$ (198,556)</u>	<u>\$ (6,009)</u>	<u>\$ (553,291)</u>

Attributable to NCI:

Balance as of December 31, 2018	\$ (3,701)	\$ —	\$ —	\$ —	\$ (3,701)
OCI before reclassifications	(1,543)	—	—	—	(1,543)
Amounts reclassified from AOCI	—	—	—	—	—
Net OCI	(1,543)	—	—	—	(1,543)
Balance as of September 30, 2019	<u>\$ (5,244)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (5,244)</u>

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

Information about reclassifications out of AOCI follows:

(in thousands)	Location in Statement of Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
Component of AOCI:					
Ownership share of equity method investees' OCI	Cost of revenue	\$ (183)	\$ (192)	\$ (547)	\$ (569)
Income tax benefit	Income tax expense (benefit)	46	48	137	142
Net of tax		<u>\$ (137)</u>	<u>\$ (144)</u>	<u>\$ (410)</u>	<u>\$ (427)</u>
Defined benefit plan adjustments	Corporate G&A	\$ (1,070)	\$ (2,126)	\$ (3,071)	\$ (6,518)
Income tax benefit	Income tax expense (benefit)	—	136	—	425
Net of tax		<u>\$ (1,070)</u>	<u>\$ (1,990)</u>	<u>\$ (3,071)</u>	<u>\$ (6,093)</u>
Unrealized gain (loss) on derivative contracts:					
Commodity and foreign currency contracts	Various accounts ⁽¹⁾	\$ 943	\$ (496)	\$ 1,346	\$ (1,958)
Interest rate contracts	Interest expense	(419)	(419)	(1,258)	(1,258)
Income tax benefit	Income tax expense (benefit)	—	365	36	1,296
Net of tax		<u>\$ 524</u>	<u>\$ (550)</u>	<u>\$ 124</u>	<u>\$ (1,920)</u>

(1) Gains and losses on commodity and foreign currency derivative contracts were reclassified to "Cost of revenue" and "Corporate G&A".

19. Discontinued Operations

We expect to complete the sale of the AMECO equipment business, which is reported in Disc Ops, within the first half of 2021. The assets and liabilities of the AMECO business are classified as held for sale. Due to the impact of COVID-19 and the steep decline in oil prices on the AMECO business during the first quarter of 2020, we recognized impairment expense of \$100 million, of which \$12 million related to goodwill, to reduce the AMECO assets to their fair value less cost to sell. The fair value of the AMECO assets were determined using a combination of observable level 2 inputs, including indicative offers and ongoing negotiations for the related assets.

In August 2020, we sold our AMECO equipment business in Jamaica for \$18 million and recognized a loss of \$1 million. The operations of the AMECO business in Jamaica were included in Disc Ops through the date of sale.

In August 2019, we entered into a settlement agreement in connection with legal matters related to a previously divested business. The resulting gain on settlement as well as all legal fees associated with this matter were included in "Other" in the tables below.

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

Disc Ops information follows:

(in thousands)	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	AMECO	Other	Total	AMECO	Other	Total
Revenue	\$ 58,236	\$ —	\$ 58,236	\$ 73,102	\$ —	\$ 73,102
Cost of revenue	54,218	—	54,218	70,545	—	70,545
Corporate general and administrative expense	13	2,057	2,070	40	(27,848)	(27,808)
Interest expense (income), net	14	—	14	(107)	—	(107)
Total cost and expenses	54,245	2,057	56,302	70,478	(27,848)	42,630
Earnings (loss) before taxes from Disc Ops	3,991	(2,057)	1,934	2,624	27,848	30,472
Income tax expense (benefit)	1,720	—	1,720	581	6,438	7,019
Net earnings (loss) from Disc Ops	2,271	(2,057)	214	2,043	21,410	23,453

(in thousands)	Nine Months Ended September 30, 2020			Nine Months Ended September 30, 2019		
	AMECO	Other	Total	AMECO	Other	Total
Revenue	\$ 169,441	\$ —	\$ 169,441	\$ 197,708	\$ —	\$ 197,708
Cost of revenue	147,000	—	147,000	211,913	—	211,913
Corporate general and administrative expense	64	11,438	11,502	189	(22,929)	(22,740)
Impairment of assets held for sale	100,000	—	100,000	—	—	—
Interest expense (income), net	(26)	—	(26)	(280)	—	(280)
Total cost and expenses	247,038	11,438	258,476	211,822	(22,929)	188,893
Earnings (loss) before taxes from Disc Ops	(77,597)	(11,438)	(89,035)	(14,114)	22,929	8,815
Income tax expense (benefit)	3,662	—	3,662	(2,535)	5,301	2,766
Net earnings (loss) from Disc Ops	(81,259)	(11,438)	(92,697)	(11,579)	17,628	6,049

FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

The carrying amounts of the major classes of assets and liabilities of Disc Ops and classified as held for sale as of September 30, 2020 and December 31, 2019 follow:

(in thousands)	September 30, 2020					December 31, 2019				
	AMECO	Other	Total from Disc Ops	Other Assets and Liabilities from Cont Ops	Total	AMECO	Other	Total from Disc Ops	Other Assets and Liabilities from Cont Ops	Total
Accounts and notes receivable, net	\$ 37,083	\$ 15,925	\$ 53,008	\$ 49	\$ 53,057	\$ 69,126	\$ 15,925	\$ 85,051	\$ 17,513	\$ 102,564
Contract assets	2,501	—	2,501	—	2,501	3,497	—	3,497	3,779	7,276
Other current assets	45,438	—	45,438	3,004	48,442	54,116	—	54,116	8,112	62,228
Current assets held for sale	\$ 85,022	\$ 15,925	\$ 100,947	\$ 3,053	\$ 104,000	\$ 126,739	\$ 15,925	\$ 142,664	\$ 29,404	\$ 172,068
Property, plant and equipment, net	\$ 111,307	—	\$ 111,307	\$ 45,740	\$ 157,047	\$ 232,792	—	\$ 232,792	\$ 64,792	\$ 297,584
Goodwill	37	—	37	—	37	12,338	—	12,338	9,295	21,633
Investments	—	—	—	7,468	7,468	—	—	—	7,293	7,293
Other assets	8,870	—	8,870	18,603	27,473	5,868	—	5,868	12,654	18,522
Noncurrent assets held for sale⁽¹⁾	\$ 120,214	\$ —	\$ 120,214	\$ 71,811	\$ 192,025	\$ 250,998	\$ —	\$ 250,998	\$ 94,034	\$ 345,032
Total assets held for sale	\$ 205,236	\$ 15,925	\$ 221,161	\$ 74,864	\$ 296,025	\$ 377,737	\$ 15,925	\$ 393,662	\$ 123,438	\$ 517,100
Accounts payable	\$ 14,559	\$ 18	\$ 14,577	\$ 176	\$ 14,753	\$ 24,692	—	\$ 24,692	\$ 6,702	\$ 31,394
Contract liabilities	139	—	139	25	164	4,466	—	4,466	25	4,491
Accrued salaries, wages and benefits	5,938	—	5,938	145	6,083	8,913	—	8,913	919	9,832
Other accrued liabilities	10,322	—	10,322	229	10,551	9,451	—	9,451	11,562	21,013
Current liabilities held for sale	\$ 30,958	\$ 18	\$ 30,976	\$ 575	\$ 31,551	\$ 47,522	\$ —	\$ 47,522	\$ 19,208	\$ 66,730
Noncurrent liabilities held for sale⁽¹⁾	\$ 6,033	\$ —	\$ 6,033	\$ —	\$ 6,033	\$ 4,272	\$ —	\$ 4,272	\$ 11,320	\$ 15,592
Total liabilities held for sale	\$ 36,991	\$ 18	\$ 37,009	\$ 575	\$ 37,584	\$ 51,794	\$ —	\$ 51,794	\$ 30,528	\$ 82,322

(1) Noncurrent assets and liabilities held for sale were classified as current as we expect to complete the sale of the AMECO business within the first half of 2021.

During the 2020 Quarter, we sold 100% of our interest in an equipment rental business in Europe. The assets and liabilities of this business were previously included in "Other Assets and Liabilities from Cont Ops" in the table above.

Capital expenditures from Disc Ops were \$16 million and \$58 million during the 2020 Period and 2019 Period, respectively.

FLUOR CORPORATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our financial statements and our 2019 10-K. Except as the context otherwise requires, the terms Fluor or the Registrant, as used herein, are references to Fluor Corporation and its predecessors and references to the company, we, us, or our as used herein shall include Fluor Corporation, its consolidated subsidiaries and joint ventures.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made herein, including statements regarding our projected revenue and earnings levels, cash flow and liquidity, new awards and backlog levels and the implementation of strategic initiatives are forward-looking in nature. Under the Private Securities Litigation Reform Act of 1995, a "safe harbor" may be provided to us for certain of these forward-looking statements. We wish to caution readers that forward-looking statements, including disclosures which use words such as we "believe," "anticipate," "expect," "estimate" and similar statements, are subject to various risks and uncertainties which could cause actual results of operations to differ materially from expectations. Factors potentially contributing to such differences include, among others:

- The severity and duration of the COVID-19 pandemic and actions by governments, businesses and individuals in response to the pandemic;
- The cyclical nature of many of the markets we serve, including our commodity-based business lines, and our client's vulnerability to downturns, which may result in decreased capital investment or expenditures and reduced demand for our services;
- Our failure to receive anticipated new contract awards and the related impact on revenue, earnings, staffing levels and cost;
- Failure to accurately estimate the cost and schedule for our contracts, resulting in cost overruns or liabilities, including those related to project delays and those caused by the performance of our clients, subcontractors, suppliers and joint venture or teaming partners;
- Failure to remediate material weaknesses in our internal controls over financial reporting or the failure to maintain an effective system of internal controls;
- Failure to prepare and timely file our periodic reports, which limits our access to public markets to raise debt and equity capital and restricts our ability to issue equity securities;
- The restatement of certain of our previously issued consolidated financial statements, which may result in unanticipated costs and may affect investor confidence and our reputation;
- Intense competition in the global engineering, procurement and construction industry, which can place downward pressure on our contract prices and profit margins and may increase our contractual risks;
- Failure to obtain favorable results in existing or future litigation, regulatory proceedings or dispute resolution proceedings (including claims for indemnification), or claims against project owners, subcontractors or suppliers;
- Failure of our joint venture partners to perform their venture obligations, which could impact the success of those ventures and impose additional financial and performance obligations on us, resulting in reduced profits or losses;
- Cybersecurity breaches of our systems and information technology;
- Civil unrest, security issues, labor conditions and other unforeseeable events in the countries in which we do business, resulting in unanticipated losses;
- Changes in global business, economic (including currency risk), political and social conditions;
- Project cancellations, scope adjustments or deferrals, or foreign currency fluctuations, that could reduce the amount of our backlog and the revenue and profits that we earn;
- Failure to maintain safe work sites;
- Repercussions of events beyond our control, such as severe weather conditions, natural disasters, pandemics, political crises or other catastrophic events, that may significantly affect operations, result in higher cost or subject the company to liability claims by our clients;
- Differences between our actual results and the assumptions and estimates used to prepare our financial statements;
- Client delays or defaults in making payments;
- Failure of our suppliers or subcontractors to provide supplies or services at the agreed-upon levels or times;
- The availability of credit and restrictions imposed by credit facilities, both for the company and our clients, suppliers, subcontractors or other partners;
- Possible limitations of bonding or letter of credit capacity;
- Failure to successfully implement our strategic and operational initiatives;

- The risks associated with acquisitions, dispositions or other investments, including the failure to successfully integrate acquired businesses;
- Uncertainties, restrictions and regulations impacting our government contracts;
The inability to hire or retain qualified personnel;
- The potential impact of changes in tax laws and other tax matters including, but not limited to, those from foreign operations, the realizability of our deferred tax assets and the ongoing audits by tax authorities;
- Possible systems and information technology interruptions;
- The impact of anti-bribery and international trade laws and regulations;
- Failure of our employees, agents or partners to comply with laws, which could result in harm to our reputation and reduced profits or losses;
- Our ability to secure appropriate insurance;
- The impact of new or changing legal requirements, as well as past and future environmental, health and safety regulations including climate change regulations;
- The failure to be adequately indemnified for our nuclear services;
- Foreign exchange risks;
- The loss of business from one or more significant clients;
- The failure to adequately protect intellectual property rights;
- Impairments to goodwill, investments, deferred tax assets or other intangible assets; and
- Restrictions on possible transactions imposed by our charter documents, Delaware law and our stockholder rights agreement.

Any forward-looking statements that we may make are based on our current expectations and beliefs concerning future developments and their potential effects on us. We can provide no assurance that future developments affecting us will be those anticipated by us. Any forward-looking statements are subject to the risks, uncertainties and other factors that could cause actual results of operations, financial condition, cost reductions, acquisitions, dispositions, financing transactions, operations, expansion, consolidation and other events to differ materially from those expressed or implied in such forward-looking statements.

Our actual results may differ materially from its expectations or projections. While most risks affect only future cost or revenue anticipated by the company, some risks may relate to accruals that have already been reflected in earnings. Our failure to receive payments of accrued amounts or incurrence of liabilities in excess of amounts previously recognized could result in charges against future earnings. As a result, we caution users of our financial information to recognize and consider the inherently uncertain nature of forward-looking statements and not to place undue reliance on them.

Additional information concerning these and other factors can be found in our press releases and periodic filings with the SEC, including the discussion under the heading “Item 1A. — Risk Factors” in the 2019 10-K. These filings are available publicly on the SEC’s website at <http://www.sec.gov>, on our website at <http://investor.fluor.com> or upon request from our Investor Relations Department at (469) 398-7070. We cannot control such risks and other uncertainties, and in many cases, cannot predict the risks and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements. These risks and uncertainties should be considered when evaluating us and deciding whether to invest in our securities. Except as otherwise required by law, we undertake no obligation to publicly update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

Results of Operations

In early 2020, we decided to retain our government business, which had been included in Disc Ops since the third quarter of 2019. As a result, the government business is no longer reported as a discontinued operation for any period presented. Our plan to sell the AMECO equipment business remains unchanged and it remains reported as a discontinued operation. We expect to complete the sale of the AMECO equipment business within the first half of 2021. The assets and liabilities of the AMECO business are classified as held for sale for all periods presented.

In light of our decision to retain our government business, we now have the following six reportable segments:

- Energy & Chemicals
- Mining & Industrial
- Infrastructure & Power
- Government
- Diversified Services
- Other

(in millions)	Three Months Ended September 30,				Nine Months Ended September 30,				
	2020		2019		2020		2019		
Revenue									
Energy & Chemicals	\$	1,336.0	\$	1,611.6	\$	4,187.4	\$	4,485.2	
Mining & Industrial		920.9		1,374.0		3,107.8		3,703.6	
Infrastructure & Power		386.5		392.5		1,247.1		965.9	
Government		753.7		718.2		2,173.2		2,196.2	
Diversified Services		370.3		521.7		1,210.3		1,525.0	
Other		35.8		10.6		87.0		32.7	
Revenue	\$	3,803.2	\$	4,628.6	\$	12,012.8	\$	12,908.6	
Segment profit (loss) \$ and margin %									
Energy & Chemicals	\$	94.9	7.1 %	\$	84.7	5.3%	\$	(125.1)	(2.8)%
Mining & Industrial		18.2	2.0 %		56.9	4.1%		129.1	3.5 %
Infrastructure & Power		6.4	1.7 %		0.9	0.2%		(188.0)	(19.5)%
Government		25.7	3.4 %		22.4	3.1%		87.2	4.0 %
Diversified Services		7.1	1.9 %		10.5	2.0%		22.2	1.5 %
Other		(22.9)	(64.0)%		(96.6)	NM		(200.2)	NM
Total segment profit (loss) \$ and margin % (1)	\$	129.4	3.4 %	\$	78.8	1.7%	\$	(274.8)	(2.1)%
Corporate G&A		(68.1)		(11.2)		(93.8)		(119.7)	
Impairment, restructuring and other exit costs		—		(334.0)		(302.7)		(388.0)	
Interest expense, net		(13.4)		(4.9)		(31.3)		(14.7)	
Earnings (loss) attributable to NCI from Cont Ops		4.3		12.5		20.5		(2.4)	
Earnings (loss) from Cont Ops before taxes		52.2		(258.8)		(165.3)		(799.6)	
Income tax expense (benefit)		28.8		495.3		(6.9)		434.8	
Net earnings (loss) from Cont Ops	\$	23.4		(754.1)		(158.4)		(1,234.4)	
New awards									
Energy & Chemicals	\$	141.2	\$	256.3		1,880.8		1,990.7	
Mining & Industrial		268.2		118.8		2,598.0		1,335.5	
Infrastructure & Power		682.6		1,992.7		751.2		2,542.2	
Government		187.8		1,130.1		1,813.1		1,853.5	
Diversified Services		468.5		259.8		1,087.4		1,643.4	
Other		—		0.5		—		152.1	
Total new awards	\$	1,748.3		3,758.2		8,130.5		9,517.4	

New awards related to projects located outside of the U.S.

54%

40%

(1) Total segment profit (loss) is a non-GAAP financial measure. We believe that total segment profit (loss) provides a meaningful perspective on our results as it is the aggregation of individual segment profit (loss) measures that we use to evaluate and manage our performance.

