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 March 31, 2015

☐ 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 33-0927079
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

6700 Las Colinas Boulevard
Irving, Texas 75039
(Address of principal executive offices) (Zip Code)

469-398-7000
(Registrant’s telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

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

As of April 24, 2015, 146,572,661 shares of the registrant’s common stock, $0.01 par value, were outstanding.
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**FLUOR CORPORATION**  
**FORM 10-Q**  
**March 31, 2015**

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## FLUOR CORPORATION
### CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

#### UNAUDITED

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<tr>
<th>(in thousands, except per share amounts)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>$4,548,649</td>
</tr>
<tr>
<td>TOTAL COST OF REVENUE</td>
<td>4,251,189</td>
</tr>
<tr>
<td>OTHER (INCOME) AND EXPENSES</td>
<td></td>
</tr>
<tr>
<td>Corporate general and administrative expense</td>
<td>41,110</td>
</tr>
<tr>
<td>Interest expense</td>
<td>12,168</td>
</tr>
<tr>
<td>Interest income</td>
<td>(4,696)</td>
</tr>
<tr>
<td>Total cost and expenses</td>
<td>4,299,771</td>
</tr>
<tr>
<td>EARNINGS BEFORE TAXES</td>
<td>248,878</td>
</tr>
<tr>
<td>INCOME TAX EXPENSE</td>
<td>83,274</td>
</tr>
<tr>
<td>NET EARNINGS</td>
<td>165,604</td>
</tr>
<tr>
<td>LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS</td>
<td>21,525</td>
</tr>
<tr>
<td>NET EARNINGS ATTRIBUTABLE TO FLUOR CORPORATION</td>
<td>$144,079</td>
</tr>
<tr>
<td>BASIC EARNINGS PER SHARE</td>
<td>$0.98</td>
</tr>
<tr>
<td>DILUTED EARNINGS PER SHARE</td>
<td>$0.96</td>
</tr>
<tr>
<td>SHARES USED TO CALCULATE EARNINGS PER SHARE</td>
<td></td>
</tr>
<tr>
<td>BASIC</td>
<td>147,731</td>
</tr>
<tr>
<td>DILUTED</td>
<td>149,915</td>
</tr>
<tr>
<td>DIVIDENDS DECLARED PER SHARE</td>
<td>$0.21</td>
</tr>
</tbody>
</table>

See Notes to Condensed Consolidated Financial Statements.
<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td><strong>NET EARNINGS</strong></td>
<td>$165,604</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(48,724)</td>
</tr>
<tr>
<td>Ownership share of equity method investees’ other comprehensive loss</td>
<td>(4,481)</td>
</tr>
<tr>
<td>Defined benefit pension and postretirement plan adjustments</td>
<td>2,688</td>
</tr>
<tr>
<td>Unrealized gain (loss) on derivative contracts</td>
<td>894</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>609</td>
</tr>
<tr>
<td><strong>TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAX</strong></td>
<td>(49,014)</td>
</tr>
<tr>
<td><strong>COMPREHENSIVE INCOME</strong></td>
<td>116,590</td>
</tr>
<tr>
<td><strong>LESS: COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</strong></td>
<td>22,116</td>
</tr>
<tr>
<td><strong>COMPREHENSIVE INCOME ATTRIBUTABLE TO FLUOR CORPORATION</strong></td>
<td>$94,474</td>
</tr>
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See Notes to Condensed Consolidated Financial Statements.
### FLUOR CORPORATION

**CONDENSED CONSOLIDATED BALANCE SHEET**

**UNAUDITED**

<table>
<thead>
<tr>
<th>(in thousands, except share and per share amounts)</th>
<th>March 31, 2015</th>
<th>December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents ($342,823 and $352,996 related to variable interest entities (“VIEs”))</td>
<td>$1,811,293</td>
<td>$1,993,125</td>
</tr>
<tr>
<td>Marketable securities, current ($70,065 and $14,082 related to VIEs)</td>
<td>145,668</td>
<td>105,131</td>
</tr>
<tr>
<td>Accounts and notes receivable, net ($209,058 and $193,565 related to VIEs)</td>
<td>1,256,292</td>
<td>1,471,705</td>
</tr>
<tr>
<td>Contract work in progress ($200,180 and $166,334 related to VIEs)</td>
<td>1,486,943</td>
<td>1,587,275</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>320,147</td>
<td>340,223</td>
</tr>
<tr>
<td>Other current assets ($27,868 and $38,848 related to VIEs)</td>
<td>359,010</td>
<td>260,588</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$5,379,253</td>
<td>$5,758,047</td>
</tr>
<tr>
<td>Marketable securities, noncurrent</td>
<td>254,761</td>
<td>343,644</td>
</tr>
<tr>
<td>Property, plant and equipment (“PP&amp;E”) ((net of accumulated depreciation of $1,071,024 and $1,081,198) (net PP&amp;E of $81,181 and $77,579 related to VIEs))</td>
<td>965,935</td>
<td>980,263</td>
</tr>
<tr>
<td>Investments and goodwill</td>
<td>335,986</td>
<td>302,757</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>106,049</td>
<td>201,004</td>
</tr>
<tr>
<td>Deferred compensation trusts</td>
<td>371,418</td>
<td>405,022</td>
</tr>
<tr>
<td>Other assets ($24,796 and $24,003 related to VIEs)</td>
<td>205,794</td>
<td>203,692</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$7,619,196</td>
<td>$8,194,429</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade accounts payable ($202,316 and $213,837 related to VIEs)</td>
<td>$1,251,950</td>
<td>$1,422,084</td>
</tr>
<tr>
<td>Convertible senior notes and other borrowings</td>
<td>27,738</td>
<td>28,742</td>
</tr>
<tr>
<td>Advance billings on contracts ($188,732 and $151,321 related to VIEs)</td>
<td>586,020</td>
<td>569,418</td>
</tr>
<tr>
<td>Accrued salaries, wages and benefits ($51,113 and $51,749 related to VIEs)</td>
<td>697,174</td>
<td>725,586</td>
</tr>
<tr>
<td>Other accrued liabilities ($26,130 and $21,709 related to VIEs)</td>
<td>256,814</td>
<td>585,023</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,819,696</td>
<td>3,330,853</td>
</tr>
<tr>
<td><strong>LONG-TERM DEBT DUE AFTER ONE YEAR</strong></td>
<td>992,231</td>
<td>991,685</td>
</tr>
<tr>
<td><strong>NONCURRENT LIABILITIES</strong></td>
<td>606,013</td>
<td>648,061</td>
</tr>
<tr>
<td><strong>CONTINGENCIES AND COMMITMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred — authorized 20,000,000 shares ($0.01 par value); none issued</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Common — authorized 375,000,000 shares ($0.01 par value); issued and outstanding — 146,976,144 and 148,633,640 shares in 2015 and 2014, respectively</td>
<td>1,470</td>
<td>1,486</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(533,817)</td>
<td>(484,212)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3,601,071</td>
<td>3,593,597</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>3,068,274</td>
<td>3,110,871</td>
</tr>
<tr>
<td><strong>Noncontrolling interests</strong></td>
<td>132,532</td>
<td>112,959</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>3,201,256</td>
<td>3,223,830</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>$7,619,196</td>
<td>$8,194,429</td>
</tr>
</tbody>
</table>