Backlog	September 30, 2020	December 31, 2019
Energy & Chemicals	\$ 11,609.2	\$ 14,128.9
Mining & Industrial	4,777.6	5,383.9
Infrastructure & Power	5,577.7	6,079.4
Government	3,353.4	3,556.1
Diversified Services	2,311.1	2,541.6
Other	145.2	244.0
Total backlog	\$ 27,774.2	\$ 31,933.9
Backlog related to projects located outside of the U.S.	63%	67%
Backlog related to lump-sum projects	53%	52%

Our business has been adversely affected by the economic impacts of the outbreak of COVID-19 and the steep decline in commodity prices that occurred in the early part of 2020. These events have created significant uncertainty and economic volatility and disruption, which have impacted and may continue to impact our business. We have experienced, and may continue to experience, reductions in demand for certain of our services and the delay or abandonment of ongoing or anticipated projects due to our clients', suppliers' and other third parties' diminished financial condition or financial distress, as well as governmental budget constraints. These impacts are expected to continue or worsen if stay-at-home, social distancing, travel restrictions and other similar orders or restrictions remain in place for an extended period of time or are re-imposed after being relaxed. Significant uncertainty still exists concerning the magnitude of the impact and duration of these events. Because of these events, we performed interim impairment testing of our goodwill, intangible assets and investments. We also evaluated the impact of these events on our reserves for credit risk and the fair value of our assets held for sale.

During the first quarter of 2020, we recognized the following significant charges:

- \$298 million for impairments of goodwill, intangible assets, investments and other assets;
- \$55 million for current expected credit losses associated with Energy & Chemical clients;
- \$52 million for project positions for potential COVID-19 related schedule delays and associated cost growth; and
- \$100 million for impairments of assets held for sale (included in Disc Ops), of which \$12 million related to goodwill.

Annual impairment testing of goodwill and intangible assets with indefinite lives will occur in the fourth quarter of 2020. The annual impairment testing will take into consideration the results of our strategic review once complete. We continually monitor intangible assets with finite lives, investments and other assets for indicators of potential impairment.

During the 2019 Quarter and 2019 Period, we recognized charges (related to cumulative catch up adjustments and loss projects) totaling \$80 million and \$741 million, respectively, in the Energy & Chemicals, Infrastructure & Power and Other segments. We also recognized \$334 million and \$388 million related to impairments, restructuring and other exit costs during the 2019 Quarter and 2019 Period, respectively.

In August 2020, we sold substantially all of the assets of our AMECO equipment business in Jamaica for \$18 million and recognized a loss of \$1 million. The operations of the AMECO business in Jamaica were included in Disc Ops through the date of sale.

The effective tax rate on earnings (loss) from Cont Ops was 55.1% for the 2020 Quarter and 4.2% for the 2020 Period compared to (191.4)% and (54.4)% for the corresponding periods of 2019. The effective tax rate for all periods was unfavorably impacted by foreign income tax rates that exceed the U.S. statutory rate of 21%, as well as the establishment or augmentation of valuation allowances against foreign tax credits and certain losses. The effective tax rate for the 2020 Period was favorably impacted by the release of valuation allowances and rate benefits resulting from the carryback of our 2019 federal net operating loss as allowed by the CARES Act, enacted on March 27, 2020.

Our results reported by foreign subsidiaries with non-U.S. dollar functional currencies are affected by foreign currency volatility. When the U.S. dollar appreciates against the non-U.S. dollar functional currencies of these subsidiaries, our reported revenue, cost and earnings, after translation into U.S. dollars, are lower than what they would have been had the U.S. dollar depreciated against the same foreign currencies or if there had been no change in the exchange rates.

Any lack of broad based new awards could continue to put pressure on our future earning streams, particularly in the Energy & Chemicals segment. Although backlog reflects business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. Backlog is adjusted to reflect any known project cancellations, revisions to project scope and cost, foreign currency exchange fluctuations and project deferrals, as appropriate. Backlog differs from RUPO discussed elsewhere. Backlog includes the amount of revenue we expect to recognize under ongoing operations and maintenance contracts for the remainder of the current year renewal period plus up to three additional years if renewal is considered to be probable, while RUPO includes only the amount of revenue we expect to recognize under ongoing operations and maintenance contracts with definite terms and substantive termination provisions.

Segment Operations - Comparisons of the 2020 Quarter to the 2019 Quarter and the 2020 Period to the 2019 Period

Energy & Chemicals

Revenue for the 2020 Quarter and 2020 Period decreased due to significant declines in the volume in project execution activities for certain upstream, downstream and chemicals projects, some nearing completion, partially offset by the increased project execution activity for a liquefied natural gas project.

Segment profit for the 2020 Quarter increased primarily due to the increase in activity for the liquefied natural gas project as well as favorable currency transactions gains, partially offset by reduced project execution activities for large upstream and chemicals projects. Segment profit significantly increased during the 2020 Period despite the adverse impacts of the recognition of reserves totaling \$55 million for expected credit losses associated with certain joint venture clients that were affected by the impacts of COVID-19 and declining oil prices, as well as margin diminution on a percentage-of-completion basis of \$40 million resulting from project positions taken with respect to COVID-19 related schedule delays and associated cost growth. The increase in segment profit during the 2020 Period is primarily the result of charges taken during the 2019 Period including \$240 million for cost growth on an offshore project, \$87 million for cost growth on two downstream projects and scope reductions on a large upstream project, \$26 million for the write-off of pre-contract costs, \$26 million on embedded foreign currency derivatives and \$31 million from the resolution of close-out matters. Excluding the items above, segment profit declined in the 2020 Period due to the reduced execution activity of the upstream and chemicals projects discussed above, partially offset by the increase in activity for the liquefied natural gas project. The change in segment profit margin reflects these same factors.

No significant awards were booked in the 2020 Quarter primarily due to the impact of COVID-19 and declining commodity prices on our customers' capital spend. New awards for the 2020 Period were flat. Backlog at September 30, 2020 declined compared to December 31, 2019 due to the significant decline in new award activity and the de-recognition of a suspended downstream project.

Mining & Industrial

Revenue for the 2020 Quarter and 2020 Period decreased primarily due to a decline in volume of project execution activities for a large life sciences project and two mining projects completed or nearing completion as well as the suspension or deferral of execution activities for two large mining projects in South America and a metals project in North America due to COVID-19. Full site remobilization on one of the South American projects occurred in the fourth quarter of 2020. These revenue declines were partially offset by increased project execution activities on two advanced technologies projects. Revenue declines in the 2020 Period were also partially offset by increased project execution activities on a metals project in North America.

Segment profit for the 2020 Quarter and 2020 Period decreased primarily due to the decline in activity for the life sciences project and mining projects nearing completion as well as the two mining projects in South America that were impacted by COVID-19. Segment profit for both the 2020 Quarter and 2020 Period further declined due to gains of \$18 million and \$31 million recognized during the 2019 Quarter and 2019 Period, respectively, upon the favorable resolution of a longstanding customer dispute on a mining project. The decline in segment profit margin for the 2020 Quarter and 2020 Period was primarily the result of the favorable resolution of the customer dispute in the prior year.

New awards for the 2020 Quarter and 2020 Period increased primarily due to several life science and manufacturing awards booked during the 2020 Quarter and a large metals project in North America awarded during the 2020 Period. The decline in backlog from December 31, 2019 to September 30, 2020 resulted from work performed outpacing new award activity during the 2020 Period.

Infrastructure & Power

Revenue for the 2020 Quarter decreased slightly primarily driven by decreased project execution activities on two infrastructure projects nearing completion. Revenue for the 2020 Period increased primarily driven by an increase in project execution activities for several infrastructure projects, including a year-over-year increase of \$189 million for the 2020 Period on the Purple Line project, which was canceled in the third quarter of 2020. The increase in revenue during the 2020 Period was further driven by prior year forecast revisions totaling \$104 million during the 2019 Period for three large, power plant projects, which are now substantially complete.

Segment profit for the 2020 Quarter increased primarily due to a reduction in overhead and proposal costs. Segment profit for the 2020 Period significantly improved due to forecast revisions on several power and infrastructure projects recognized in 2019, including \$135 million for three power plant projects discussed above and \$55 million for several lump-sum infrastructure projects. Segment profit margin for both the 2020 Quarter and 2020 Period reflects these same factors. Lower margin contributions from certain infrastructure projects for which charges were recognized during 2019 may continue to adversely impact near term segment profit margin.

New awards decreased in the 2020 Quarter and 2020 Period due to a large award booked in the 2019 Quarter for an infrastructure project in Texas. Backlog at September 30, 2020 decreased compared to December 31, 2019 in part due to more selectivity in pursuing such projects as well as cancellations.

Government

Revenue for the 2020 Quarter increased primarily due to increased project execution activities at the Strategic Petroleum Reserve and recently awarded projects for airfield repair at Ascension Island and base operation support for the U.S. Marine Corps.

Segment profit for the 2020 Quarter increased slightly due to the same factors that drove the increase in revenue. The decline in segment profit for the 2020 Period reflects project positions taken during 2020 in recognition of the potential impacts of COVID-19, particularly as it relates to estimated fee recoveries on certain projects, as well as the completion of the Magnox project in 2019 and the reduction of work performed for FEMA. The decrease in segment profit margin for the 2020 Period reflects these same factors.

New awards for the 2020 Quarter decreased primarily due to timing. A one-year extension of an environmental management contract in South Carolina was recognized in the second quarter of 2020 while the prior year extension was recognized in the 2019 Quarter. Backlog included \$1.3 billion and \$1.9 billion of unfunded government contracts as of September 30, 2020 and December 31, 2019, respectively.

Diversified Services

As discussed elsewhere, most of the operating results of our AMECO equipment business are included in Disc Ops. The retained portion of the AMECO operations have been or are in the process of being liquidated and did not meet the qualifications for Disc Ops. These retained operations remain in the Diversified Services segment.

Revenue for the 2020 Quarter and 2020 Period decreased primarily due to significantly lower volumes in the Stork business and the staffing business resulting from reduced operations or restricted access to customer sites due to COVID-19. Revenue declines in 2020 were further driven by reduced volume from the retained AMECO operations.

Segment profit for the 2020 Quarter and 2020 Period decreased primarily driven by the reduced volumes in the Stork business and the staffing business discussed above. The decline in segment profit margin for both the 2020 Quarter and 2020 Period reflects these same factors. During the 2020 Quarter, Stork sold 100% of its interest in an equipment rental business in Europe.

New awards for the 2020 Quarter increased due to the recognition of a 5-year pipeline maintenance contract in Peru and a 3-year maintenance contract in the Netherlands. New awards for the 2020 Period declined primarily due to the postponement of maintenance projects due to COVID-19 and the decline in oil prices. Our equipment and staffing businesses do not report backlog or new awards.

Other

Other includes the operations of NuScale, as well as two lump-sum, loss projects including a plant for which we serve as a subcontractor to a commercial client (the "Radford" project) and a weapons storage and maintenance facility (the "Warren" project).

Revenue for the 2020 Quarter and 2020 Period increased primarily due to increased project execution activities for both the Radford and Warren projects.

Segment loss for the 2020 Quarter and 2020 Period improved primarily due to the recognition of losses for both the Radford and Warren projects of \$80 million and \$141 million during the 2019 Quarter and 2019 Period, respectively.

NuScale expenses, net of qualified reimbursable expenses, included in the determination of segment loss, were \$22 million and \$63 million for the 2020 Quarter and 2020 Period, respectively, compared to \$14 million and \$48 million for the 2019 Quarter and 2019 Period, respectively. The increase in NuScale costs was due to an increase in research and development activities as NuScale received final design certification by the U.S. Nuclear Regulatory Commission in August of 2020.

Corporate and Other Matters

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Corporate G&A				
Compensation	\$ 12.9	\$ 5.2	\$ 58.3	\$ 73.0
Foreign currency (gains) losses	30.4	(13.9)	(14.5)	4.2
Legal and accounting fees associated with the 2020 internal review	18.7	—	32.1	—
Other	6.1	19.9	17.9	42.5
Corporate G&A	<u>\$ 68.1</u>	<u>\$ 11.2</u>	<u>\$ 93.8</u>	<u>\$ 119.7</u>

Comparison of the 2020 Quarter to the 2019 Quarter

Higher levels of compensation expense were recognized during the 2020 Quarter primarily due to the impact of changes in our stock price on stock-based compensation accounted for as liability awards. During the 2020 Quarter, most major foreign currencies strengthened against the U.S. dollar resulting in foreign currency exchange losses. During the 2019 Quarter, most major foreign currencies weakened against the U.S. dollar resulting in foreign currency exchange gains. Excluding the impacts of foreign currency gains and losses and the expenses associated with the 2020 internal review, corporate G&A improved due to the realization of our restructuring efforts and lower travel costs due to COVID-19.

Comparison of the 2020 Period to the 2019 Period

Lower levels of compensation expense were recognized during the 2020 Period primarily due to the deferral of long-term incentive award issuances until the latter half of 2020, as compared to the first half of 2019. During the 2020 Period, most major foreign currencies weakened against the U.S. dollar resulting in foreign currency exchange gains. During the 2019 Period, most major foreign currencies strengthened against the U.S. dollar resulting in foreign currency exchange losses. Excluding the impacts of foreign currency gains and losses and the expenses associated with the 2020 internal review, corporate G&A improved due to the realization of our restructuring efforts and lower travel costs due to COVID-19.

Critical Accounting Policies and Estimates

Fair Value Measurements. We are often required to use fair value measurement techniques with inputs that require the use of estimates and involve significant judgment. These circumstances include:

- Annual and interim goodwill impairment testing of reporting units when quantitative analysis is deemed necessary
- Impairment testing of intangible assets when impairment indicators are present
- Impairment testing of investments as part of other than temporary impairment assessments when impairment indicators are present

- Fair value assessments of businesses held for sale that are reported at fair value less cost to sell
- Purchase price allocations for acquired businesses

When performing quantitative fair value or impairment evaluations, we estimate the fair value of our assets by considering the results of either or both income-based and market-based valuation approaches. Under the income approach, we prepare a discounted cash flow valuation model using recent forecasts and compare the estimated fair value of each asset to its carrying value. Cash flow forecasts are discounted using the weighted-average cost of capital for the applicable reporting unit at the date of evaluation. The weighted-average cost of capital is comprised of the cost of equity and the cost of debt with a weighting for each that reflects our current capital structure. Preparation of long-term forecasts involve significant judgments involving consideration of our backlog, expected future awards, customer attribution, working capital assumptions, and general market trends and conditions. Significant changes in these forecasts or any valuation assumptions, such as the discount rate selected, could affect the estimated fair value of our assets and could result in impairment expenses. Under the market approach, we consider market information such as multiples of comparable publicly traded companies and/or completed sales transactions to develop or validate our fair value conclusions, when appropriate and available.

Due to the impact of COVID-19 and decline in commodity prices on our operations through the date of this filing, we performed interim impairment testing of our goodwill, intangibles and certain other investments and recognized impairment expenses during the first quarter of 2020 of \$169 million, \$27 million and \$86 million, respectively. All other factors being equal, a one hundred basis point change in the discount rates used in these valuations would change the fair value of these assets by \$47 million, \$2 million and \$3 million, respectively.

Recent Accounting Pronouncements

Item is described more fully in the Notes to Financial Statements.

Litigation and Matters in Dispute Resolution

Item is described more fully in the Notes to Financial Statements.

LIQUIDITY AND FINANCIAL CONDITION

Our liquidity is provided by available cash and cash equivalents and marketable securities, cash generated from operations, capacity under our credit facilities and, when necessary, access to capital markets. We have both committed and uncommitted lines of credit available for revolving loans and letters of credit. We believe that for at least the next 12 months, cash generated from operations, along with our unused credit capacity and cash position, is sufficient to support operating requirements. However, we regularly review our sources and uses of liquidity and may pursue opportunities to increase our liquidity position. Our committed credit facilities contain customary financial and restrictive covenants, including the timely filing of financial statements and a debt-to-capitalization ratio that cannot exceed 0.6 to 1.0. In order to accommodate the delay in filing our financial statements, we have entered into an amendment with our lenders to extend the deadline for providing the third quarter financial information to December 31, 2020. By completing the filing of the Q3 2020 10-Q and submitting other information to the lenders, we will have satisfied all interim 2020 reporting obligations under the credit facilities. As of September 30, 2020, our financial covenants limit our borrowings to approximately \$654 million under the committed lines of credit, although no amounts were drawn. Future losses could further reduce the amount of available credit capacity under our committed facilities.

Cash and cash equivalents combined with marketable securities were \$2.1 billion as of September 30, 2020 and \$2.0 billion as of December 31, 2019. Cash and cash equivalents are held in numerous accounts throughout the world to fund our global project execution activities. Non-U.S. cash and cash equivalents amounted to \$976 million and \$944 million as of September 30, 2020 and December 31, 2019, respectively. Non-U.S. cash and cash equivalents exclude deposits of U.S. legal entities that are either swept into overnight, offshore accounts or invested in offshore, short-term time deposits, to which there is unrestricted access.

In evaluating our liquidity needs, we consider cash and cash equivalents held by our consolidated variable interest entities (joint ventures and partnerships). These amounts (which totaled \$560 million and \$393 million as of September 30, 2020 and December 31, 2019, respectively) were not necessarily readily available for general purposes. We also consider the extent to which client advances (which totaled \$90 million and \$69 million as of September 30, 2020 and December 31, 2019, respectively) are likely to be sustained or consumed over the near term for project execution activities and the cash flow requirements of our various foreign operations. In some cases, it may not be financially efficient to move cash and cash equivalents between countries due to statutory dividend limitations and/or adverse tax consequences. We did not consider any cash to be permanently reinvested

outside of the U.S. as of September 30, 2020 and December 31, 2019, other than unremitted earnings required to meet our working capital and long-term investment needs in non-U.S. jurisdictions where we operate.

Cash Flows

(in thousands)	Nine Months Ended September 30,	
	2020	2019
OPERATING CASH FLOW	\$ 144,240	\$ 66,898
INVESTING CASH FLOW		
Proceeds from sales and maturities (purchases) of marketable securities	(10,250)	166,758
Capital expenditures	(80,786)	(140,058)
Proceeds from sales of property, plant and equipment	34,964	56,431
Proceeds from sales of businesses	19,885	—
Investments in partnerships and joint ventures	(25,252)	(34,502)
Return of capital from partnerships and joint ventures	433	11,733
Proceeds from company owned life insurance	4,574	12,245
Other	(317)	2,071
Investing cash flow	(56,749)	74,678
FINANCING CASH FLOW		
Dividends paid	(28,720)	(88,708)
Other borrowings	13,527	21,206
Distributions paid to NCI	(19,288)	(26,123)
Capital contributions by NCI	82,109	10,581
Other	(1,669)	(4,096)
Financing cash flow	45,959	(87,140)
Effect of exchange rate changes on cash	(36,867)	(14,078)
Increase (decrease) in cash and cash equivalents	96,583	40,358
Cash and cash equivalents at beginning of period	1,997,199	1,764,746
Cash and cash equivalents at end of period	\$ 2,093,782	\$ 1,805,104

Operating Activities

Cash flows from operating activities result primarily from our EPC activities and are affected by changes in working capital associated with such activities. Working capital levels vary from period to period and are primarily affected by our volume of work and the billing schedules on our projects. These levels are also impacted by the stage of completion and commercial terms of engineering and construction projects, as well as our execution of our projects compared to their budget. Working capital requirements also vary by project and the payments terms agreed to with our clients, vendors and subcontractors. Most contracts require payments as the projects progress. Additionally, certain projects receive advance payments from clients. A typical trend for our projects is to have higher cash balances during the initial phases of execution due to deposits paid to us which then diminish toward the end of the construction phase. As a result, our cash position is reduced as customer advances are utilized, unless they are replaced by advances on other projects. We maintain cash reserves and borrowing facilities to provide additional working capital in the event that a project's net operating cash outflows exceed its available cash balances.

During the 2020 Period, working capital increased. Specific factors related to the change in working capital include:

- Decreases in accounts receivables in the Infrastructure & Power, Government and Diversified Services segments, which resulted primarily from normal project execution activities.
- Decreases in contract assets in the Energy & Chemicals and Mining & Industrial segments, which resulted primarily from normal project execution activities.
- Decreases in accounts payable in the Energy & Chemicals, Mining & Industrial, Infrastructure & Power and Diversified Services segments, which resulted primarily from normal invoicing and payment activities for several projects.

- A decrease in contract liabilities in the Other segment, which resulted primarily from normal project execution activities.

During the 2019 Period, working capital significantly decreased. Specific factors related to the change in working capital include:

- Decreases in accounts receivable which resulted primarily from normal billing and collections for several projects in the Mining & Industrial segment as well as the LOGCAP IV program in Afghanistan in the Government segment.
- Decreases in contract assets which resulted primarily from normal project execution activities for several projects in the Energy & Chemicals, Mining & Industrial, Infrastructure & Power and Government segments.
- Increases in contract liabilities resulting from loss provisions and forecast adjustments for several projects in the Energy & Chemicals and Other segments.
- Decreases in accounts payable which resulted primarily from normal invoicing and payment activities for several projects in the Energy & Chemicals, Mining & Industrial, Infrastructure & Power, Government and Diversified Services segments.

The increase in operating cash flow resulted primarily from an improvement in earnings in the 2020 Period compared to the 2019 Period.

Investing Activities

During the 2019 Period, proceeds from the sales and maturities of marketable securities primarily related to maturities of large time deposits at an infrastructure project as cash was needed to support project execution activities.

Capital expenditures primarily related to construction equipment associated with equipment operations now included in Disc Ops, as well as expenditures for facilities and investments in information technology. Proceeds from the disposal of property, plant and equipment primarily related to the disposal of construction equipment associated with the equipment business in Disc Ops.

Investments in unconsolidated partnerships and joint ventures during both the 2020 and 2019 Periods primarily consist of capital contributions to an infrastructure joint venture in the United States. We have a future funding commitment to COOEC Fluor of \$26 million due at the end of 2020.

During the 2020 Quarter, we sold substantially all of the assets of our AMECO equipment business in Jamaica as well as 100% of our interest in an equipment rental business in Europe. The operations of the AMECO business in Jamaica were included in Disc Ops through the date of sale.

Financing Activities

Quarterly cash dividends were typically paid during the month following the quarter in which they were declared. Therefore, dividends declared in the fourth quarter of 2019 were paid and reported in the first quarter of 2020. We have suspended our dividend as of April 29, 2020. The payment and level of future cash dividends is subject to the discretion of our Board of Directors.

Capital contributions by NCI in 2020 and 2019 related to three infrastructure joint ventures in the United States. Distributions paid to holders of NCI in 2020 and 2019 primarily related to a mining joint venture in Chile.

Other borrowings represent short-term bank loans and other financing arrangements associated with Stork.

Effect of Exchange Rate Changes on Cash

During the 2020 Period and 2019 Period, most major foreign currencies weakened against the U.S. dollar resulting in unrealized translation losses of \$76 million and \$20 million, respectively, of which \$37 million and \$14 million, respectively, related to cash held by foreign subsidiaries. The cash held in foreign currencies will primarily be used for project-related expenditures in those currencies, and therefore our exposure to exchange gains and losses is generally mitigated.

Off-Balance Sheet Arrangements

Letters of Credit

As of September 30, 2020, letters of credit totaling \$384 million were outstanding under committed lines of credit and letters of credit totaling \$792 million were outstanding under uncommitted lines of credit. Letters of credit are provided in the ordinary course of business primarily to indemnify our clients if we fail to perform our obligations under our contracts. Surety bonds may be used as an alternative to letters of credit.

Guarantees

In the ordinary course of business, we enter into various agreements providing performance assurances and guarantees to our clients. These agreements are entered into primarily to support project execution commitments. The performance guarantees have various expiration dates ranging from mechanical completion of the project to a period extending beyond contract completion. The maximum potential amount of future payments that we could be required to make under outstanding performance guarantees, which represents the remaining cost of work to be performed, was estimated to be \$15 billion as of September 30, 2020. Amounts that may be required to be paid in excess of estimated cost to complete contracts in progress are not estimable. For cost reimbursable contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed. For lump-sum contracts, the performance guarantee amount is the cost to complete the contracted work, less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete. In those cases where costs exceed the remaining amounts payable under the contract, we may have recourse to third parties, such as owners, co-venturers, subcontractors or vendors for claims. The performance guarantee obligation was not material as of September 30, 2020 and December 31, 2019.

Financial guarantees, made in the ordinary course of business in certain limited circumstances, are entered into with financial institutions and other credit grantors and generally obligate us to make payment in the event of a default by the borrower. These arrangements generally require the borrower to pledge collateral to support the fulfillment of the borrower's obligation.

Variable Interest Entities

We frequently form joint ventures or partnerships with others primarily for the execution of single contracts or projects. We assess our joint ventures and partnerships at inception to determine if any meet the qualifications of a VIE as defined in GAAP. If a joint venture or partnership is a VIE and we are the primary beneficiary, the joint venture or partnership is consolidated and our partners' interests are recognized as NCI. Additional discussion of our VIEs may be found in Item 1 of this Q3 2020 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to market risk during the 2020 Period. Accordingly, the disclosures provided in the 2019 10-K remain current.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act) were not effective as required by paragraph (b) of Rule 13a-15 or Rule 15d-15 of the Exchange Act.

Changes in Internal Control over Financial Reporting

In light of the material weaknesses in our ICFR, as more fully described in the 2019 10-K, we performed extensive analysis and other procedures to validate that our financial information contained in this Form 10-Q was prepared in accordance with US GAAP. Following such analysis and procedures, our management, including our CEO and CFO, has concluded that our financial statements present fairly, in all material respects, our financial position, results of our operations and our cash flows for the periods presented in this Form 10-Q, in conformity with GAAP.

During the 2020 Quarter, we responded to matters identified during our internal review, which is more fully described in the 2019 10-K, including:

- taking personnel actions, including separations, for individuals involved on projects for which errors were identified;
- reinforcing existing policies, including those policies that are critical to the generation of accounting information, to provide further assurance that the financial statements are subject to additional project-level controls; and
- conducting expanded training on ethical behavior and internal certification at the project level, at the segment level and at the corporate office.

Except for the impact of the foregoing, there were no changes to our internal control over financial reporting that occurred during the 2020 Period that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FLUOR CORPORATION
CHANGES IN CONSOLIDATED BACKLOG

UNAUDITED

(in millions)	Three Months Ended September 30,	
	2020	2019
Backlog, July 1	\$ 29,033.1	\$ 35,480.0
New awards	1,748.3	3,758.2
Adjustments and cancellations, net ⁽¹⁾	774.4	(425.6)
Work performed	(3,781.6)	(4,561.5)
Backlog, September 30	<u>\$ 27,774.2</u>	<u>\$ 34,251.1</u>

(in millions)	Nine Months Ended September 30,	
	2020	2019
Backlog, January 1	\$ 31,933.9	\$ 40,050.7
New awards	8,130.5	9,517.4
Adjustments and cancellations, net ⁽¹⁾	(357.4)	(2,570.9)
Work performed	(11,932.8)	(12,746.1)
Backlog, September 30	<u>\$ 27,774.2</u>	<u>\$ 34,251.1</u>

(1) Adjustments and cancellations, net during the 2019 Period included an adjustment to remove certain contracts associated with our joint venture in Mexico that were suspended during the 2019 Period, as well as other project scope adjustments and cancellations.

PART II: OTHER INFORMATION**Item 1. Legal Proceedings**

As part of our normal business activities, we are party to a number of legal proceedings and other matters in various stages of development. Management periodically assesses our liabilities and contingencies in connection with these matters based upon the latest information available. We disclose material pending legal proceedings pursuant to SEC rules and other pending matters as we may determine to be appropriate.

Additional information on matters in dispute may be found in Item 8 of the 2019 10-K and Item 1 of this Q3 2020 10-Q.

Item 1A. Risk Factors

There have been no material changes from our risk factors as disclosed in the 2019 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (c) The following table provides information for the quarter ended September 30, 2020 about purchases by the company of equity securities that are registered by the company pursuant to Section 12 of the Exchange Act.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased under the Plans or Program (1)
July 1, 2020 — July 31, 2020	—	\$ —	—	10,513,093
August 1, 2020 — August 31, 2020	—	—	—	10,513,093
September 1, 2020 — September 30, 2020	—	—	—	10,513,093
Total	—	\$ —	—	

- (1) The share repurchase program was originally announced on November 3, 2011 for 12,000,000 shares and has been amended to increase the size of the program by an aggregate 34,000,000 shares, most recently in February 2016 with an increase of 10,000,000 shares. We continue to repurchase shares from time to time in open market transactions or privately negotiated transactions, including through pre-arranged trading programs, at our discretion, subject to market conditions and other factors and at such time and in amounts that we deem appropriate.

Item 4. Mine Safety Disclosures

None.

Item 6. Exhibits**EXHIBIT INDEX**

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on May 8, 2012).
3.2	Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on February 9, 2016).
3.3	Certificate of Designation, Preferences, and Rights of Series A Junior Participating Preferred Stock of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on March 25, 2020).
4.1	First Amendment to Rights Agreement, dated as of July 29, 2020, by and between Fluor Corporation and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K (commission file number 1-16120) filed on August 3, 2020).
10.1	Form of Restricted Stock Unit Agreement under the Fluor Corporation 2017 Performance Incentive Plan.* **
10.2	Form of Option Agreement under the Fluor Corporation 2017 Performance Incentive Plan.* **
10.3	Form of Performance Award Agreement under the Fluor Corporation 2017 Performance Incentive Plan.* **
10.4	Form of Stock Growth Incentive Award Agreement under the Fluor Corporation 2017 Performance Incentive Plan.* **
10.5	Amendment No. 3, dated as of July 7, 2020, to \$1,800,000,000 Amended and Restated Revolving Loan and Letter of Credit Facility Agreement dated as of February 25, 2016, among Fluor Corporation, Fluor B.V., the financial institutions party thereto and BNP Paribas, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on July 8, 2020).
10.6	Amendment No. 4, dated as of September 17, 2020, to \$1,800,000,000 Amended and Restated Revolving Loan and Letter of Credit Facility Agreement dated as of February 25, 2016, among Fluor Corporation, Fluor B.V., the financial institutions party thereto and BNP Paribas, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on September 21, 2020).
10.7	Amendment No. 3, dated as of July 7, 2020, to \$1,700,000,000 Amended and Restated Revolving Loan and Letter of Credit Facility Agreement dated as of February 25, 2016, among Fluor Corporation, Fluor B.V., the financial institutions party thereto and BNP Paribas, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on July 8, 2020).
10.8	Amendment No. 3, dated as of September 17, 2020, to \$1,700,000,000 Amended and Restated Revolving Loan and Letter of Credit Facility Agreement dated as of February 25, 2016, among Fluor Corporation, Fluor B.V., the financial institutions party thereto and BNP Paribas, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on September 21, 2020).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(b) of the Exchange Act.*
32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350.*
32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350.*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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.*

* New exhibit filed with this report.

** Management contract or compensatory plan or arrangement.

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.

FLUOR CORPORATION

Date: December 10, 2020

By: /s/ Joseph L. Brennan

Joseph L. Brennan

Chief Financial Officer

Date: December 10, 2020

By: /s/ John C. Regan

John C. Regan

Chief Accounting Officer

FORM OF RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement ("**Agreement**") entered into as of [GRANT DATE] (the "**Grant Date**"), by and between Fluor Corporation, a Delaware corporation (the "**Company**"), and you ("**Grantee**" or "**you**") evidences the grant to Grantee of a Stock Unit Award ("**RSU Award**") under the Fluor Corporation 2017 Performance Incentive Plan (the "**Plan**"). Capitalized terms used in this Agreement and not defined herein have the meaning set forth in the Plan.

Section 1. AWARD SUBJECT TO PLAN

This RSU Award is granted subject to all of the terms and conditions of this Agreement and the Plan, including any terms, rules or determinations made by the Committee pursuant to its administrative authority under the Plan, and such further terms as are set forth in the Plan that are applicable to awards thereunder, including without limitation provisions on adjustment of awards, non-transferability, satisfaction of tax requirements and compliance with other laws.

Section 2. RESTRICTED STOCK UNIT AWARD

The Company hereby awards Grantee restricted stock units ("**RSUs**"), subject to the terms and conditions set forth herein. Each RSU represents the right to receive one share of Company common stock, par value \$.01 per share ("**Shares**"), pursuant to this RSU Award, subject to the terms and conditions set forth herein. Subject to the provisions of Section 3 and Section 4 hereof, upon the issuance to Grantee of Shares hereunder, Grantee shall also receive cash in an amount equivalent to any dividends or distributions paid or made by the Company from the date of this RSU Award to the date of the issuance of the Shares with respect to an equivalent number of Shares so issued.

Section 3. RESTRICTIONS ON SALE OR OTHER TRANSFER

Each RSU awarded to Grantee pursuant to this Agreement shall be subject to forfeiture to the Company pursuant to the terms and conditions set forth herein and each RSU may not be sold or otherwise transferred except pursuant to the following provisions:

- (a) The RSUs shall be held in book entry form by the Company until (1) the restrictions set forth herein lapse in accordance with the provisions of Section 4, at which time the RSUs will be converted to Shares, or (2) the RSUs are forfeited pursuant to Section 4 hereof.
- (b) No such RSUs may be sold, transferred or otherwise alienated or hypothecated so long as such RSUs are subject to the restrictions provided for in this Agreement.
- (c) The Company may impose such other restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any re-sales by the Grantee or other subsequent transfers by the Grantee of any Shares issued as a result of the vesting of the RSUs, including without limitation (i) restrictions under an insider trading policy, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by Grantee and other stockholders of the Company and (iii) restrictions as to the use of a specified brokerage firm for such re-sales or other transfers.

Section 4. LAPSE OF RESTRICTIONS

The RSUs subject to this RSU Award shall vest and restrictions thereon shall lapse at a rate of one third of such number per year commencing with [FIRST VESTING DATE] and annually thereafter on [SECOND VESTING DATE] and [THIRD VESTING DATE], provided that Grantee's employment has not terminated on or before such date unless one of the exceptions set forth below in this Section 4 is met. The Company will issue you the Shares subject to this RSU Award (as well as any cash payments related to dividends or distributions related to such Shares) as soon as reasonably possible after each date on which the applicable restrictions lapse or any other date upon which this RSU Award vests as set forth below in this Section 4.

If your employment with the Company or any of its subsidiaries terminates for any reason other than death, Retirement, Disability or a Qualifying Termination, each as defined below and determined by the Committee in accordance with the Plan, then as of the date of such termination any RSUs which have yet to vest shall be forfeited by you in exchange for no additional consideration or payment. If prior to the RSUs becoming vested in full pursuant to the preceding paragraph, your employment with the Company or any of its subsidiaries terminates by reason of your death, Disability or a Qualifying Termination, each as determined by the Committee in accordance with the Plan, then any portion of this RSU Award which has yet to become vested shall become immediately vested. If prior to the RSUs becoming vested in full pursuant to the preceding paragraph, your employment with the Company or any of its subsidiaries terminates by reason of your Retirement and you deliver a signed long term incentive vesting/forfeiture agreement to the Company in a form acceptable to the Company (except when such an agreement is prohibited by governing law as determined by the Company), then any portion of this RSU Award which has yet to become vested shall continue to vest pursuant to the vesting schedule set forth in the preceding paragraph. Notwithstanding the foregoing and regardless of the reason for termination, under all circumstances other than your

Qualifying Termination, any RSUs held less than one year from [DATE] shall be forfeited in exchange for no additional consideration or payment[; provided, however, in the event of your Retirement, this one-year holding requirement may be waived by the Committee, in its sole and absolute discretion, and any portion of this RSU Award which has yet to become vested shall continue to vest as set forth in the preceding paragraph]. Nothing in the Plan or this Agreement confers any right of continuing employment with the Company or its subsidiaries. Notwithstanding the foregoing, if in the event of a Change of Control the successor to the Company does not assume this RSU Award, then any portion of this RSU Award which has yet to become vested and which has not otherwise been forfeited pursuant to the provisions of this Section 4 shall become immediately vested. Notwithstanding anything to the contrary herein, in the event your employment is terminated for Cause (as defined herein), regardless of whether you are Retirement eligible, you shall forfeit the unvested RSUs in exchange for no additional consideration or payment, unless otherwise prohibited by law.