See Notes to Condensed Consolidated Financial Statements.
FLUOR CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED

Three Months Ended March 31, (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$165,604</td>
<td>$193,310</td>
</tr>
<tr>
<td>Adjustments to reconcile net earnings to cash provided (utilized) by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>47,803</td>
<td>48,492</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>223</td>
<td>223</td>
</tr>
<tr>
<td>(Earnings) loss from equity method investments, net of distributions</td>
<td>(7,386)</td>
<td>2,784</td>
</tr>
<tr>
<td>Gain on sale of property, plant and equipment</td>
<td>(8,841)</td>
<td>(5,108)</td>
</tr>
<tr>
<td>Restricted stock and stock option amortization</td>
<td>12,546</td>
<td>10,792</td>
</tr>
<tr>
<td>Deferred compensation trust</td>
<td>33,604</td>
<td>(1,946)</td>
</tr>
<tr>
<td>Deferred compensation obligation</td>
<td>6,164</td>
<td>4,649</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>143,601</td>
<td>23,605</td>
</tr>
<tr>
<td>Excess tax benefit from stock-based plans</td>
<td>867</td>
<td>(3,115)</td>
</tr>
<tr>
<td>Net retirement plan accrual (contributions)</td>
<td>3,391</td>
<td>(7,306)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td>(52,775)</td>
<td>(76,456)</td>
</tr>
<tr>
<td>Cash outflows from discontinued operations</td>
<td>(306,490)</td>
<td>(70,470)</td>
</tr>
<tr>
<td>Other items</td>
<td>971</td>
<td>(3,210)</td>
</tr>
<tr>
<td>Cash provided by operating activities</td>
<td>39,282</td>
<td>186,714</td>
</tr>
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<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of marketable securities</td>
<td>(147,068)</td>
<td>(134,264)</td>
</tr>
<tr>
<td>Proceeds from the sales and maturities of marketable securities</td>
<td>194,635</td>
<td>88,643</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(73,883)</td>
<td>(66,628)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>29,905</td>
<td>24,557</td>
</tr>
<tr>
<td>Investments in partnerships and joint ventures</td>
<td>(21,537)</td>
<td>(4,978)</td>
</tr>
<tr>
<td>Other items</td>
<td>(197)</td>
<td>(1,070)</td>
</tr>
<tr>
<td>Cash utilized by investing activities</td>
<td>(18,145)</td>
<td>(93,740)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>(111,658)</td>
<td>(192,301)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(32,363)</td>
<td>(25,966)</td>
</tr>
<tr>
<td>Distributions paid to noncontrolling interests</td>
<td>(3,508)</td>
<td>(7,189)</td>
</tr>
<tr>
<td>Capital contributions by noncontrolling interests</td>
<td>698</td>
<td>46</td>
</tr>
<tr>
<td>Taxes paid on vested restricted stock</td>
<td>(7,588)</td>
<td>(9,979)</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>923</td>
<td>14,070</td>
</tr>
<tr>
<td>Excess tax benefit from stock-based plans</td>
<td>(867)</td>
<td>3,115</td>
</tr>
<tr>
<td>Other items</td>
<td>393</td>
<td>1,896</td>
</tr>
<tr>
<td>Cash utilized by financing activities</td>
<td>(153,970)</td>
<td>(225,017)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash</td>
<td>(48,999)</td>
<td>(9,481)</td>
</tr>
<tr>
<td>Decrease in cash and cash equivalents</td>
<td>(181,832)</td>
<td>(141,524)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>1,993,125</td>
<td>2,283,582</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$1,811,293</td>
<td>$2,142,058</td>
</tr>
</tbody>
</table>

See Notes to Condensed Consolidated Financial Statements.
(1) Principles of Consolidation

The Condensed Consolidated Financial Statements do not include footnotes and certain financial information normally presented annually under accounting principles generally accepted in the United States and, therefore, should be read in conjunction with the company’s December 31, 2014 Annual Report on Form 10-K. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for the three months ended March 31, 2015 may not necessarily be indicative of results that can be expected for the full year.