For purposes of this Agreement, "**Retirement**" shall mean your retirement as determined in accordance with applicable Company personnel policies and the Plan. "**Disability**" and "**Change of Control**" shall have the meanings given to them in Appendix B to this Agreement. The term "**Qualifying Termination**" means your involuntary termination of employment by the Company, without Cause, within two (2) years following a Change of Control of the Company. For this purpose, "**Cause**" means your dishonesty, fraud, willful misconduct, breach of fiduciary duty, conflict of interest, commission of a felony, material failure or refusal to perform your job duties in accordance with Company policies, material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree.

Section 5. TAX WITHHOLDING

Regardless of any action the Company or the Grantee's employer (the "**Employer**") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by the Grantee is and remains the Grantee's responsibility and that the Company and/or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of RSUs, including the grant and vesting of RSUs, subsequent delivery of Shares and/or cash related to such RSUs or the subsequent sale of any Shares acquired pursuant to such RSUs and receipt of any dividend equivalent payments (if any) and (ii) do not commit to structure the terms or any aspect of this grant of RSUs to reduce or eliminate the Grantee's liability for Tax-Related Items. The Grantee shall pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Grantee's participation in the Plan or receipt of RSUs or of Shares pursuant to RSUs that cannot be satisfied by the means described below. Further, if the Grantee is subject to tax in more than one jurisdiction, the Grantee acknowledges that the Company and/or Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to deliver the Shares if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

Prior to the taxable or tax withholding event, as applicable, the Grantee shall pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company or Employer to withhold all applicable Tax-Related Items legally payable by the Grantee by (1) withholding a number of Shares otherwise deliverable equal to the Retained Share Amount (as defined below); (2) withholding from the Grantee's wages or other cash compensation paid by the Company and/or Employer; and/or (3) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs, either through a voluntary sale or through a sale arranged by the Company (on the Grantee's behalf pursuant to this authorization), to the extent permitted by the Plan Administrator. The "**Retained Share Amount**" shall mean a number of Shares equal to the quotient of the minimum statutory tax withholding obligation of the Company triggered by the RSUs on the relevant date, divided by the fair market value of one Share on the relevant date or as otherwise provided in the Plan. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, the Grantee understands that he or she shall be deemed to have been issued the full number of Shares subject to the settled RSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of the settlement of the RSUs.

Grantee acknowledges and understands that Grantee should consult a tax advisor regarding Grantee's tax obligations.

Section 6. SEVERABILITY

In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

Section 7. DATA PROTECTION

THE GRANTEE HEREBY EXPLICITLY AND UNAMBIGUOUSLY CONSENTS TO THE COLLECTION, USE AND TRANSFER, IN ELECTRONIC OR OTHER FORM, OF THE GRANTEE'S PERSONAL DATA AS DESCRIBED IN THIS DOCUMENT BY AND AMONG, AS APPLICABLE, THE EMPLOYER, AND THE COMPANY AND ITS SUBSIDIARIES FOR THE EXCLUSIVE PURPOSE OF IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT THE COMPANY, ITS SUBSIDIARIES AND THE EMPLOYER HOLD CERTAIN PERSONAL INFORMATION

ABOUT THE GRANTEE, INCLUDING, BUT NOT LIMITED TO, NAME, HOME ADDRESS AND TELEPHONE NUMBER, DATE OF BIRTH, SOCIAL SECURITY OR INSURANCE NUMBER OR OTHER IDENTIFICATION NUMBER, SALARY, NATIONALITY, JOB TITLE, ANY SHARES OR DIRECTORSHIPS HELD IN THE COMPANY, DETAILS OF ALL OPTIONS OR ANY OTHER ENTITLEMENT TO SHARES AWARDED, CANCELED, PURCHASED, EXERCISED, VESTED, UNVESTED OR OUTSTANDING IN THE GRANTEE'S FAVOR FOR THE PURPOSE OF IMPLEMENTING, MANAGING AND ADMINISTERING THE PLAN ("DATA"). THE GRANTEE UNDERSTANDS THAT THE DATA MAY BE TRANSFERRED TO ANY THIRD PARTIES ASSISTING IN THE IMPLEMENTATION, ADMINISTRATION AND MANAGEMENT OF THE PLAN, THAT THESE RECIPIENTS MAY BE LOCATED IN THE GRANTEE'S COUNTRY OR ELSEWHERE, INCLUDING OUTSIDE THE EUROPEAN ECONOMIC AREA, AND THAT THE RECIPIENT COUNTRY MAY HAVE DIFFERENT DATA PRIVACY LAWS AND PROTECTIONS THAN THE GRANTEE'S COUNTRY. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY REQUEST A LIST WITH THE NAMES AND ADDRESSES OF ANY POTENTIAL RECIPIENTS OF THE DATA BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE. THE GRANTEE AUTHORIZES THE RECIPIENTS TO RECEIVE, POSSESS, USE, RETAIN AND TRANSFER THE DATA, IN ELECTRONIC OR OTHER FORM, FOR THE PURPOSES OF IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN, INCLUDING ANY REQUISITE TRANSFER OF SUCH DATA, AS MAY BE REQUIRED TO A BROKER OR OTHER THIRD PARTY WITH WHOM THE GRANTEE MAY ELECT TO DEPOSIT ANY SHARES ACQUIRED UNDER THE PLAN. THE GRANTEE UNDERSTANDS THAT DATA WILL BE HELD ONLY AS LONG AS IS NECESSARY TO IMPLEMENT, ADMINISTER AND MANAGE PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY, AT ANY TIME, VIEW DATA, REQUEST ADDITIONAL INFORMATION ABOUT THE STORAGE AND PROCESSING OF THE DATA, REQUIRE ANY NECESSARY AMENDMENTS TO THE DATA OR REFUSE OR WITHDRAW THE CONSENTS HEREIN, IN ANY CASE WITHOUT COST, BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE IN WRITING. THE GRANTEE UNDERSTANDS THAT REFUSING OR WITHDRAWING CONSENT MAY AFFECT THE GRANTEE'S ABILITY TO PARTICIPATE IN THE PLAN. FOR MORE INFORMATION ON THE CONSEQUENCES OF REFUSING TO CONSENT OR WITHDRAWING CONSENT, THE GRANTEE UNDERSTANDS THAT HE/SHE MAY CONTACT THE PLAN ADMINISTRATOR AT THE COMPANY.

Section 8. ACKNOWLEDGMENT AND WAIVER

By accepting this grant of RSUs, the Grantee acknowledges and agrees that:

- (a) the Plan is established voluntarily by the Company, and it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time unless otherwise provided in the Plan or this Agreement;
- (b) the grant of RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of Shares or RSUs, or benefits in lieu of Shares or RSUs, even if Shares or RSUs have been granted repeatedly in the past;
- (c) all decisions with respect to future grants, if any, shall be at the sole discretion of the Company;
- (d) the Grantee's participation in the Plan shall not create a right to further employment with Employer and shall not interfere with the ability of Employer to terminate the Grantee's employment relationship, and it is expressly agreed and understood that employment is terminable at the will of either party, insofar as permitted by law;
- (e) the Grantee is participating voluntarily in the Plan;
- (f) RSU awards and resulting benefits are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the Grantee's employment contract, if any;
- (g) RSU awards and resulting benefits are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculating any severance, resignation, termination, redundancy, or end of service payments, or bonuses, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law;
- (h) in the event that the Grantee is not an employee of the Company, this award of RSUs shall not be interpreted to form an employment contract or relationship with the Company, and furthermore, this award of RSUs shall not be interpreted to form an employment contract with the Employer or any subsidiary of the Company;
- (i) the future value of the Shares is unknown, may increase or decrease from the date of award or vesting of the RSU and cannot be predicted with certainty;

- (j) in consideration of this grant of RSUs, no claim or entitlement to compensation or damages shall arise from termination or diminution in value of this grant of RSUs resulting from termination of the Grantee's employment by the Company or the Employer (for any reason whatsoever), and the Grantee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the terms of this Agreement, the Grantee shall be irrevocably deemed to have waived any entitlement to pursue such claim; and
- (k) the award evidenced by this Agreement is subject to all Company policies relating to the clawback and/or recoupment of compensation, as the same may be amended from time to time, and to the extent the Grantee is subject to such policies, the terms and conditions of such policies are hereby incorporated by reference into this Agreement.

Section 9. CONFIDENTIALITY

This Agreement and the receipt of any RSUs hereunder are conditioned upon Grantee not disclosing this Agreement or said receipt to anyone other than Grantee's spouse, financial advisor, senior management of the Company or members of the Company's Law, Tax, and Human Resources departments. If unauthorized disclosure is made to any other person, the RSUs received hereunder shall be forfeited in exchange for no additional payment or consideration. Notwithstanding any other provision of this Agreement or any other agreement, if Grantee makes a confidential disclosure of a Company trade secret to a government official or an attorney for the purpose of reporting or investigating a suspected violation of law, or in a court filing under seal, Grantee shall not be held liable under this Agreement or any other agreement, or under any federal or state trade secret law for such a disclosure. Moreover, nothing in this Agreement or any other agreement shall prevent Grantee from making a confidential disclosure of any other confidential information to a government official, to an attorney as necessary to obtain legal advice or in a court filing under seal.

Section 10. GRANT-SPECIFIC TERMS

Appendix A contains additional terms and conditions of the Agreement applicable to Grantees residing outside the United States. In addition, Appendix A also contains information and notices regarding exchange control and certain other issues of which the Grantee (if residing outside the U.S.) should be aware that may arise as a result of participation in the Plan. Appendix B contains additional terms in compliance with Section 409A of the United States Internal Revenue Code.

Section 11. ENFORCEMENT

This Agreement and the RSUs granted hereunder shall be governed by, construed, administered and enforced in accordance with the laws of the State of Delaware without reference to choice or conflict of law principles.

Section 12. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first herein above written.

FLUOR CORPORATION

By: [NAME]
[TITLE]

APPENDIX A

FLUOR CORPORATION RESTRICTED STOCK UNIT AWARD UNDER THE 2017 PERFORMANCE INCENTIVE PLAN TERMS FOR NON-U.S. GRANTEES

TERMS AND CONDITIONS

This Appendix A, which is part of the Agreement, includes additional terms and conditions of the Agreement that will apply to you if you are a resident in one of the countries listed below. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

NOTIFICATIONS

This Appendix A also includes information regarding exchange control and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of [DATE]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix A as the only source of information relating to the consequences of your participation in the Plan because such information may be out-of-date when your RSUs vest and/or you sell any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation. As a result, the Company is not in a position to assure you of any particular result. You are therefore advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than that in which you are currently working, the information contained herein may not apply to you.

GRANT-SPECIFIC TERMS

Below please find country specific language that applies to Australia, Canada, Chile, Germany, the Netherlands, Russia, South Africa, Spain and the United Kingdom.

AUSTRALIA

Terms and Conditions

Prospectus Information. The “Offer Document” and “Australian Rules” contain additional terms and conditions that govern the RSU. Grantees should review those documents carefully. In addition, the written or other materials provided to Grantees in connection with the RSUs have been prepared for the purpose of complying with the relevant United States securities regulations and applicable stock exchange requirements. The information disclosed may not be the same as that which must be disclosed in a prospectus prepared under Australian law.

RSUs Settled in Shares Only. Notwithstanding anything to the contrary in the Plan and/or the Agreement, Grantee understands that RSUs granted to Grantee shall be paid in Shares only and do not provide any right for Grantee to receive a cash payment.

Notifications

Securities Law Information. If Grantee acquires Shares pursuant to the RSU and offers the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Grantees should obtain legal advice on disclosure obligations prior to making any such offer.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Grantee will be required to file the report.

CANADA

Terms and Conditions

Form of Payment. Due to legal restrictions in Canada, and notwithstanding any language to the contrary in the Plan, Grantees are prohibited from surrendering previously owned Shares, or from attesting to the ownership of previously owned Shares, to pay any tax liability in connection with the RSUs. For the avoidance of ambiguity, withholding in Shares for this RSU Award is permissible.

RSUs Settled in Shares Only. Notwithstanding anything to the contrary in the Plan and/or the Agreement, Grantee understands that RSUs granted to Grantee shall be paid in Shares only and do not provide any right for Grantee to receive a cash payment.

Language Consent

The following provision applies to residents of Quebec:

The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention.

Notifications

Additional Restrictions on Resale. Securities acquired under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

Tax Reporting. The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return (Form T1135) disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes Shares) exceeds Cdn.\$100,000. You should consult your own tax advisor regarding this reporting requirement.

CHILE

Terms and Conditions

There are no country-specific provisions.

Notifications

Securities Law Information. Neither the Company, the award, nor any Company shares acquired under the Plan are registered with the Chilean Registry of Securities or are under the control of the Chilean Superintendence of Securities.

Exchange Control Information. If exchange control reporting is required, you will be responsible for filing the report with the Central Bank of Chile. In addition, you must also file a report with the Central Bank if, in a given year, you have kept investments, deposits, or credits abroad in an amount that exceeds US\$5,000,000.

Tax Information. Registration of your investment in Company shares with the Chilean Internal Revenue Service may result in more favorable tax treatment. Please consult your tax advisor for additional details.

GERMANY

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. Cross-border payments in excess of EUR12,500 must be reported monthly to the German Federal Bank. If Grantee uses a German bank to transfer a cross-border payment in excess of EUR12,500 in connection with the sale of Shares acquired under the Plan, the bank will file the report for you. In addition, you must report any receivables, payables, or debts in foreign currency exceeding an amount of EUR5,000,000 on a monthly basis.

THE NETHERLANDS

Terms and Conditions

There are no country-specific provisions.

Notifications

Insider-Trading Notification. Grantees should be aware of the Dutch insider-trading rules, which may impact the sale of Shares acquired upon vesting of the RSU. In particular, Grantees may be prohibited from effectuating certain transactions involving Shares if they have inside information about the Company. Grantees should consult their personal legal advisor if they are uncertain whether the insider-trading rules apply to them. By accepting the Agreement and participating in the Plan, Grantee acknowledges having read and understood this notification and acknowledges that it is his or her responsibility to comply with the Dutch insider-trading rules.

RUSSIA

Terms and Conditions

Securities Law Information. Grantee acknowledges that the Agreement, the grant of RSUs, the Plan and all other materials Grantee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will not be registered in Russia and therefore, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Grantee further acknowledges that in no event will Shares acquired upon vesting of the RSUs be delivered to Grantee in Russia; all Shares acquired upon vesting of the RSUs will be maintained on Grantee's behalf in the United States.

Grantee acknowledges that Grantee is not permitted to sell Shares directly to a Russian legal entity or resident.

Notifications

Grantee understands that Grantee is solely liable for all applicable Russian exchange control requirements (including repatriation requirements applicable to the proceeds from the sale of Shares).

SOUTH AFRICA

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. To participate in the Plan, Grantee understands that Grantee must comply with exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa.

For RSUs, because no transfer of funds from South Africa is required, no filing or reporting requirements should apply when the RSUs, if any, are granted or when shares are issued upon vesting and settlement of the RSUs.

Because the Exchange Control Regulations change frequently and without notice, Grantee understands that Grantee should consult a legal advisor prior to the purchase or sale of shares under the Plan to ensure compliance with current regulations. Grantee understands that it is Grantee's responsibility to comply with South African exchange control laws, and neither the Company nor Grantee's Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

SPAIN

Terms and Conditions

There are no country-specific provisions.

Notifications

No Special Employment or Similar Rights. Grantee understands that the Company has unilaterally, gratuitously, and discretionally decided to distribute awards under the Plan to individuals who may be employees of the Company or its subsidiaries throughout the world. The decision is a temporary decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its subsidiaries presently or in the future, other than as specifically set forth in the Plan and the terms and conditions of Grantee's RSU grant. Consequently, Grantee understands that any grant is given on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any of its subsidiaries) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Further, Grantee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the awards and underlying shares is unknown and unpredictable. In addition, Grantee understands that this grant would not be made but for the assumptions and conditions referred to above; thus, Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of awards shall be null and void and the Plan shall not have any effect whatsoever.

Further, the RSU Award provides a conditional right to Shares and may be forfeited or affected by Grantee's termination of employment, as set forth in the Agreement. For avoidance of doubt, Grantee's rights, if any, to the RSUs upon termination of employment shall be determined as set forth in the Agreement, including, without limitation, where (i) Grantee is considered to be unfairly dismissed without good cause; (ii) Grantee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (iii) Grantee terminates service due to a change of work location, duties or any other employment or contractual condition; or (iv) Grantee terminates service due to the Company's or any of its subsidiaries' unilateral breach of contract.