The Condensed Consolidated Financial Statements included herein are unaudited; however, they contain all adjustments of a normal recurring nature which, in the opinion of management, are necessary to present fairly its consolidated financial position as of March 31, 2015 and its consolidated results of operations and cash flows for the interim periods presented. All significant intercompany transactions of consolidated subsidiaries are eliminated. Certain amounts in 2014 have been reclassified to conform to the 2015 presentation. Management has evaluated all material events occurring subsequent to the date of the financial statements up to the filing date of this Form 10-Q.

(2) Recent Accounting Pronouncements

New accounting pronouncements implemented by the company during the first quarter of 2015 or requiring implementation in future periods are discussed below or elsewhere in the notes, where appropriate.

In the first quarter of 2015, the company adopted Accounting Standards Update (“ASU”) 2014-11, “Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures,” which makes limited amendments to the guidance in Accounting Standards Codification (“ASC”) 860, “Transfers and Servicing,” on accounting for certain repurchase agreements (“repos”). The ASU (1) requires entities to account for repurchase-to-maturity transactions as secured borrowings (rather than as sales with forward repurchase agreements); (2) eliminates accounting guidance on linked repurchase financing transactions; and (3) expands disclosure requirements related to certain transfers of financial assets that are accounted for as sales and certain transfers (specifically, repos, securities lending transactions and repurchase-to-maturity transactions) accounted for as secured borrowings. The adoption of ASU 2014-11 did not have a material impact on the company’s financial position, results of operations or cash flows.

In the first quarter of 2015, the company adopted ASU 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity,” which amends the definition of a discontinued operation and requires entities to provide additional disclosures about disposal transactions that do not meet the discontinued operations criteria. This ASU requires discontinued operations treatment for disposals of a component or group of components of an entity that represent a strategic shift that has or will have a major impact on an entity’s operations or financial results. ASU 2014-08 also expands the scope of ASC 205-20, “Discontinued Operations,” to disposals of equity method investments and acquired businesses held for sale. The adoption of ASU 2014-08 did not have a material impact on the company’s financial position, results of operations or cash flows.

In the first quarter of 2015, the company adopted ASU 2014-05, “Service Concession Arrangements.” This ASU clarifies that, unless certain circumstances are met, operating entities should not account for certain concession arrangements with public-sector entities as leases and should not recognize the related infrastructure as property, plant and equipment. The adoption of ASU 2014-05 did not have a material impact on the company’s financial position, results of operations or cash flows.

In April 2015, the Financial Accounting Standards Board (“FASB”) issued ASU 2015-05, “Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement.” This ASU clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. ASU 2015-05 is effective for interim and annual reporting periods beginning after December 15, 2015. Management does not expect the adoption of ASU 2015-05 to have a material impact on the company’s financial position, result of operations or cash flows.

In April 2015, the FASB issued ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs.” This ASU changes the presentation of debt issuance costs on the balance sheet by requiring entities to present such costs as a direct deduction from the related debt liability rather than as an asset. ASU 2015-03 is effective for interim and annual reporting periods beginning after December 15, 2015. Management does not expect the adoption of ASU 2015-03 to have a material impact on the company’s financial position, results of operations or cash flows.
In February 2015, the FASB issued ASU 2015-02, “Amendments to the Consolidation Analysis.” This ASU amends the consolidation guidance for VIEs and general partners’ investments in limited partnerships and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. Management does not expect the adoption of ASU 2015-02 to have a material impact on the company’s financial position, results of operations or cash flows.

In January 2015, the FASB issued ASU 2015-01, “Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.” Under this ASU, an entity will no longer be allowed to separately disclose extraordinary items, net of tax, in the income statement after income from continuing operations if an event or transaction is unusual in nature and occurs infrequently. ASU 2015-01 is effective for interim and annual reporting periods beginning after December 15, 2015 with early adoption permitted. Upon adoption, the company may elect prospective or retrospective application. Management does not expect the adoption of ASU 2015-01 to have a material impact on the company’s financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern.” This ASU requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued and to provide certain disclosures if conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. ASU 2014-15 is effective for annual reporting periods ending after December 15, 2016 and subsequent interim reporting periods. The adoption of ASU 2014-15 will not have any impact on the company’s financial position, results of operations or cash flows.

In June 2014, the FASB issued ASU 2014-12, “Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period.” This ASU requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. ASU 2014-12 is effective for interim and annual reporting periods beginning after December 15, 2015. Management does not expect the adoption of ASU 2014-12 to have a material impact on the company’s financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and require separate accounting, how variable consideration (which may include change orders and claims) is recognized, whether revenue should be recognized at a point in time or over time and ensuring the time value of money is considered in the transaction price. This ASU is currently effective for interim and annual reporting periods beginning after December 15, 2016 and can be applied either retrospectively to each prior period presented or as a cumulative-effect adjustment as of the date of adoption. Management is currently evaluating the impact of adopting ASU 2014-09 on the company’s financial position, results of operations and cash flows.
(3) **Other Comprehensive Income (Loss)**