Securities Law Notice. The RSUs granted under the Plan do not qualify as securities under Spanish regulations. By the grant of RSUs, no "offer of securities to the public", as defined under Spanish law, has taken place or will take place in Spanish territory. The present document and any other document relating to the offer of RSUs under the Plan has not been nor will it be registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Exchange Commission), and it does not constitute a public offering prospectus.

Foreign Asset and Account Reporting. To the extent that Spanish residents hold rights or assets (e.g., shares of common stock, cash, etc.) in a bank or brokerage account outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year, such residents are required to report information on such rights and assets on their tax return for such year. Shares of common stock constitute securities for purposes of this requirement, but unvested rights (e.g., RSUs) are not considered assets or rights for purposes of this requirement.

If applicable, Spanish residents must report the assets or rights on Form 720 by no later than March 31 following the end of the relevant year. After such assets or rights are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets or rights increases by more than €20,000. Failure to comply with this reporting requirement may result in penalties.

Spanish residents are also required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts, if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000. More frequent reporting is required if such transaction value or account balance exceeds €1,000,000.

Spanish residents should consult with their personal tax and legal advisors to ensure compliance with their personal reporting obligations.

Exchange Control Information. All acquisitions of foreign shares by Spanish residents must comply with exchange control regulations in Spain. Because of foreign investments requirements, the acquisition of Company shares under the Plan must be declared for statistical purposes to the *Spanish Direccion General de Politica Comercial y de Inversiones Extranjeras* (the "DGPCIE"). If you acquire the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for you. Otherwise, you must make the declaration by filling a form with the DGPCIE.

If you import the Shares acquired under the Plan into Spain, you must declare the importation of the share certificates to the DGPCIE.

In addition, you must also file a declaration of the ownership of the Shares with the Directorate of Foreign Transactions each January while the Shares are owned. These filings are made on standard forms furnished by the Directorate of Foreign Transactions.

When you receive any foreign currency payments (i.e., as a result of the sale of the Shares), you must inform the institution receiving the payment of the basis upon which such payment is made and provide certain specific information (e.g., name, address, and fiscal identification number; the name and corporate domicile of the company; the amount of the payment; the type of foreign currency received; the country of origin; and the reason for the payment).

UNITED KINGDOM

Terms and Conditions

UK Rules. The RSU Award is granted under the “UK Rules,” which contain additional terms and conditions that govern the RSU Award. Grantees should review the UK Rules carefully.

Notifications

There are no country-specific notifications.

APPENDIX B

Compliance with Section 409A of the Internal Revenue Code

- (a) It is intended that the provisions of this Agreement comply with Section 409A of the U.S. Internal Revenue Code (“Section 409A”), and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.
- (b) Neither Grantee nor any of Grantee’s creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Grantee or for Grantee’s benefit under this Agreement may not be reduced by, or offset against, any amount owing by Grantee to the Company or any of its subsidiaries.
- (c) If, at the time of Grantee’s separation from service (within the meaning of Section 409A), (i) Grantee is a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date pursuant to Section 4 of this Agreement but shall instead pay it, without interest, on the first business day after such six-month period or, if earlier, upon the Grantee’s death.
- (d) Notwithstanding anything to the contrary contained herein, for the purpose of this Agreement, (i) if the RSUs have not previously been forfeited, the RSUs shall vest on a Disability, which shall mean that the Grantee is considered disabled in accordance with U.S. Treasury Regulations section 1.409A-3(i)(4), determined as if all permissible provisions of such regulation were in effect, and (ii) a Change of Control of the Company is considered to have occurred with respect to the Grantee upon the occurrence with respect to the Grantee of a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as determined in accordance with U.S. Treasury Regulations section 1.409A-3(i)(5).
- (e) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, Grantee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on Grantee or for Grantee’s account in connection with this Agreement (including, without limitation, any taxes and penalties under Section 409A), and neither the Company nor any of its subsidiaries shall have any obligation to indemnify or otherwise hold Grantee harmless from any or all of such taxes or penalties.

FORM OF OPTION AGREEMENT

This Option Agreement ("**Agreement**") entered into as of [GRANT DATE] (the "**Grant Date**"), by and between Fluor Corporation, a Delaware corporation (the "**Company**"), and you ("**Grantee**" or "**you**") evidences the grant to Grantee of a Stock Option ("**Option**") under the Fluor Corporation 2017 Performance Incentive Plan (the "**Plan**"). Capitalized terms used in this Agreement and not defined herein have the meaning set forth in the Plan.

Section 1. AWARD SUBJECT TO PLAN

This Option is granted subject to all of the terms and conditions of this Agreement and the Plan, including any terms, rules or determinations made by the Committee pursuant to its administrative authority under the Plan, and such further terms as are set forth in the Plan that are applicable to awards thereunder, including without limitation provisions on adjustment of awards, non-transferability, satisfaction of tax requirements and compliance with other laws. The Option is not intended to be an "incentive stock option" within the meaning of that term under Code Section 422.

Section 2. OPTION AWARD

The Company hereby awards Grantee an Option to purchase shares of Company common stock, par value \$.01 per share ("**Shares**"), pursuant to this Agreement at an exercise price per Share of \$XX.XX, subject to the terms and conditions set forth herein and in the Plan. The Option may not be exercised in whole or in part as of the Grant Date, and becomes exercisable only if and to the extent provided in the following paragraphs and otherwise subject to and in accordance with the Plan.

Section 3. VESTING AND EXPIRATION

The Option shall vest and become exercisable at a rate of one third per year (rounded up to the nearest whole Share) commencing on [FIRST VESTING DATE] and annually thereafter on [SECOND VESTING DATE] and [THIRD VESTING DATE], provided that Grantee's employment has not terminated on or before such date unless one of the exceptions in this Section 3 is met. Subject to the provisions below and the terms of the Plan, the right to exercise the Option shall expire on [EXPIRATION DATE IN 10 YEARS]. Notwithstanding the foregoing, in the event that on the expiration date (i) the exercise of the Option is prohibited by applicable law or (ii) Shares may not be purchased or sold by you due to the "black-out period" of a Company policy or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the expiration date shall be delayed until 30 days following the end of the legal prohibition, black-out period or lock-up agreement.

If your employment with the Company or any of its subsidiaries terminates for any reason other than death, Retirement, Disability or a Qualifying Termination, each as defined below and determined by the Committee in accordance with the Plan, then as of the date of such termination this Option shall expire as to any portion which has not yet become vested and exercisable, meaning that you shall forfeit such portion in exchange for no additional consideration or payment. If prior to the Option becoming vested and exercisable in full pursuant to the preceding paragraph, your employment with the Company or any of its subsidiaries terminates by reason of your death, Disability or a Qualifying Termination, each as determined by the Committee in accordance with the Plan, then any portion of this Option which has yet to become vested and exercisable shall become immediately vested and exercisable. If prior to the Option becoming vested and exercisable in full pursuant to the preceding paragraph, your employment with the Company or any of its subsidiaries terminates by reason of your Retirement and you deliver a signed long term incentive vesting/forfeiture agreement to the Company in a form acceptable to the Company (except when such an agreement is prohibited by governing law as determined by the Company), then any portion of this Option which has yet to become vested and exercisable shall continue to vest and become exercisable as set forth in the preceding paragraph. Notwithstanding the foregoing and regardless of reason for termination, under all circumstances other than your Qualifying Termination, any Option held less than one year from [DATE] shall be forfeited; provided, however, in the event of your Retirement, this one-year holding requirement may be waived by the Committee, in its sole and absolute discretion and any portion of this Option which has yet to become vested and exercisable shall continue to vest and become exercisable as set forth in the preceding paragraph]. Nothing in the Plan or this Agreement confers any right of continuing employment with the Company or its subsidiaries. Notwithstanding the foregoing, if in the event of a Change of Control the successor to the Company does not assume this Option, then any portion of this Option which has yet to become vested and exercisable and which has not otherwise been forfeited pursuant to the provisions of this Section 3 shall become immediately vested and exercisable. Notwithstanding anything to the contrary herein, in the event your employment is terminated for Cause (as defined herein), regardless of whether you are Retirement eligible, you shall forfeit your right to receive any unvested portion of this Option, unless otherwise prohibited by law.

To the extent that this Option is exercisable after your termination of employment, after taking into account the vesting provisions set forth in this Section 3, then this Option shall expire three (3) months following your termination of employment; provided, that if such

termination occurred on account of your death, Retirement, Disability, or a Qualifying Termination, the Option shall expire on its original expiration date.

For purposes of this Agreement, "**Retirement**" and "**Disability**" mean, respectively, your retirement or disability, all as determined in accordance with applicable Company personnel policies and the Plan. The term "**Qualifying Termination**" means your involuntary termination of employment by the Company, without Cause, within two (2) years following a Change of Control of the Company. For this purpose, "**Cause**" means your dishonesty, fraud, willful misconduct, breach of fiduciary duty, conflict of interest, commission of a felony, material failure or refusal to perform your job duties in accordance with Company policies, material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree.

Section 4. RESALE AND TRANSFER RESTRICTIONS

Neither the Option nor any interest therein may be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred in any manner, other than by will or the laws of descent and distribution. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any re-sales by the Grantee or other subsequent transfers by the Grantee of any Shares issued as a result of the exercise of this Option, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Grantee and other Option holders and (c) restrictions as to the use of a specified brokerage firm for such re-sales or other transfers.

Section 5. WITHHOLDING

Regardless of any action the Company or the Grantee's employer (the "**Employer**") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by the Grantee is and remains the Grantee's responsibility and that the Company and/or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant of this Option, including the grant, vesting and exercise of the Option, delivery of Shares and/or cash related to such Option or the subsequent sale of any Shares acquired pursuant to such Option, and (ii) do not commit to structure the terms or any aspect of the grant of this Option to reduce or eliminate the Grantee's liability for Tax-Related Items. The Grantee shall pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Grantee's participation in the Plan or receipt of this Option that cannot be satisfied by the means described below. Further, if the Grantee is subject to tax in more than one jurisdiction, the Grantee acknowledges that the Company and/or Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to deliver the Shares if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

Prior to the taxable or tax withholding event, as applicable, the Grantee shall pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company or Employer to withhold all applicable Tax-Related Items legally payable by the Grantee by (1) withholding a number of Shares otherwise deliverable equal to the Retained Share Amount (as defined below); (2) withholding from the Grantee's wages or other cash compensation paid by the Company and/or Employer; and/or (3) withholding from proceeds of the sale of Shares acquired upon settlement of the Option (*e.g.* through cashless exercise), either through a voluntary sale or through a sale arranged by the Company (on the Grantee's behalf pursuant to this authorization), to the extent permitted by the Plan Administrator. The "**Retained Share Amount**" shall mean a number of Shares equal to the quotient of the minimum statutory tax withholding obligation of the Company triggered by the Option on the relevant date, divided by the fair market value of one Share on the relevant date or as otherwise provided in the Plan. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, the Grantee understands that he or she shall be deemed to have been issued the full number of applicable Shares, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items.

Grantee acknowledges and understands that Grantee should consult a tax advisor regarding Grantee's tax obligations.

Section 6. SEVERABILITY

In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

Section 7. DATA PROTECTION

THE GRANTEE HEREBY EXPLICITLY AND UNAMBIGUOUSLY CONSENTS TO THE COLLECTION, USE AND TRANSFER, IN ELECTRONIC OR OTHER FORM, OF THE GRANTEE'S PERSONAL DATA AS DESCRIBED IN THIS DOCUMENT BY AND AMONG, AS APPLICABLE, THE EMPLOYER, AND THE COMPANY AND ITS SUBSIDIARIES FOR THE EXCLUSIVE PURPOSE OF

IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT THE COMPANY, ITS SUBSIDIARIES AND THE EMPLOYER HOLD CERTAIN PERSONAL INFORMATION ABOUT THE GRANTEE, INCLUDING, BUT NOT LIMITED TO, NAME, HOME ADDRESS AND TELEPHONE NUMBER, DATE OF BIRTH, SOCIAL SECURITY OR INSURANCE NUMBER OR OTHER IDENTIFICATION NUMBER, SALARY, NATIONALITY, JOB TITLE, ANY SHARES OR DIRECTORSHIPS HELD IN THE COMPANY, DETAILS OF ALL OPTIONS OR ANY OTHER ENTITLEMENT TO SHARES AWARDED, CANCELED, PURCHASED, EXERCISED, VESTED, UNVESTED OR OUTSTANDING IN THE GRANTEE'S FAVOR FOR THE PURPOSE OF IMPLEMENTING, MANAGING AND ADMINISTERING THE PLAN ("DATA"). THE GRANTEE UNDERSTANDS THAT THE DATA MAY BE TRANSFERRED TO ANY THIRD PARTIES ASSISTING IN THE IMPLEMENTATION, ADMINISTRATION AND MANAGEMENT OF THE PLAN, THAT THESE RECIPIENTS MAY BE LOCATED IN THE GRANTEE'S COUNTRY OR ELSEWHERE, INCLUDING OUTSIDE THE EUROPEAN ECONOMIC AREA, AND THAT THE RECIPIENT COUNTRY MAY HAVE DIFFERENT DATA PRIVACY LAWS AND PROTECTIONS THAN THE GRANTEE'S COUNTRY. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY REQUEST A LIST WITH THE NAMES AND ADDRESSES OF ANY POTENTIAL RECIPIENTS OF THE DATA BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE. THE GRANTEE AUTHORIZES THE RECIPIENTS TO RECEIVE, POSSESS, USE, RETAIN AND TRANSFER THE DATA, IN ELECTRONIC OR OTHER FORM, FOR THE PURPOSES OF IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN, INCLUDING ANY REQUISITE TRANSFER OF SUCH DATA, AS MAY BE REQUIRED TO A BROKER OR OTHER THIRD PARTY WITH WHOM THE GRANTEE MAY ELECT TO DEPOSIT ANY SHARES ACQUIRED UNDER THE PLAN. THE GRANTEE UNDERSTANDS THAT DATA WILL BE HELD ONLY AS LONG AS IS NECESSARY TO IMPLEMENT, ADMINISTER AND MANAGE PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY, AT ANY TIME, VIEW DATA, REQUEST ADDITIONAL INFORMATION ABOUT THE STORAGE AND PROCESSING OF THE DATA, REQUIRE ANY NECESSARY AMENDMENTS TO THE DATA OR REFUSE OR WITHDRAW THE CONSENTS HEREIN, IN ANY CASE WITHOUT COST, BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE IN WRITING. THE GRANTEE UNDERSTANDS THAT REFUSING OR WITHDRAWING CONSENT MAY AFFECT THE GRANTEE'S ABILITY TO PARTICIPATE IN THE PLAN. FOR MORE INFORMATION ON THE CONSEQUENCES OF REFUSING TO CONSENT OR WITHDRAWING CONSENT, THE GRANTEE UNDERSTANDS THAT HE/SHE MAY CONTACT THE PLAN ADMINISTRATOR AT THE COMPANY.

Section 8. ACKNOWLEDGMENT AND WAIVER

By accepting the grant of this Option, the Grantee acknowledges and agrees that:

- (a) the Plan is established voluntarily by the Company, and it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time unless otherwise provided in the Plan or this Agreement;
- (b) the grant of Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Shares or Options, or benefits in lieu of Shares or Options, even if Shares or Options have been granted repeatedly in the past;
- (c) all decisions with respect to future grants, if any, shall be at the sole discretion of the Company;
- (d) the Grantee's participation in the Plan shall not create a right to further employment with Employer and shall not interfere with the ability of Employer to terminate the Grantee's employment relationship, and it is expressly agreed and understood that employment is terminable at the will of either party, insofar as permitted by law;
- (e) the Grantee is participating voluntarily in the Plan;
- (f) Option grants and resulting benefits are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the Grantee's employment contract, if any;
- (g) Option grants and resulting benefits are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculating any severance, resignation, termination, redundancy, or end of service payments, or bonuses, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law;
- (h) in the event that the Grantee is not an employee of the Company, this grant of Options shall not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of Options shall not be interpreted to form an employment contract with the Employer or any subsidiary of the Company;

- (i) the future value of the Shares is unknown, may increase or decrease from the date of grant or exercise of the Option and cannot be predicted with certainty;
- (j) in consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination or diminution in value of this Option resulting from termination of the Grantee's employment by the Company or the Employer (for any reason whatsoever), and the Grantee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the terms of this Agreement, the Grantee shall be irrevocably deemed to have waived any entitlement to pursue such claim; and
- (k) the award evidenced by this Agreement is subject to all Company policies relating to the clawback and/or recoupment of compensation, as the same may be amended from time to time, and to the extent the Grantee is subject to such policies, the terms and conditions of such policies are hereby incorporated by reference into this Agreement.

Section 9. CONFIDENTIALITY

The Agreement and the Option granted hereunder are conditioned upon Grantee not disclosing this Agreement or said Option to anyone other than Grantee's spouse or financial advisor or senior management of the Company or senior members of the Company's Law, Tax, and Human Resources departments during the period prior to the exercise of said Option. If disclosure is made by Grantee to any other person not authorized by the Company, this Agreement and said Option shall be null and void and shall terminate in exchange for no additional consideration or payment. Notwithstanding any other provision of this Agreement or any other agreement, if Grantee makes a confidential disclosure of a Company trade secret to a government official or an attorney for the purpose of reporting or investigating a suspected violation of law, or in a court filing under seal, Grantee shall not be held liable under this Agreement or any other agreement, or under any federal or state trade secret law for such a disclosure. Moreover, nothing in this Agreement or any other agreement shall prevent Grantee from making a confidential disclosure of any other confidential information to a government official, to an attorney as necessary to obtain legal advice or in a court filing under seal.