The tax effects of the components of other comprehensive income (loss) ("OCI") are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31, 2015</th>
<th></th>
<th>Three Months Ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency translation adjustment</td>
<td>$ (78,271)</td>
<td>$ 29,547</td>
<td>(48,724)</td>
</tr>
<tr>
<td>Ownership share of equity method investees’ other comprehensive loss</td>
<td>(6,002)</td>
<td>1,521</td>
<td>(4,481)</td>
</tr>
<tr>
<td>Defined benefit pension and postretirement plan adjustments</td>
<td>4,301</td>
<td>(1,613)</td>
<td>2,688</td>
</tr>
<tr>
<td>Unrealized gain (loss) on derivative contracts</td>
<td>1,414</td>
<td>(520)</td>
<td>894</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>974</td>
<td>(365)</td>
<td>609</td>
</tr>
<tr>
<td>Total other comprehensive loss</td>
<td>(77,684)</td>
<td>28,570</td>
<td>(49,844)</td>
</tr>
</tbody>
</table>

Less: Other comprehensive income (loss) attributable to noncontrolling interests

Other comprehensive loss attributable to Fluor Corporation

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31, 2015</th>
<th></th>
<th>Three Months Ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency translation adjustment</td>
<td>$ (78,175)</td>
<td>$ 28,570</td>
<td>(49,605)</td>
</tr>
<tr>
<td>Ownership share of equity method investees’ other comprehensive loss</td>
<td>(6,002)</td>
<td>1,521</td>
<td>(4,481)</td>
</tr>
<tr>
<td>Defined benefit pension and postretirement plan adjustments</td>
<td>4,301</td>
<td>(1,613)</td>
<td>2,688</td>
</tr>
<tr>
<td>Unrealized gain (loss) on derivative contracts</td>
<td>1,414</td>
<td>(520)</td>
<td>894</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>974</td>
<td>(365)</td>
<td>609</td>
</tr>
<tr>
<td>Total other comprehensive loss</td>
<td>(77,584)</td>
<td>28,570</td>
<td>(49,014)</td>
</tr>
</tbody>
</table>

The changes in accumulated other comprehensive income ("AOCI") balances by component (after-tax) for the three months ended March 31, 2015 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Attributable to Fluor Corporation</th>
<th>Attributable to Noncontrolling Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2014</td>
<td>$ (119,416)</td>
<td>$ 6,43</td>
</tr>
<tr>
<td>Other comprehensive income (loss) before reclassifications</td>
<td>(49,244)</td>
<td>—</td>
</tr>
<tr>
<td>Amounts reclassified from AOCI</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net other comprehensive income (loss)</td>
<td>(49,244)</td>
<td>(614)</td>
</tr>
<tr>
<td>Balance as of March 31, 2015</td>
<td>$ (168,660)</td>
<td>$ (614)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Attributable to Noncontrolling Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2014</td>
<td>$ 3,32</td>
</tr>
<tr>
<td>Other comprehensive income (loss) before reclassifications</td>
<td>520</td>
</tr>
<tr>
<td>Amounts reclassified from AOCI</td>
<td>—</td>
</tr>
<tr>
<td>Net other comprehensive income (loss)</td>
<td>520</td>
</tr>
<tr>
<td>Balance as of March 31, 2015</td>
<td>$ 1,848</td>
</tr>
</tbody>
</table>
The changes in AOCI balances by component (after-tax) for the three months ended March 31, 2014 are as follows:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Foreign Currency Translation</th>
<th>Ownership Share of Equity Method Investors' Other Comprehensive Loss</th>
<th>Defined Benefit Pension and Postretirement Plans</th>
<th>Unrealized Gain (Loss) on Derivative Contracts</th>
<th>Unrealized Gain (Loss) on Available-for-Sale Securities</th>
<th>Accumulated Other Comprehensive Income (Loss), Net</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attributable to Fluor Corporation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2013</td>
<td>$ (164)</td>
<td>$ (32,274)</td>
<td>$(258,297)</td>
<td>$(7,642)</td>
<td>$ 176</td>
<td>$(298,201)</td>
</tr>
<tr>
<td>Other comprehensive loss before reclassifications</td>
<td>(8,451)</td>
<td>(1,998)</td>
<td>(403)</td>
<td>(544)</td>
<td>(26)</td>
<td>(11,422)</td>
</tr>
<tr>
<td>Amounts reclassified from AOCI</td>
<td></td>
<td></td>
<td>2,051</td>
<td>176</td>
<td>8</td>
<td>2,235</td>
</tr>
<tr>
<td>Net other comprehensive income (loss)</td>
<td>(8,451)</td>
<td>(1,998)</td>
<td>1,648</td>
<td>(368)</td>
<td>(18)</td>
<td>(9,187)</td>
</tr>
<tr>
<td>Balance as of March 31, 2014</td>
<td>$ (8,615)</td>
<td>$ (34,272)</td>
<td>$(256,649)</td>
<td>$(8,010)</td>
<td>$ 158</td>
<td>$(307,388)</td>
</tr>
</tbody>
</table>

**Attributable to Noncontrolling Interests:**

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Location in Condensed Consolidated Statement of Earnings</th>
<th>Three Months Ended March 31, 2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Component of AOCI:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit pension plan adjustments</td>
<td>Various accounts(1)</td>
<td>$ (4,301)</td>
<td>$ (3,281)</td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>Income tax expense</td>
<td>1,613</td>
<td>1,230</td>
</tr>
<tr>
<td>Net of tax</td>
<td></td>
<td>$ (2,688)</td>
<td>$ (2,051)</td>
</tr>
<tr>
<td>Unrealized gain (loss) on derivative contracts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity and foreign currency contracts</td>
<td>Total cost of revenue</td>
<td>$ (62)</td>
<td>129</td>
</tr>
<tr>
<td>Interest rate contracts</td>
<td>Interest expense</td>
<td>(419)</td>
<td>(419)</td>
</tr>
<tr>
<td>Income tax benefit (net)</td>
<td>Income tax expense</td>
<td>180</td>
<td>111</td>
</tr>
<tr>
<td>Net of tax</td>
<td></td>
<td>(301)</td>
<td>(179)</td>
</tr>
<tr>
<td>Less: Noncontrolling interests</td>
<td>Net earnings attributable to noncontrolling interests</td>
<td>(74)</td>
<td>(3)</td>
</tr>
<tr>
<td>Net of tax and noncontrolling interests</td>
<td></td>
<td>$ (227)</td>
<td>$ (176)</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>Corporate general and administrative expense</td>
<td>$ 110</td>
<td>$ (13)</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>Income tax expense</td>
<td>(41)</td>
<td>5</td>
</tr>
<tr>
<td>Net of tax</td>
<td></td>
<td>$ 69</td>
<td>$(8)</td>
</tr>
</tbody>
</table>

(1) Defined benefit pension plan adjustments were reclassified primarily to total cost of revenue and corporate general and administrative expense.
(4) Income Taxes

The effective tax rates for the three months ended March 31, 2015 and 2014 were 33.5 percent and 28.8 percent, respectively. Both periods benefited from earnings attributable to noncontrolling interests for which income taxes are not typically the responsibility of the company. The lower effective tax rate for the three months ended March 31, 2014 was primarily due to the recognition of a deferred tax benefit for foreign taxes previously paid on certain unremitted foreign earnings, as well as higher earnings attributable to noncontrolling interests.

The company conducts business globally and, as a result, the company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Australia, Canada, the Netherlands, South Africa, the United Kingdom and the United States. Although the company believes its reserves for its tax positions are reasonable, the final outcome of tax audits could be materially different, both favorably and unfavorably. With few exceptions, the company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2008.

(5) Cash Paid for Interest and Taxes

Cash paid for interest was $10 million for both the three months ended March 31, 2015 and 2014. Income tax payments, net of refunds, were $62 million and $37 million during the three-month periods ended March 31, 2015 and 2014, respectively.

(6) Earnings Per Share

Diluted earnings per share (“EPS”) reflects the assumed exercise or conversion of all dilutive securities using the treasury stock method.

The calculations of the basic and diluted EPS for the three months ended March 31, 2015 and 2014 are presented below:

<table>
<thead>
<tr>
<th>(in thousands, except per share amounts)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Net earnings attributable to Fluor Corporation</td>
<td>$144,079</td>
</tr>
<tr>
<td>Basic EPS attributable to Fluor Corporation:</td>
<td></td>
</tr>
<tr>
<td>Weighted average common shares outstanding</td>
<td>147,731</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$0.98</td>
</tr>
<tr>
<td>Diluted EPS attributable to Fluor Corporation:</td>
<td></td>
</tr>
<tr>
<td>Weighted average common shares outstanding</td>
<td>147,731</td>
</tr>
<tr>
<td>Diluted effect:</td>
<td></td>
</tr>
<tr>
<td>Employee stock options, restricted stock units and shares and Value Driver Incentive units</td>
<td>1,825</td>
</tr>
<tr>
<td>Conversion equivalent of dilutive convertible debt</td>
<td>359</td>
</tr>
<tr>
<td>Weighted average diluted shares outstanding</td>
<td>149,915</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$0.96</td>
</tr>
<tr>
<td>Anti-dilutive securities not included above</td>
<td>3,162</td>
</tr>
</tbody>
</table>

During the three months ended March 31, 2015 and 2014, the company repurchased and cancelled 1,939,997 and 2,461,800 shares of its common stock, respectively, under its stock repurchase program for $112 million and $192 million, respectively.
(7) **Fair Value of Financial Instruments**

The fair value hierarchy established by ASC 820, “Fair Value Measurement,” prioritizes the use of inputs used in valuation techniques into the following three levels:

- **Level 1** — quoted prices in active markets for identical assets and liabilities
- **Level 2** — inputs other than quoted prices in active markets for identical assets and liabilities that are observable, either directly or indirectly
- **Level 3** — unobservable inputs

The company measures and reports assets and liabilities at fair value utilizing pricing information received from third parties. The company performs procedures to verify the reasonableness of pricing information received for significant assets and liabilities classified as Level 2.

The following table presents, for each of the fair value hierarchy levels required under ASC 820-10, the company’s assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2015 and December 31, 2014:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>March 31, 2015</th>
<th></th>
<th>December 31, 2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
</tr>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,269</td>
<td>$7,269</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable securities, current</td>
<td>$64,937</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred compensation trusts</td>
<td>$54,913</td>
<td>$54,913</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable securities, noncurrent</td>
<td>$254,761</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>$315</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$2,710</td>
<td>$2,710</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>$2,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>$3,670</td>
<td>$3,670</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Consists primarily of registered money market funds valued at fair value. These investments represent the net asset value of the shares of such funds as of the close of business at the end of the period.

(2) Consists of investments in U.S. agency securities, U.S. Treasury securities and corporate debt securities with maturities of less than one year that are valued based on pricing models, which are determined from a compilation of primarily observable market information, broker quotes in non-active markets or similar assets.

(3) Consists primarily of registered money market funds and an equity index fund valued at fair value. These investments, which are trading securities, represent the net asset value of the shares of such funds as 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.

(4) Consists of investments in U.S. agency securities, U.S. Treasury securities and corporate debt securities with maturities ranging from one year to three years that are valued based on pricing models, which are determined from a compilation of primarily observable market information, broker quotes in non-active markets or similar assets.