Section 10. GRANT-SPECIFIC TERMS

Appendix A contains additional terms and conditions of the Agreement applicable to Grantees residing outside the U.S. In addition, Appendix A also contains information and notices regarding exchange control and certain other issues of which the Grantee (if residing outside the U.S.) should be aware that may arise as a result of participation in the Plan.

Section 11. ENFORCEMENT

This Agreement and the Option granted hereunder shall be governed by, construed, administered and enforced in accordance with the laws of the State of Delaware without reference to choice or conflict of law principles.

Section 12. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first herein above written.

FLUOR CORPORATION

By: [NAME]
[TITLE]

APPENDIX A

Fluor Corporation Option Award Under the 2017 Performance Incentive Plan Terms For Non-U.S. Grantees

TERMS AND CONDITIONS

This Appendix A, which is part of the Agreement, includes additional terms and conditions of the Agreement that will apply to you if you are a resident in one of the countries listed below. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

NOTIFICATIONS

This Appendix A also includes information regarding exchange control and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of [DATE]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix A as the only source of information relating to the consequences of your participation in the Plan because such information may be out-of-date when your Options vest and/or you sell any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation. As a result, the Company is not in a position to assure you of any particular result. You are therefore advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than that in which you are currently working, the information contained herein may not apply to you.

GRANT-SPECIFIC TERMS

Below please find country specific language that applies to Australia, Canada, Chile, Germany, the Netherlands, Russia, South Africa, Spain and the United Kingdom.

AUSTRALIA

Terms and Conditions

Prospectus Information. The “Offer Document” and “Australian Rules” contain additional terms and conditions that govern the Option. Grantees should review those documents carefully. In addition, the written or other materials provided to Grantees in connection with the Options have been prepared for the purpose of complying with the relevant United States securities regulations and applicable stock exchange requirements. The information disclosed may not be the same as that which must be disclosed in a prospectus prepared under Australian law.

Notifications

Securities Law Information. If Grantee acquires Shares pursuant to the Option and offers the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Grantees should obtain legal advice on disclosure obligations prior to making any such offer.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Grantee will be required to file the report.

CANADA

Terms and Conditions

Form of Payment. Due to legal restrictions in Canada, and notwithstanding any language to the contrary in the Plan, Grantees are prohibited from surrendering previously owned Shares or, from attesting to the ownership of previously owned Shares, to pay the exercise price or any tax liability in connection with the Option.

Language Consent

The following provision applies to residents of Quebec:

The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention.

Notifications

Additional Restrictions on Resale. Securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

Tax Reporting. The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return (Form T1135) disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes Shares) exceeds Cdn.\$100,000. You should consult your own tax advisor regarding this reporting requirement.

CHILE

Terms and Conditions

There are no country-specific provisions.

Notifications

Securities Law Information. Neither the Company, the award, nor any Company shares acquired under the Plan are registered with the Chilean Registry of Securities or are under the control of the Chilean Superintendence of Securities.

Exchange Control Information. Exchange control reporting is required to remit funds for the purchase of shares exceeding US\$10,000 (including cashless exercise transactions). If reporting is required, you will be responsible for filing this report with the Central Bank of Chile. In addition, you must also file a report with the Central Bank if, in a given year, you have kept investments, deposits, or credits abroad in an amount that exceeds US\$5,000,000.

Tax Information. Registration of your investment in Company Shares with the Chilean Internal Revenue Service may result in more favorable tax treatment. Please consult your tax advisor for additional details.

GERMANY

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. Cross-border payments in excess of EUR12,500 must be reported monthly to the German Federal Bank. If Grantee uses a German bank to transfer a cross-border payment in excess of EUR12,500 in connection with the sale of Shares acquired under the Plan, the bank will file the report for you. In addition, you must report any receivables, payables, or debts in foreign currency exceeding an amount of EUR5,000,000 on a monthly basis.

THE NETHERLANDS

Terms and Conditions

There are no country-specific provisions.

Notifications

Insider-Trading Notification. Grantees should be aware of the Dutch insider-trading rules, which may impact the sale of Shares acquired upon exercise of the Option. In particular, Grantees may be prohibited from effectuating certain transactions involving Shares if they have inside information about the Company. Grantees should consult their personal legal advisor if they are uncertain whether the insider-trading rules apply to them. By accepting the Agreement and participating in the Plan, Grantee acknowledges having read and understood this notification and acknowledges that it is his or her responsibility to comply with the Dutch insider-trading rules.

RUSSIA

Terms and Conditions

Securities Law Information. Grantee acknowledges that the Agreement, the grant of options, the Plan and all other materials that Grantee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will not be registered in Russia and therefore, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Grantee further acknowledges that in no event will Shares acquired upon exercise of the options be delivered to Grantee in Russia; all Shares acquired upon exercise of the options will be maintained on Grantee's behalf in the United States.

Grantee acknowledges that Grantee is not permitted to sell Shares directly to a Russian legal entity or resident.

Notifications

Grantee understands that Grantee is solely liable for all applicable Russian exchange control requirements (including repatriation requirements applicable to the proceeds from the sale of Shares).

SOUTH AFRICA

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. To participate in the Plan, Grantee understands that Grantee must comply with exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa.

Because the Exchange Control Regulations change frequently and without notice, Grantee understands that Grantee should consult a legal advisor prior to the purchase or sale of shares under the Plan to ensure compliance with current regulations. Grantee understands that it is Grantee's responsibility to comply with South African exchange control laws, and neither the Company nor your Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

SPAIN

Terms and Conditions

There are no country-specific provisions.

Notifications

No Special Employment or Similar Rights. Grantee understands that the Company has unilaterally, gratuitously, and discretionally decided to distribute awards under the Plan to individuals who may be employees of the Company or its subsidiaries throughout the world. The decision is a temporary decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its subsidiaries presently or in the future, other than as specifically set forth in the Plan and the terms and conditions of Grantee's option grant. Consequently, Grantee understands that any grant is given on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any of its subsidiaries) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Further, Grantee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the awards and underlying shares is unknown and unpredictable. In addition, Grantee understands that this grant would not be made but for the assumptions and conditions referred to above; thus, Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of awards shall be null and void and the Plan shall not have any effect whatsoever.

Further, the Option provides a conditional right to Shares and may be forfeited or affected by Grantee's termination of employment, as set forth in the Agreement. For avoidance of doubt, Grantee's rights, if any, to the Options upon termination of employment shall be determined as set forth in the Agreement, including, without limitation, where (i) Grantee is considered to be unfairly dismissed without good cause; (ii) Grantee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (iii) Grantee terminates service due to a change of work location, duties or any other employment or contractual condition; or (iv) Grantee terminates service due to the Company's or any of its subsidiaries' unilateral breach of contract.

Securities Law Notice. The options granted under the Plan do not qualify as securities under Spanish regulations. By the grant of the options, no "offer of securities to the public", as defined under Spanish law, has taken place or will take place in Spanish territory. The present document and any other document relating to the offer of options under the Plan has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and it does not constitute a public offering prospectus.

Foreign Asset and Account Reporting. To the extent that Spanish residents hold rights or assets (*e.g.*, shares of common stock, cash, etc.) in a bank or brokerage account outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year, such residents are required to report information on such rights and assets on their tax return for such year. Shares of common stock constitute securities for purposes of this requirement, but Options (whether vested or unvested) are generally not considered assets or rights for purposes of this requirement.

If applicable, Spanish residents must report the assets or rights on Form 720 by no later than March 31 following the end of the relevant year. After such assets or rights are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets or rights increases by more than €20,000. Failure to comply with this reporting requirement may result in penalties.

Spanish residents are also required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts, if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000. More frequent reporting is required if such transaction value or account balance exceeds €1,000,000.

Spanish residents should consult with their personal tax and legal advisors to ensure compliance with their personal reporting obligations.

Exchange Control Information. All acquisitions of foreign shares by Spanish residents must comply with exchange control regulations in Spain. Because of foreign investments requirements, the acquisition of Company shares under the Plan must be declared for statistical purposes to the Spanish Dirección General de Política Comercial y de Inversiones Extranjeras (the "DGPCIE"). If you acquire the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for you. Otherwise, you must make the declaration by filling a form with the DGPCIE.

If you import the Shares acquired under the Plan into Spain, you must declare the importation of the share certificates to the DGPCIE.

In addition, you must also file a declaration of the ownership of the Shares with the Directorate of Foreign Transactions each January while the Shares are owned. These filings are made on standard forms furnished by the Directorate of Foreign Transactions.

When you receive any foreign currency payments (i.e., as a result of the sale of the Shares), you must inform the institution receiving the payment of the basis upon which such payment is made and provide certain specific information (e.g., name, address, and fiscal identification number; the name and corporate domicile of the company; the amount of the payment; the type of foreign currency received; the country of origin; and the reason for the payment).

UNITED KINGDOM

Terms and Conditions

UK Rules. The Option is granted under the “UK Rules,” which contain additional terms and conditions that govern the Option. Grantees should review the UK Rules carefully.

Notifications

There are no country-specific notifications.

FORM OF PERFORMANCE AWARD AGREEMENT

This Performance Award Agreement (“**Agreement**”) entered into as of [GRANT DATE] (the “**Grant Date**”), by and between Fluor Corporation, a Delaware corporation (the “**Company**”), and you (“**Grantee**” or “**you**”) evidences the grant to Grantee of a Performance Award (“**Performance Award**”) under the Fluor Corporation 2017 Performance Incentive Plan (the “**Plan**”). Capitalized terms used in this Agreement and not defined herein have the meaning set forth in the Plan.

Section 1. AWARD SUBJECT TO PLAN

Your Performance Award is granted subject to all of the terms and conditions of this Agreement and the Plan, including any terms, rules or determinations made by the Committee pursuant to its administrative authority under the Plan, and such further terms as are set forth in the Plan that are applicable to awards thereunder, including without limitation provisions on adjustment of awards, non-transferability, satisfaction of tax requirements and compliance with other laws.

Section 2. MEASURE DEFINITIONS

Your Performance Award performance criteria are comprised of two measures: Return on Invested Capital (“**ROIC**”) and Earnings Per Share (“**EPS**”, and together with ROIC, the “**Performance Targets**”), averaged over a three-year performance period beginning on January 1, [GRANT YEAR] and ending on December 31, [END OF THREE-YEAR PERIOD] (the “**Performance Period**”). ROIC is calculated by dividing full year corporate net earnings attributable to Fluor Corporation from continuing operations (excluding after-tax net interest) by Net Invested Capital. Net Invested Capital is defined as total shareholders’ equity (excluding accumulated other comprehensive income) plus total external long and short-term debt (excluding non-recourse debt) minus cash, current and non-current marketable securities in excess of US \$1.0 billion. ROIC is calculated based on the average Net Invested Capital reported for the previous five quarters. EPS represents diluted earnings per share attributable to Fluor Corporation from continuing operations.

The Performance Targets may be subject to certain adjustments approved by the Committee in connection with the grants.

Section 3. PERFORMANCE TARGETS AND VALUE OF AWARD

Your Performance Award target amount is communicated in your long-term incentive award letter (the “**Target Amount**”). [This Target Amount shall be expressed in units by dividing the Target Amount by the closing price of the Company’s common stock (\$XX.XX), par value \$.01 per share (“**Shares**”), on [GRANT DATE] (e.g., if your Target Amount is \$100,000 and the Company’s Share price is \$XX.XX on the applicable date, this Target Amount shall be expressed as X,XXX units).]

[These units]/[This Target Amount] will be adjusted based on the Company’s performance for the Performance Period against the established Performance Targets, which will be weighted as follows: 50% ROIC and 50% EPS. For [FIRST YEAR], specific performance targets are set forth on Exhibit A, which may be attached hereto or sent to you separately at a later date. Specific performance targets for [FOLLOWING YEARS] will be set at the beginning of the respective year and provided to you.

The [units]/[earned amount] will be further adjusted based on the Company’s three-year cumulative total shareholder return relative to the companies in the S&P 500 Index on [GRANT DATE], as further defined and calculated as set forth on Exhibit B (“**Relative TSR**”). In no event will the final earned [units]/[amount] exceed 200% of the [target units]/[Target Amount].

[Once the units are adjusted for the Company’s performance, the number of units shall not change for this Performance Award.]

Section 4. RETENTION PERIOD AND PAYOUT

The period commencing [GRANT DATE] and ending on [FINAL VESTING DATE IN THREE YEARS] shall be the “**Retention Period**”. Your Performance Award will vest in full on [FINAL VESTING DATE IN THREE YEARS] (the “**Vesting Date**”), subject to the continued employment requirements or other exceptions contained in Section 5 below. Payment of the Performance Award shall be made as soon as practicable after the Vesting Date, except as provided in Section 5. [The Performance Award shall be paid (i.e., settled) in Shares. Subject to the provisions of Section 4 and Section 5 hereof, upon the issuance to Grantee of Shares hereunder, Grantee shall also receive additional Shares equal to the amount of accrued dividends or distributions paid or made by the Company on a quarterly basis, which dividends or distributions shall be deemed to be reinvested throughout the Performance Period, based on the Shares awarded under this Performance

Award and the performance level earned during the Performance Period; provided, that any fractional Shares shall be rounded up to the nearest whole Share].

Section 5. CONTINUED EMPLOYMENT

Vesting of the Performance Award is conditioned upon you remaining in the employment of the Company or its subsidiaries for the Retention Period or satisfying the exceptions described in this Section 5. If your employment with the Company or any of its subsidiaries terminates for any reason other than death, Retirement, Disability or a Qualifying Termination, each as defined below and as determined by the Committee in accordance with the Plan, then as of the date of such termination any unvested Performance Award shall be forfeited by you in exchange for no additional consideration or payment. If your employment with the Company or any of its subsidiaries terminates during the Retention Period by reason of your death or Disability, each as determined by the Committee in accordance with the Plan, then any portion of this Performance Award which has yet to become vested shall vest and continue to become payable in accordance with its terms on the Vesting Date as described in section 4. If prior to the Performance Award becoming vested in full pursuant to Section 4 hereof, your employment with the Company or any of its subsidiaries terminates by reason of your Retirement and you deliver a signed long term incentive vesting/forfeiture agreement to the Company in a form acceptable to the Company (except when such an agreement is prohibited by governing law as determined by the Company), then any portion of this Performance Award which has yet to become vested shall continue to vest over the Retention Period and become payable in accordance with the terms hereof on the Vesting Date as described in Section 4. In the event that you incur a Qualifying Termination, the Performance Award shall immediately vest and be paid to you based on actual results for any annual performance period ending prior to the Change of Control and at target performance levels for annual performance periods ending after the Change of Control as soon as practicable after such termination (provided that such award has not previously been forfeited pursuant to the provisions of this Agreement). Notwithstanding the foregoing and regardless of the reason for termination, under all circumstances other than your Qualifying Termination, any Performance Award held less than one year from [GRANT DATE] shall be forfeited in exchange for no additional consideration or payment[]; provided, however, in the event of your Retirement, this one-year holding requirement may be waived by the Committee, in its sole and absolute discretion, and any portion of this Performance Award which has yet to become vested shall continue to vest as set forth in the preceding paragraph].

Nothing in the Plan or this Agreement confers any right of continuing employment with the Company or its subsidiaries. Notwithstanding the foregoing, if in the event of a Change of Control the successor to the Company does not assume this Performance Award, then any portion of this Performance Award which has yet to become vested and which has not otherwise been forfeited pursuant to the provisions of this Section 4 shall immediately vest and shall be paid based on actual results for any annual performance period ending prior to the Change of Control and at target performance levels for annual performance periods ending after the Change of Control, as soon as practicable following the Change of Control (provided that the Performance Award has not previously been forfeited pursuant to the provisions of this Section 5). Notwithstanding anything to the contrary herein, in the event your employment is terminated for Cause (as defined herein), regardless of whether you are Retirement eligible, you shall forfeit the unvested portion of your Performance Award in exchange for no additional consideration or payment, unless otherwise prohibited by law.

For purposes of this Agreement, "**Retirement**" shall mean your retirement as determined in accordance with applicable Company personnel policies and the Plan. "**Disability**" and "**Change of Control**" shall have the meanings given to them in Appendix B to this Agreement.

The term "**Qualifying Termination**" means your involuntary termination of employment by the Company, without Cause, within two (2) years following a Change of Control of the Company. For this purpose, "**Cause**" means your dishonesty, fraud, willful misconduct, breach of fiduciary duty, conflict of interest, commission of a felony, material failure or refusal to perform your job duties in accordance with Company policies, material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree.

Section 6. TAX WITHHOLDING

Regardless of any action the Company or the Grantee's employer (the "**Employer**") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by the Grantee is and remains the Grantee's responsibility and that the Company and/or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of a Performance Award, including the grant and vesting of the Performance Award, subsequent delivery of the [Shares related to such Performance Award or the subsequent sale of any Shares acquired pursuant to such Performance Award]/[cash payment] and (ii) do not commit to structure the terms or any aspect of this grant of a Performance Award to reduce or eliminate the Grantee's liability for Tax-Related Items. The Grantee shall pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Grantee's participation in the Plan or receipt of a Performance Award that cannot be satisfied by the means described below. Further, if the Grantee is subject to tax in more than one jurisdiction, the Grantee acknowledges that

the Company and/or Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to deliver the Performance Award payment if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

Prior to the taxable or tax withholding event, as applicable, the Grantee shall pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company or Employer to withhold all applicable Tax-Related Items legally payable by the Grantee by [(1) withholding from the Performance Award a number of Shares otherwise deliverable equal to the Retained Share Amount (as defined below); (2)] withholding from the Grantee's wages or other cash compensation paid by the Company and/or Employer; and/or (3) withholding from proceeds of the sale of Shares acquired upon settlement of the Performance Award, either through a voluntary sale or through a sale arranged by the Company (on the Grantee's behalf pursuant to this authorization), to the extent permitted by the Plan Administrator. The "**Retained Share Amount**" shall mean a number of Shares equal to the quotient of the minimum statutory tax withholding obligation of the Company triggered by the Performance Award payment on the relevant date, divided by the fair market value of one Share on the relevant date or as otherwise provided in the Plan. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, the Grantee understands that he or she shall be deemed to have been issued the full number of Shares, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of the settlement of the Performance Award.