(5) See Note 8 for the classification of commodity and foreign currency contracts in the Condensed Consolidated Balance Sheet. Commodity and foreign currency contracts are estimated using standard pricing models with market-based inputs, which take into account the present value of estimated future cash flows.
All of the company’s financial instruments carried at fair value are included in the table above. All of the above financial instruments are available-for-sale securities except for those held in the deferred compensation trusts (which are trading securities) and derivative assets and liabilities. The company has determined that there was no other-than-temporary impairment of available-for-sale securities with unrealized losses, and the company expects to recover the entire cost basis of the securities. The available-for-sale securities are made up of the following security types as of March 31, 2015: money market funds of $7 million, U.S. agency securities of $56 million, U.S. Treasury securities of $60 million and corporate debt securities of $204 million. As of December 31, 2014, available-for-sale securities consisted of money market funds of $14 million, U.S. agency securities of $73 million, U.S. Treasury securities of $107 million and corporate debt securities of $245 million. The amortized cost of these available-for-sale securities is not materially different from the fair value. During the three months ended March 31, 2015 and 2014, proceeds from sales and maturities of available-for-sale securities were $183 million and $64 million, respectively.

The carrying values and estimated fair values of the company’s financial instruments that are not required to be measured at fair value in the Condensed Consolidated Balance Sheet are as follows:


<table>
<thead>
<tr>
<th></th>
<th>March 31, 2015</th>
<th>December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Carrying Value</td>
</tr>
<tr>
<td></td>
<td>Hierarchy</td>
<td>Value</td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
<td>$1,034,253</td>
</tr>
<tr>
<td>Cash(1)</td>
<td>Level 1</td>
<td></td>
</tr>
<tr>
<td>Cash equivalents(2)</td>
<td>Level 2</td>
<td>769,771</td>
</tr>
<tr>
<td>Marketable securities, current(3)</td>
<td>Level 2</td>
<td>80,631</td>
</tr>
<tr>
<td>Notes receivable, including noncurrent portion(4)</td>
<td>Level 3</td>
<td>17,614</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td>$497,155</td>
</tr>
<tr>
<td>3.375% Senior Notes(5)</td>
<td>Level 2</td>
<td></td>
</tr>
<tr>
<td>3.5% Senior Notes(5)</td>
<td>Level 2</td>
<td>494,774</td>
</tr>
<tr>
<td>1.5% Convertible Senior Notes(5)</td>
<td>Level 2</td>
<td>18,324</td>
</tr>
<tr>
<td>Other borrowings(6)</td>
<td>Level 2</td>
<td>9,716</td>
</tr>
</tbody>
</table>

(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, current 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 by the company 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 3.375% Senior Notes, 3.5% Senior Notes and 1.5% Convertible Senior Notes are estimated based on quoted market prices for similar issues.

(6) Other borrowings primarily represent amounts outstanding under a short-term credit facility. The carrying amount of borrowings under this credit facility approximates fair value because of the short-term maturity.

(8) **Derivatives and Hedging**

The company limits exposure to foreign currency fluctuations in most of its engineering and construction contracts through provisions that require client payments in currencies corresponding to 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. In cases where financial exposure is identified, the company generally implements a hedging strategy utilizing derivative instruments as hedging instruments to mitigate the risk. These hedging instruments are designated as either fair value or cash flow hedges in accordance with ASC 815, “Derivatives and Hedging.” The company formally documents its hedge relationships at inception, including identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. The company also formally assesses, both at inception and at least quarterly thereafter, whether the hedging instruments are highly effective in offsetting changes in the fair value of the hedged items. The fair values of all hedging instruments are recognized as assets or liabilities at the balance sheet date. For fair value hedges, the effective portion of the change in the fair value of the hedging instrument is offset against the change in the fair value of the underlying asset or liability through earnings. For cash flow hedges, the effective portion of the hedging instrument’s gain or loss due to changes in fair value is recorded as a component of AOCI and is reclassified into earnings when the hedged item settles. Any ineffective portion of a hedging instrument’s change in fair value is immediately recognized in earnings. The company does not enter into derivative instruments for speculative purposes. The company maintains master netting arrangements with certain counterparties to facilitate the settlement of derivative instruments; however, the company reports the fair value of derivative instruments on a gross basis.

As of March 31, 2015, the company had total gross notional amounts of $636 million of foreign currency contracts and $10 million of commodity contracts outstanding relating to engineering and construction contract obligations and monetary assets and liabilities denominated in nonfunctional currencies. The foreign currency contracts are of varying duration, none of which extend beyond December 2017. The commodity contracts are of varying duration, none of which extend beyond May 2017. The impact to earnings due to hedge ineffectiveness was immaterial for the three months ended March 31, 2015 and 2014.