Grantee acknowledges and understands that Grantee should consult a tax advisor regarding Grantee's tax obligations.

Section 7. SEVERABILITY

In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

Section 8. DATA PROTECTION

THE GRANTEE HEREBY EXPLICITLY AND UNAMBIGUOUSLY CONSENTS TO THE COLLECTION, USE AND TRANSFER, IN ELECTRONIC OR OTHER FORM, OF THE GRANTEE'S PERSONAL DATA AS DESCRIBED IN THIS DOCUMENT BY AND AMONG, AS APPLICABLE, THE EMPLOYER, AND THE COMPANY AND ITS SUBSIDIARIES FOR THE EXCLUSIVE PURPOSE OF IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT THE COMPANY, ITS SUBSIDIARIES AND THE EMPLOYER HOLD CERTAIN PERSONAL INFORMATION ABOUT THE GRANTEE, INCLUDING, BUT NOT LIMITED TO, NAME, HOME ADDRESS AND TELEPHONE NUMBER, DATE OF BIRTH, SOCIAL SECURITY OR INSURANCE NUMBER OR OTHER IDENTIFICATION NUMBER, SALARY, NATIONALITY, JOB TITLE, ANY SHARES OR DIRECTORSHIPS HELD IN THE COMPANY, DETAILS OF ALL OPTIONS OR ANY OTHER ENTITLEMENT TO SHARES AWARDED, CANCELED, PURCHASED, EXERCISED, VESTED, UNVESTED OR OUTSTANDING IN THE GRANTEE'S FAVOR FOR THE PURPOSE OF IMPLEMENTING, MANAGING AND ADMINISTERING THE PLAN ("DATA"). THE GRANTEE UNDERSTANDS THAT THE DATA MAY BE TRANSFERRED TO ANY THIRD PARTIES ASSISTING IN THE IMPLEMENTATION, ADMINISTRATION AND MANAGEMENT OF THE PLAN, THAT THESE RECIPIENTS MAY BE LOCATED IN THE GRANTEE'S COUNTRY OR ELSEWHERE, INCLUDING OUTSIDE THE EUROPEAN ECONOMIC AREA, AND THAT THE RECIPIENT COUNTRY MAY HAVE DIFFERENT DATA PRIVACY LAWS AND PROTECTIONS THAN THE GRANTEE'S COUNTRY. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY REQUEST A LIST WITH THE NAMES AND ADDRESSES OF ANY POTENTIAL RECIPIENTS OF THE DATA BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE. THE GRANTEE AUTHORIZES THE RECIPIENTS TO RECEIVE, POSSESS, USE, RETAIN AND TRANSFER THE DATA, IN ELECTRONIC OR OTHER FORM, FOR THE PURPOSES OF IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN, INCLUDING ANY REQUISITE TRANSFER OF SUCH DATA, AS MAY BE REQUIRED TO A BROKER OR OTHER THIRD PARTY WITH WHOM THE GRANTEE MAY ELECT TO DEPOSIT SHARES, IF ANY, ACQUIRED UNDER THE PLAN. THE GRANTEE UNDERSTANDS THAT DATA WILL BE HELD ONLY AS LONG AS IS NECESSARY TO IMPLEMENT, ADMINISTER AND MANAGE PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY, AT ANY TIME, VIEW DATA, REQUEST ADDITIONAL INFORMATION ABOUT THE STORAGE AND PROCESSING OF THE DATA, REQUIRE ANY NECESSARY AMENDMENTS TO THE DATA OR REFUSE OR WITHDRAW THE CONSENTS HEREIN, IN ANY CASE WITHOUT COST, BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE IN WRITING. THE GRANTEE UNDERSTANDS THAT REFUSING OR WITHDRAWING CONSENT MAY AFFECT THE GRANTEE'S ABILITY TO PARTICIPATE IN THE PLAN. FOR MORE INFORMATION ON THE CONSEQUENCES OF REFUSING TO CONSENT OR WITHDRAWING CONSENT, THE GRANTEE UNDERSTANDS THAT HE/SHE MAY CONTACT THE PLAN ADMINISTRATOR AT THE COMPANY.

Section 9. ACKNOWLEDGMENT AND WAIVER

By accepting the grant of this Performance Award, the Grantee acknowledges and agrees that:

- (a) the Plan is established voluntarily by the Company, and it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time unless otherwise provided in the Plan or this Agreement;
- (b) the grant of Performance Awards is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Awards, or benefits in lieu of Performance Awards, even if Performance Awards have been granted repeatedly in the past;
- (c) all decisions with respect to future grants, if any, shall be at the sole discretion of the Company;
- (d) the Grantee's participation in the Plan shall not create a right to further employment with Employer and shall not interfere with the ability of Employer to terminate the Grantee's employment relationship, and it is expressly agreed and understood that employment is terminable at the will of either party, insofar as permitted by law;
- (e) the Grantee is participating voluntarily in the Plan;
- (f) Performance Awards and resulting benefits are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the Grantee's employment contract, if any;
- (g) Performance Awards and resulting benefits are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculating any severance, resignation, termination, redundancy, or end of service payments, or bonuses, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law;
- (h) in the event that the Grantee is not an employee of the Company, this Performance Award shall not be interpreted to form an employment contract or relationship with the Company, and furthermore, this Performance Award shall not be interpreted to form an employment contract with the Employer or any subsidiary of the Company;
- (i) in consideration of this Performance Award, no claim or entitlement to compensation or damages shall arise from termination or diminution in value of this Performance Award resulting from termination of the Grantee's employment by the Company or the Employer (for any reason whatsoever), and the Grantee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the terms of this Agreement, the Grantee shall be irrevocably deemed to have waived any entitlement to pursue such claim;
- (j) the Company may impose such other restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any re-sales by the Grantee or other subsequent transfers by the Grantee of any Shares issued as a result of the vesting of the Performance Award, including without limitation (i) restrictions under an insider trading policy, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by Grantee and other Shareholders and (iii) restrictions as to the use of a specified brokerage firm for such re-sales or other transfers; and
- (k) the award evidenced by this Agreement is subject to all Company policies relating to the clawback and/or recoupment of compensation, as the same may be amended from time to time, and to the extent the Grantee is subject to such policies, the terms and conditions of such policies are hereby incorporated by reference into this Agreement.

Section 10. CONFIDENTIALITY

This Agreement and the receipt of any Performance Award hereunder are conditioned upon Grantee not disclosing this Agreement or said receipt to anyone other than Grantee's spouse, financial advisor, senior management of the Company or members of the Company's Law, Tax, and Human Resources departments. If unauthorized disclosure is made to any other person, this Performance Award shall be forfeited in exchange for no additional consideration or payment. Notwithstanding any other provision of this Agreement or any other agreement, if Grantee makes a confidential disclosure of a Company trade secret to a government official or an attorney for the purpose of reporting or investigating a suspected violation of law, or in a court filing under seal, Grantee shall not be held liable under this Agreement or any other agreement, or under any federal or state trade secret law for such a disclosure. Moreover, nothing in this Agreement or any other agreement shall prevent Grantee from making a confidential disclosure of any other confidential information to a government official, to an attorney as necessary to obtain legal advice or in a court filing under seal.

Section 11. GRANT-SPECIFIC TERMS

Appendix A contains additional terms and conditions of the Agreement applicable to Grantees residing outside the United States. In addition, Appendix A also contains information and notices regarding exchange control and certain other issues of which the Grantee (if residing outside the United States) should be aware that may arise as a result of participation in the Plan. Appendix B contains additional terms in compliance with Section 409A of the United States Internal Revenue Code.

Section 12. ENFORCEMENT

This Agreement and the Performance Award granted hereunder shall be governed by, construed, administered and enforced in accordance with the laws of the State of Delaware without reference to choice or conflict of law principles.

Section 13. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first herein above written.

FLUOR CORPORATION

By:

[NAME]

[TITLE]

EXHIBIT A

PERFORMANCE TARGETS

[TO BE SET ANNUALLY]

EXHIBIT B

TSR CALCULATION

1. Definitions.

- a. "Peer Companies" (and each, a "Peer Company") means the companies in the S&P 500 Index on [GRANT DATE].
- b. "Beginning Price" means, with respect to the Company and any other Peer Company, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending with the last trading day before the beginning of the Performance Period. For the purpose of determining Beginning Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock as of the applicable ex-date.
- c. "Ending Price" means, with respect to the Company and any other Peer Company, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending on the last trading day of the Performance Period. For the purpose of determining Ending Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock as of the applicable ex-date.

2. Calculation of TSR.

- a. "TSR" shall be determined with respect to the Company and any other Peer Company by dividing: (a) the sum of (i) the difference obtained by subtracting the applicable Beginning Price from the applicable Ending Price plus (ii) all dividends and other distributions during the Performance Period by (b) the applicable Beginning Price. Any noncash distributions shall be valued at fair market value. For the purpose of determining TSR, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock as of the applicable ex-date.
- b. With respect to the computation of TSR, Beginning Price, and Ending Price, there shall also be an equitable and proportionate adjustment to the extent (if any) necessary to preserve the intended incentives of the awards and mitigate the impact of any stock split, stock dividend or reverse stock split occurring during the Performance Period (or during the applicable 20-day period in determining Beginning Price or Ending Price, as the case may be).

3. Treatment of Peer Transactions during the Performance Period.

- a. In the event a Peer Company becomes bankrupt, the bankrupt company will remain in the peer group positioned at the bottom of the group.
- b. In the event of a merger, acquisition or business combination transaction of a Peer Company in which the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company.
- c. In the event of a merger, acquisition or business combination transaction of a Peer Company, a "going private" transaction or similar event involving a Peer Company, in each case where the Peer Company is not the surviving entity or is no longer publicly traded, the company shall no longer be a Peer Company.

4. Comparative TSR.

The Performance units will be adjusted based on how the Company's TSR ranks in comparison to the TSRs of the Peer Companies in accordance with the following schedule:

Ranking of the Company against the Peer Companies	Adjustment
Top third	Increase 30%
Middle third	No change
Bottom third	Decrease 30%

APPENDIX A

FLUOR CORPORATION PERFORMANCE AWARDS UNDER THE 2017 PERFORMANCE INCENTIVE PLAN TERMS FOR NON-U.S. GRANTEES

TERMS AND CONDITIONS

This Appendix A, which is part of the Agreement, includes additional terms and conditions of the Agreement that will apply to you if you are a resident in one of the countries listed below. Capitalized terms used but not defined herein will have the same meanings assigned to them in the Plan and the Agreement.

NOTIFICATIONS

This Appendix A also includes information regarding exchange control and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of [DATE]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix A as the only source of information relating to the consequences of your participation in the Plan because such information may be out-of-date when your Performance Awards vest.

In addition, the information contained herein is general in nature and may not apply to your particular situation. As a result, the Company is not in a position to assure you of any particular result. You are therefore advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than that in which you are currently working, the information contained herein may not apply to you.

GRANT-SPECIFIC LANGUAGE

Below please find country specific language that applies to Australia, Canada, Chile, Germany, the Netherlands, Russia, South Africa, Spain and the United Kingdom.

AUSTRALIA

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Grantee will be required to file the report.

CANADA

Terms and Conditions

There are no country-specific provisions.

Language Consent

The following provision applies to residents of Quebec:

The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention.

Notifications

Additional Restrictions on Resale. Securities acquired under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

Tax Reporting. The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return (Form T1135) disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes Shares) exceeds Cdn.\$100,000. You should consult your own tax advisor regarding this reporting requirement.

CHILE

Terms and Conditions

There are no country-specific provisions.

Notifications

Securities Law Information. Neither the Company, the award, nor any Company shares acquired under the Plan are registered with the Chilean Registry of Securities or are under the control of the Chilean Superintendence of Securities.

Exchange Control Information. If exchange control reporting is required, you will be responsible for filing the report with the Central Bank of Chile. In addition, you must also file a report with the Central Bank if, in a given year, you have kept investments, deposits, or credits abroad in an amount that exceeds US\$5,000,000.

Tax Information. Registration of your investment in Company shares with the Chilean Internal Revenue Service may result in more favorable tax treatment. Please consult your tax advisor for additional details.

GERMANY

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. Cross-border payments in excess of EUR12,500 must be reported monthly to the German Federal Bank. If Grantee uses a German bank to transfer a cross-border payment in excess of EUR12,500, the bank will file the report for you. In addition, you must report any receivables, payables, or debts in foreign currency exceeding an amount of EUR5,000,000 on a monthly basis.

THE NETHERLANDS

Terms and Conditions

Insider-Trading Notification. Grantees should be aware of the Dutch insider-trading rules, which may impact the sale of Shares acquired upon vesting of the Performance Award. In particular, Grantees may be prohibited from effectuating certain transactions involving Shares if they have inside information about the Company. Grantees should consult their personal legal advisor if they are uncertain whether the insider-trading rules apply to them. By accepting the Agreement and participating in the Plan, Grantee acknowledges having read and understood this notification and acknowledges that it is his or her responsibility to comply with the Dutch insider-trading rules.

Notifications

There are no country-specific notifications.

RUSSIA

Terms and Conditions

Securities Law Information. Grantee acknowledges that the Agreement, the grant of Performance Awards, the Plan and all other materials Grantee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will not be registered in Russia and therefore, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Grantee further acknowledges that in no event will Shares acquired upon vesting of the Performance Awards be delivered to Grantee in Russia; all Shares acquired upon vesting of the Performance Awards will be maintained on Grantee's behalf in the United States.

Grantee acknowledges that Grantee is not permitted to sell Shares directly to a Russian legal entity or resident.

Notifications

Grantee understands that Grantee is solely liable for all applicable Russian exchange control requirements (including repatriation requirements applicable to the proceeds from the sale of Shares).

SOUTH AFRICA

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. To participate in the Plan, Grantee understands that Grantee must comply with exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa.

For Performance Awards, because no transfer of funds from South Africa is required, no filing or reporting requirements should apply when the Performance Awards, if any, are granted or upon settlement of the Performance Awards (in Shares).

Because the Exchange Control Regulations change frequently and without notice, Grantee understands that Grantee should consult a legal advisor to ensure compliance with current regulations. Grantee understands that it is Grantee's responsibility to comply with South African exchange control laws, and neither the Company nor Grantee's Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

SPAIN

Terms and Conditions

There are no country-specific provisions.

Notifications

No Special Employment or Similar Rights. Grantee understands that the Company has unilaterally, gratuitously, and discretionally decided to distribute Performance Awards under the Plan to individuals who may be employees of the Company or its subsidiaries throughout the world. The decision is a temporary decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its subsidiaries presently or in the future, other than as specifically set forth in the Plan and the terms and conditions of Grantee's Performance Award. Consequently, Grantee understands that any grant is given on the assumption and condition that it will not become a part of any employment contract (either with the Company or any of its subsidiaries) and will not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Further, Grantee understands and freely accepts that there is no guarantee that any benefit whatsoever will arise from any gratuitous and discretionary grant. In addition, Grantee understands that this grant would not be made but for the assumptions and conditions referred to above; thus, Grantee acknowledges

and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of awards will be null and void and the Plan will not have any effect whatsoever.

Further, the Performance Award provides a conditional right to Shares and may be forfeited or affected by Grantee's termination of employment, as set forth in the Agreement. For avoidance of doubt, Grantee's rights, if any, to the Performance Awards upon termination of employment will be determined as set forth in the Agreement, including, without limitation, where (i) Grantee is considered to be unfairly dismissed without good cause; (ii) Grantee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (iii) Grantee terminates service due to a change of work location, duties or any other employment or contractual condition; or (iv) Grantee terminates service due to the Company's or any of its subsidiaries' unilateral breach of contract.

Securities Law Notice. The Performance Awards granted under the Plan do not qualify as securities under Spanish regulations. By the grant of Performance Awards, no "offer of securities to the public", as defined under Spanish law, has taken place or will take place in Spanish territory. The present document and any other document relating to the offer of Performance Awards under the Plan has not been nor will it be registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Exchange Commission), and it does not constitute a public offering prospectus.

Foreign Asset and Account Reporting. To the extent that Spanish residents hold rights or assets (e.g., shares of common stock, cash, etc.) in a bank or brokerage account outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year, such residents are required to report information on such rights and assets on their tax return for such year. Shares of common stock constitute securities for purposes of this requirement, but unvested rights are not considered assets or rights for purposes of this requirement.

If applicable, Spanish residents must report the assets or rights on Form 720 by no later than March 31 following the end of the relevant year. After such assets or rights are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets or rights increases by more than €20,000. Failure to comply with this reporting requirement may result in penalties.

Spanish residents are also required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts, if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000. More frequent reporting is required if such transaction value or account balance exceeds €1,000,000.

Spanish residents should consult with their personal tax and legal advisors to ensure compliance with their personal reporting obligations advisors to ensure compliance with their

Exchange Control Information. All acquisitions of foreign shares by Spanish residents must comply with exchange control regulations in Spain. Because of foreign investments requirements, the acquisition of Company shares under the Plan must be declared for statistical purposes to the *Spanish Direccion General de Politica Comercial y de Inversiones Extranjeras* (the "DGPCIE"). If you acquire the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for you. Otherwise, you must make the declaration by filling a form with the DGPCIE.