The fair values of derivatives designated as hedging instruments under ASC 815 as of March 31, 2015 and December 31, 2014 were as follows:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Asset Derivatives</th>
<th>Liability Derivatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity contracts</td>
<td>Other current assets</td>
<td>$106</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other current assets</td>
<td>$1,422</td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>Other assets</td>
<td>$209</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other assets</td>
<td>$1,288</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$3,025</td>
</tr>
</tbody>
</table>

The pre-tax net gains (losses) recognized in earnings associated with the hedging instruments designated as fair value hedges for the three months ended March 31, 2015 and 2014 were as follows:

<table>
<thead>
<tr>
<th>Fair Value Hedges (in thousands)</th>
<th>Location of Gain</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency contracts</td>
<td>Corporate general and administrative expense</td>
<td>$ (1,154)</td>
<td>$ 1,259</td>
</tr>
</tbody>
</table>

The pre-tax amount of gain (loss) recognized in earnings on hedging instruments for the fair value hedges noted in the table above offset the amount of gain (loss) recognized in earnings on the hedged items in the same locations in the Condensed Consolidated Statement of Earnings.
The after-tax amount of gain (loss) recognized in OCI and reclassified from AOCI into earnings associated with the derivative instruments designated as cash flow hedges for the three months ended March 31, 2015 and 2014 was as follows:

<table>
<thead>
<tr>
<th>Cash Flow Hedges (in thousands)</th>
<th>After-Tax Amount of Gain (Loss) Recognized in OCI</th>
<th>Location of Gain (Loss)</th>
<th>After-Tax Amount of Gain (Loss) Reclassified from AOCI into Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity contracts</td>
<td>$ (112)</td>
<td>$ (143)</td>
<td>Total cost of revenue</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>708</td>
<td>(401)</td>
<td>Total cost of revenue</td>
</tr>
<tr>
<td>Interest rate contracts</td>
<td>—</td>
<td>—</td>
<td>Interest expense</td>
</tr>
<tr>
<td>Total</td>
<td>$ 596</td>
<td>$ (544)</td>
<td></td>
</tr>
</tbody>
</table>

(9) Retirement Benefits

Net periodic pension expense for the U.S. and non-U.S. defined benefit pension plans included the following components:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>U.S. Pension Plan</th>
<th>Non-U.S. Pension Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three Months Ended March 31,</td>
<td>Three Months Ended March 31,</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>Service cost</td>
<td>$ 1,700</td>
<td>$ 950</td>
</tr>
<tr>
<td>Interest cost</td>
<td>3,799</td>
<td>7,919</td>
</tr>
<tr>
<td>Expected return on assets</td>
<td>(5,275)</td>
<td>(7,526)</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>217</td>
<td>187</td>
</tr>
<tr>
<td>Recognized net actuarial loss</td>
<td>2,351</td>
<td>1,109</td>
</tr>
<tr>
<td>Net periodic pension expense</td>
<td>$ 2,792</td>
<td>$ 2,639</td>
</tr>
</tbody>
</table>

The company currently expects to contribute up to $100 million into its defined benefit pension plans during 2015, which is expected to be in excess of the minimum funding required and includes estimated additional funding to settle the U.S. defined benefit pension plan (the “U.S. plan”). During the three months ended March 31, 2015, contributions of approximately $0.9 million were made by the company.

The company’s Board of Directors previously approved amendments to freeze the accrual of future service-related benefits for salaried participants of the U.S. plan as of December 31, 2011 and craft participants of the U.S. plan as of December 31, 2013. During the fourth quarter of 2014, the company’s Board of Directors approved an amendment to terminate the U.S. plan effective December 31, 2014. The U.S. plan is expected to be settled in late 2015, subject to regulatory approval. The company’s ultimate settlement obligation will depend upon the nature and timing of participant settlements and prevailing market conditions. Upon settlement, the company expects to recognize additional expense, consisting of unrecognized actuarial losses included in AOCI that totaled approximately $271 million as of March 31, 2015, adjusted for the difference between the ultimate settlement obligation and the company’s accrued pension liability, which could be significant. The company does not expect the settlement of the plan obligations to have a material impact on its cash position.

(10) Financing Arrangements

As of March 31, 2015, the company had a combination of committed and uncommitted lines of credit that totaled $5.3 billion. These lines may be used for revolving loans, letters of credit and/or general purposes. The committed lines of credit 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 May 2019. The company may utilize up to $1.75 billion in the aggregate of the combined $3.5 billion committed lines of credit for revolving advances. Each of the credit facilities may be increased up to an additional $500 million subject to certain conditions, and contain customary financial and restrictive covenants, including a maximum ratio of...
consolidated debt to tangible net worth of one-to-one and a cap on the aggregate amount of debt of $750 million for the company’s subsidiaries. Borrowings under both facilities bear interest at rates based on the Eurodollar Rate or an alternative base rate, plus an applicable borrowing margin.

In November 2014, the company issued $500 million of 3.5% Senior Notes (the “2014 Notes”) due December 15, 2024 and received proceeds of $491 million, net of underwriting discounts. Interest on the 2014 Notes is payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2015. Prior to September 15, 2024, the company may redeem the 2014 Notes at a redemption price equal to 100 percent of the principal amount, plus a “make whole” premium described in the indenture. On or after September 15, 2024, the company may redeem the 2014 Notes at 100 percent of the principal amount plus accrued and unpaid interest, if any, to the date of purchase.

In September 2011, the company issued $500 million of 3.375% Senior Notes (the “2011 Notes”) due September 15, 2021 and received proceeds of $492 million, net of underwriting discounts. Interest on the 2011 Notes is payable semi-annually on March 15 and September 15 of each year, and began on March 15, 2012. The company may, at any time, redeem the 2011 Notes at a redemption price equal to 100 percent of the principal amount, plus a “make whole” premium described in the indenture.

For both the 2014 Notes and the 2011 Notes, if a change of control triggering event occurs, as defined by the terms of the respective indentures, the company will be required to offer to purchase the 2014 Notes and the 2011 Notes at a purchase price equal to 101 percent of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. The company is generally not limited under the indentures governing the 2014 Notes and the 2011 Notes in its ability to incur additional indebtedness provided the company is in compliance with certain restrictive covenants, including restrictions on liens and restrictions on sale and leaseback transactions.