If you import the Shares acquired under the Plan into Spain, you must declare the importation of the share certificates to the DGPCIE.

In addition, you must also file a declaration of the ownership of the Shares with the Directorate of Foreign Transactions each January while the Shares are owned. These filings are made on standard forms furnished by the Directorate of Foreign Transactions.

When you receive any foreign currency payments (i.e., as a result of the sale of the Shares), you must inform the institution receiving the payment of the basis upon which such payment is made and provide certain specific information (e.g., name, address, and fiscal identification number; the name and corporate domicile of the company; the amount of the payment; the type of foreign currency received; the country of origin; and the reason for the payment).

UNITED KINGDOM

Terms and Conditions

UK Rules. The Performance Award is granted under the "UK Rules," which contain additional terms and conditions that govern the Performance Award. Grantees should review the UK Rules carefully.

Notifications

There are no country-specific notifications.

APPENDIX B

Compliance with Section 409A of the Internal Revenue Code

- (a) It is intended that the provisions of this Agreement comply with Section 409A of the U.S. Internal Revenue Code (“Section 409A”), and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.
- (b) Neither Grantee nor any of Grantee’s creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Grantee or for Grantee’s benefit under this Agreement may not be reduced by, or offset against, any amount owing by Grantee to the Company or any of its subsidiaries.
- (c) If, at the time of Grantee’s separation from service (within the meaning of Section 409A), (i) Grantee is a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date pursuant to Section 4 of this Agreement but shall instead pay it, without interest, on the first business day after such six-month period or, if earlier, upon the Grantee’s death.
- (d) Notwithstanding anything to the contrary contained herein, for the purpose of this Agreement, (i) if the Performance Award has not previously been forfeited, the Performance Award will vest on a Disability, which shall mean that the Grantee is considered disabled in accordance with U.S. Treasury Regulations section 1.409A-3(i)(4), determined as if all permissible provisions of such regulation were in effect, and (ii) a Change of Control of the Company is considered to have occurred with respect to the Grantee upon the occurrence with respect to the Grantee of a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as determined in accordance with U.S. Treasury Regulations section 1.409A-3(i)(5).
- (e) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, Grantee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on Grantee or for Grantee’s account in connection with this Agreement (including, without limitation, any taxes and penalties under Section 409A), and neither the Company nor any of its subsidiaries shall have any obligation to indemnify or otherwise hold Grantee harmless from any or all of such taxes or penalties.

FORM OF STOCK GROWTH INCENTIVE AWARD AGREEMENT

This Stock Growth Incentive Award Agreement (this "**Agreement**") entered into as of [GRANT DATE] (the "**Grant Date**") by and between Fluor Corporation, a Delaware corporation (the "**Company**"), and you ("**Grantee**" or "**you**") evidences the grant to Grantee of a Stock Growth Incentive Award (the "**Award**") under the Fluor Corporation 2017 Performance Incentive Plan (the "**Plan**"). Capitalized terms used in this Agreement and not defined herein have the meaning set forth in the Plan.

Section 1. AWARD SUBJECT TO PLAN

Your Award is granted subject to all of the terms and conditions of this Agreement and the Plan, including any terms, rules or determinations made by the Committee pursuant to its administrative authority under the Plan, and such further terms as are set forth in the Plan that are applicable to awards thereunder, including without limitation provisions on adjustment of awards, non-transferability, satisfaction of tax requirements and compliance with other laws.

Section 2. TARGET VALUE OF AWARD AND EARNOUT PERIOD

Your Award target amount is communicated in your long-term incentive award letter (the "**Target Amount**"). The Award shall be granted in the form of Stock Units, determined by dividing the Target Amount by the closing price of the Company's common stock (\$XX.XX), par value \$.01 per share (the "**Shares**"), on [GRANT DATE] (e.g., if your Target Amount is \$100,000 and the Company's Share price is \$XX.XX on the applicable date, you will be granted X,XXX Stock Units). Each Stock Unit under this Award represents the right to receive cash equal to the value of one Share upon settlement of the Stock Unit pursuant to the terms and conditions set forth herein.

The Stock Units subject to this Award shall vest in full and become payable on [VESTING DATE IN 3 YEARS], provided that Grantee's employment has not terminated on or before such date unless one of the exceptions set forth below in this Section 3 is met. Following each such vesting date, the vested Stock Units shall be settled in cash, in an amount equal to the number of Stock Units vested on such vesting date multiplied by the closing price of the Company's Shares on such vesting date or, if the vesting date is not a trading day on the New York Stock Exchange ("**NYSE**"), the closing price of the Company's Shares on the trading day immediately preceding such vesting date.

Payment of the Award shall be made as soon as practicable after each vesting date, generally on the same date that other executive incentives are paid, if any, and in no event later than March 15th of the year following the year in which such amount is earned.

Section 3. CONTINUED EMPLOYMENT AND AWARD PAYMENT

Payment of the Award is conditioned upon you remaining in the employment of the Company or its subsidiaries through the payment dates, subject to limited exceptions described in this Section 3. If your employment with the Company or any of its subsidiaries terminates for any reason other than death, Retirement, Disability or a Qualifying Termination, each as defined below and as determined by the Committee in accordance with the Plan, then as of the date of such termination this Award shall expire as to any portion which has not yet become vested and payable, meaning that you shall forfeit such portion in exchange for no additional consideration or payment. If prior to the Award becoming vested and payable in full pursuant to Section 2 above, your employment with the Company or any of its subsidiaries terminates by reason of your death, Disability or a Qualifying Termination, each as determined by the Committee in accordance with the Plan, then any portion of this Award which has yet to vest and become payable, shall vest and be paid to you as soon as practicable after such termination based on the closing price of the Company's Shares on the date of termination or, if the termination date is not a trading day on the NYSE, the closing price of the Company's Shares on the trading day immediately preceding the termination date. If prior to the Award becoming vested and payable in full pursuant to Section 2 above, your employment with the Company or any of its subsidiaries terminates by reason of your Retirement and you deliver a signed long term incentive vesting/forfeiture agreement to the Company in a form acceptable to the Company (except when such an agreement is prohibited by governing law as determined by the Company), then any portion of this Award which has yet to vest and become payable, shall continue to vest and become payable as set forth in Section 2 above. Notwithstanding the foregoing and regardless of the reason for termination, under all circumstances other than your Qualifying Termination, any Award held less than one year from [DATE] shall be forfeited in exchange for no consideration or payment. Nothing in the Plan or this Agreement confers any right of continuing employment with the Company or its subsidiaries. Notwithstanding the foregoing, if in the event of a Change of Control the successor to the Company does not assume this Award, then any portion of this Award which has yet to vest and become payable and has not otherwise been forfeited pursuant to the provisions of this Section 3 shall vest and be paid to you as soon as practicable after such Change of Control based on the closing price of the Company's Shares on the date of the Change of Control or, if the Change of Control date is not a trading day on the NYSE, the closing price of the Company's Shares on the trading day immediately preceding the Change of Control date. Notwithstanding anything to the contrary herein, in the event your employment is terminated for Cause (as defined herein), regardless of whether you are Retirement eligible, you shall forfeit the unvested portion of this Award in exchange for no additional consideration or payment, unless otherwise prohibited by law.

For purposes of this Agreement, "**Retirement**" and "**Disability**" mean, respectively, your retirement or disability, all as determined in accordance with applicable Company personnel policies and the Plan. The term "**Qualifying Termination**" means your involuntary termination of employment by the Company, without Cause, within two (2) years following a Change of Control of the Company. For this purpose, "**Cause**" means your dishonesty, fraud, willful misconduct, breach of fiduciary duty, conflict of interest, commission of a felony, material failure or refusal to perform your job duties in accordance with Company policies, material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree.

Section 4. CONFIDENTIALITY

This Award is conditioned upon Grantee not disclosing this Agreement or said Award to anyone other than Grantee's spouse or financial advisor or senior management of the Company or senior members of the Company's Law, Tax and Human Resources departments during the period prior to the full payment of the Award. If disclosure is made by Grantee to any other person not authorized by the Company, this Award shall be forfeited in exchange for no additional consideration or payment. Notwithstanding any other provision of this Agreement or any other agreement, if Grantee makes a confidential disclosure of a Company trade secret to a government official or an attorney for the purpose of reporting or investigating a suspected violation of law, or in a court filing under seal, Grantee shall not be held liable under this Agreement or any other agreement, or under any federal or state trade secret law for

such a disclosure. Moreover, nothing in this Agreement or any other agreement shall prevent Grantee from making a confidential disclosure of any other confidential information to a government official, to an attorney as necessary to obtain legal advice or in a court filing under seal.

Section 5. TAX WITHHOLDING

Regardless of any action the Company or the Grantee's employer (the "**Employer**") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by the Grantee is and remains the Grantee's responsibility and that the Company and/or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of an Award, including the grant and vesting of the Award, subsequent delivery of the cash payment and/or (ii) do not commit to structure the terms or any aspect of this grant of an Award to reduce or eliminate the Grantee's liability for Tax-Related Items. The Grantee shall pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Grantee's participation in the Plan or receipt of this Award that cannot be satisfied by the means described below. Further, if the Grantee is subject to tax in more than one jurisdiction, the Grantee acknowledges that the Company and/or Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to deliver the Award payment if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

Prior to the taxable or tax withholding event, as applicable, the Grantee shall pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company or Employer to withhold all applicable Tax-Related Items legally payable by the Grantee by (1) withholding from the Award payment in cash and/or (2) withholding from the Grantee's wages or other cash compensation paid by the Company and/or Employer.

Grantee acknowledges and understands that Grantee should consult a tax advisor regarding Grantee's tax obligations.

Section 6. SEVERABILITY

In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

Section 7. DATA PROTECTION

THE GRANTEE HEREBY EXPLICITLY AND UNAMBIGUOUSLY CONSENTS TO THE COLLECTION, USE AND TRANSFER, IN ELECTRONIC OR OTHER FORM, OF THE GRANTEE'S PERSONAL DATA AS DESCRIBED IN THIS DOCUMENT BY AND AMONG, AS APPLICABLE, THE EMPLOYER, AND THE COMPANY AND ITS SUBSIDIARIES FOR THE EXCLUSIVE PURPOSE OF IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT THE COMPANY, ITS SUBSIDIARIES AND THE EMPLOYER HOLD CERTAIN PERSONAL INFORMATION ABOUT THE GRANTEE, INCLUDING, BUT NOT LIMITED TO, NAME, HOME ADDRESS AND TELEPHONE NUMBER, DATE OF BIRTH, SOCIAL SECURITY OR INSURANCE NUMBER OR OTHER IDENTIFICATION NUMBER, SALARY, NATIONALITY, JOB TITLE, ANY SHARES OR DIRECTORSHIPS HELD IN THE COMPANY, DETAILS OF ALL OPTIONS OR ANY OTHER ENTITLEMENT TO SHARES AWARDED, CANCELED, PURCHASED, EXERCISED, VESTED, UNVESTED OR OUTSTANDING IN THE GRANTEE'S FAVOR FOR THE PURPOSE OF IMPLEMENTING, MANAGING AND ADMINISTERING THE PLAN ("DATA"). THE GRANTEE UNDERSTANDS THAT THE DATA MAY BE TRANSFERRED TO ANY THIRD PARTIES ASSISTING IN THE IMPLEMENTATION, ADMINISTRATION AND MANAGEMENT OF THE PLAN, THAT THESE RECIPIENTS MAY BE LOCATED IN THE GRANTEE'S COUNTRY OR ELSEWHERE, INCLUDING OUTSIDE THE EUROPEAN ECONOMIC AREA, AND THAT THE RECIPIENT COUNTRY MAY HAVE DIFFERENT DATA PRIVACY LAWS AND PROTECTIONS THAN THE GRANTEE'S COUNTRY. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY REQUEST A LIST WITH THE NAMES AND ADDRESSES OF ANY POTENTIAL RECIPIENTS OF THE DATA BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE. THE GRANTEE AUTHORIZES THE RECIPIENTS TO RECEIVE, POSSESS, USE, RETAIN AND TRANSFER THE DATA, IN ELECTRONIC OR OTHER FORM, FOR THE PURPOSES OF IMPLEMENTING, ADMINISTERING AND MANAGING THE GRANTEE'S PARTICIPATION IN THE PLAN, INCLUDING ANY REQUISITE TRANSFER OF SUCH DATA, AS MAY BE REQUIRED TO A BROKER OR OTHER THIRD PARTY WITH WHOM THE GRANTEE MAY ELECT TO DEPOSIT SHARES, IF ANY, ACQUIRED UNDER THE PLAN. THE GRANTEE UNDERSTANDS THAT DATA WILL BE HELD ONLY AS LONG AS IS NECESSARY TO IMPLEMENT, ADMINISTER AND MANAGE PARTICIPATION IN THE PLAN. THE GRANTEE UNDERSTANDS THAT HE/SHE MAY, AT ANY TIME, VIEW DATA, REQUEST ADDITIONAL INFORMATION ABOUT THE STORAGE AND PROCESSING OF THE DATA, REQUIRE ANY NECESSARY AMENDMENTS TO THE DATA OR REFUSE OR WITHDRAW THE CONSENTS HEREIN, IN ANY CASE WITHOUT COST, BY CONTACTING THE LOCAL HUMAN RESOURCES REPRESENTATIVE IN WRITING. THE GRANTEE UNDERSTANDS THAT REFUSING OR WITHDRAWING CONSENT MAY AFFECT THE GRANTEE'S ABILITY TO PARTICIPATE IN THE PLAN. FOR MORE INFORMATION ON THE CONSEQUENCES OF REFUSING TO CONSENT OR WITHDRAWING CONSENT, THE GRANTEE UNDERSTANDS THAT HE/SHE MAY CONTACT THE PLAN ADMINISTRATOR AT THE COMPANY.

Section 8. ACKNOWLEDGMENT AND WAIVER

By accepting the grant of this Award, the Grantee acknowledges and agrees that:

- (a) the Plan is established voluntarily by the Company, and it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time unless otherwise provided in the Plan or this Agreement;
- (b) the grant of Awards is voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted repeatedly in the past;
- (c) all decisions with respect to future grants, if any, shall be at the sole discretion of the Company;
- (d) the Grantee's participation in the Plan shall not create a right to further employment with Employer and shall not interfere with the ability of Employer to terminate the Grantee's employment relationship, and it is expressly agreed and understood that employment is terminable at the will of either party, insofar as permitted by law;

(e) the Grantee is participating voluntarily in the Plan;

(f) Awards and resulting benefits are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the Grantee's employment contract, if any;

(g) Awards and resulting benefits are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculating any severance, resignation, termination, redundancy, or end of service payments, or bonuses, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law;

(h) in the event that the Grantee is not an employee of the Company, this Award shall not be interpreted to form an employment contract or relationship with the Company, and furthermore, this Award shall not be interpreted to form an employment contract with the Employer or any subsidiary of the Company;

(i) the future value of the Shares is unknown, may increase or decrease from the date of award and cannot be predicted with certainty;

(j) in consideration of this Award, no claim or entitlement to compensation or damages shall arise from termination or diminution in value of this Award resulting from termination of the Grantee's employment by the Company or the Employer (for any reason whatsoever), and the Grantee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the terms of this Agreement, the Grantee shall be irrevocably deemed to have waived any entitlement to pursue such claim; and

(k) the award evidenced by this Agreement is subject to all Company policies relating to the clawback and/or recoupment of compensation, as the same may be amended from time to time, and to the extent the Grantee is subject to such policies, the terms and conditions of such policies are hereby incorporated by reference into this Agreement.

Section 9. GRANT-SPECIFIC TERMS

Appendix A contains additional terms in compliance with Section 409A of the U.S. Internal Revenue Code.

Section 10. ENFORCEMENT

This Agreement and the Award granted hereunder shall be governed by, construed, administered and enforced in accordance with the laws of the State of Delaware without reference to choice or conflict of law principles.

Section 11. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

FLUOR CORPORATION

By:

[NAME]

[TITLE]

APPENDIX A

Compliance with Section 409A of the Internal Revenue Code

(a) It is intended that the provisions of this Agreement comply with Section 409A of the U.S. Internal Revenue Code ("Section 409A") and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

(b) Neither Grantee nor any of Grantee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Grantee or for Grantee's benefit under this Agreement may not be reduced by, or offset against, any amount owing by Grantee to the Company or any of its subsidiaries.

(c) If, at the time of Grantee's separation from service (within the meaning of Section 409A), (i) Grantee is a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date pursuant to Section 2 of this Agreement but shall instead pay it, without interest, on the first business day after such six-month period or, if earlier, upon the Grantee's death.

(d) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or

penalties under Section 409A. In any case, Grantee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on Grantee or for Grantee's account in connection with this Agreement (including, without limitation, any taxes and penalties under Section 409A), and neither the Company nor any of its subsidiaries shall have any obligation to indemnify or otherwise hold Grantee harmless from any or all of such taxes or penalties.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Carlos M. Hernandez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fluor 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.

Date: December 10, 2020

By: /s/ Carlos M. Hernandez
Carlos M. Hernandez
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Joseph L. Brennan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fluor 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.

Date: December 10, 2020

By: /s/ Joseph L. Brennan
Joseph L. Brennan
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(b) OR RULE 15d-14(b)
OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Fluor Corporation (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carlos M. Hernandez, Chief Executive Officer of the Company, certify, for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 10, 2020

By: /s/ Carlos M. Hernandez

Carlos M. Hernandez

Chief Executive Officer

A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(b) OR RULE 15d-14(b)
OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Fluor Corporation (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph L. Brennan, Chief Financial Officer of the Company, certify, for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 10, 2020

By: /s/ Joseph L. Brennan

Joseph L. Brennan

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.