In February 2004, the company issued $330 million of 1.5% Convertible Senior Notes (the “2004 Notes”) due February 15, 2024 and received proceeds of $323 million, net of underwriting discounts. In December 2004, the company irrevocably elected to pay the principal amount of the 2004 Notes in cash. The 2004 Notes are convertible if a specified trading price of the company’s common stock (the “trigger price”) is achieved and maintained for a specified period. The trigger price condition was satisfied during the fourth quarter of 2014 and first quarter of 2015, and the 2004 Notes were therefore classified as short-term debt as of December 31, 2014 and March 31, 2015. In March 2015, the company notified the holders of the 2004 Notes of its election to redeem all of the outstanding 2004 Notes on May 7, 2015. The redemption price is equal to 100 percent of the principal amount plus accrued and unpaid interest up to (but excluding) May 7, 2015. The holders of the 2004 Notes may, at their option, convert the 2004 Notes at any time before the close of business on May 6, 2015.

The following table presents information related to the liability and equity components of the 2004 Notes:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>March 31, 2015</th>
<th>December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying value of the equity component</td>
<td>$19,516</td>
<td>$19,516</td>
</tr>
<tr>
<td>Principal amount and carrying value of the liability component</td>
<td>18,324</td>
<td>18,324</td>
</tr>
</tbody>
</table>

The 2004 Notes are convertible into shares of the company’s common stock (par value $0.01 per share) at a conversion rate of 37.0997 shares per each $1,000 principal amount of the 2004 Notes. Interest expense for the first quarter of both 2015 and 2014 included original coupon interest of less than $0.1 million. The if-converted value of $39 million was in excess of the principal value as of March 31, 2015.

During the third quarter of 2013, the company established a short-term credit facility to purchase land and construction equipment associated with the equipment operations in the Global Services segment. Outstanding borrowings under the facility were $9 million and $10 million as of March 31, 2015 and December 31, 2014, respectively.

As of March 31, 2015, the company was in compliance with all of the financial covenants related to its debt agreements.
(11) **Stock-Based Plans**

The company’s executive and director stock-based compensation plans are described, and informational disclosures provided, in the Notes to Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 2014. In the first quarter of 2015 and 2014, 520,947 and 357,138 restricted stock units, respectively, were granted to executives, at weighted-average per share prices of $59.05 and $79.19, respectively. For the company’s executives, the restricted units granted in 2015 and 2014 generally vest ratably over three years. During the first quarter of 2015 and 2014, options for the purchase of 963,288 shares at a weighted-average exercise price of $59.05 per share and 684,486 shares at a weighted-average exercise price of $79.19 per share, respectively, were awarded to executives. The options granted in 2015 and 2014 vest ratably over three years. The options expire ten years after the grant date.

In the first quarter of 2015 and 2014, performance-based Value Driver Incentive (“VDI”) units totaling 430,970 and 315,551, respectively, were granted to executives at weighted-average per share prices of $59.05 and $79.19, respectively. The number of units is adjusted at the end of each performance period based on the achievement of certain performance criteria. The VDI awards granted in 2015 can only be settled in company stock and are accounted for as equity awards in accordance with ASC 718. The VDI awards granted in 2014 may be settled in cash, based on the closing price of the company’s common stock on the vesting date, or company stock. In accordance with ASC 718, the awards granted in 2014 are classified as liabilities and remeasured at fair value at the end of each reporting period until the awards are settled. Both the VDI awards granted in 2015 and 2014 vest after a period of approximately three years.

(12) **Noncontrolling Interests**

The company applies the provisions of ASC 810-10-45, which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net earnings attributable to the parent and to the noncontrolling interests, changes in a parent’s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated.

As required by ASC 810-10-45, the company has separately disclosed on the face of the Condensed Consolidated Statement of Earnings for all periods presented the amount of net earnings attributable to the company and the amount of net earnings attributable to noncontrolling interests. For the three months ended March 31, 2015 and 2014, net earnings attributable to noncontrolling interests were $22 million and $44 million, respectively. Income taxes associated with earnings attributable to noncontrolling interests were immaterial in both periods presented. Distributions paid to noncontrolling interests were $4 million and $16 million for the three months ended March 31, 2015 and 2014, respectively. Capital contributions by noncontrolling interests were $0.7 million and less than $0.1 million for the three months ended March 31, 2015 and 2014, respectively.

(13) **Contingencies and Commitments**

The company and certain of its subsidiaries are subject to litigation, claims and other commitments and contingencies arising in the ordinary course of business, including matters related to government contracting and environmental regulations. The company currently does not expect that the ultimate resolution of any open matters will have a material adverse effect on its consolidated financial position or results of operations.

As of March 31, 2015, several matters were in the litigation and dispute resolution process. The following discussion provides a background and current status of these matters:

**St. Joe Minerals Matters**

Since 1995, the company has been named as a defendant in a number of lawsuits alleging injuries resulting from the lead business of St. Joe Minerals Corporation (“St. Joe”) and The Doe Run Company (“Doe Run”) in Herculaneum, Missouri, which are discontinued operations. The company was named as a defendant in these lawsuits as a result of its ownership or other interests in St. Joe and Doe Run in the period between 1981 and 1994. In 1994, the company sold its interests in St. Joe and Doe Run, along with all liabilities associated with the lead business, pursuant to a sale agreement in which the buyer agreed to
FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED

indemnify the company for those liabilities. Until December 2010, substantially all the lawsuits were settled and paid by the buyer; and in all cases the company was fully released.

In December 2010, the buyer settled with certain plaintiffs without obtaining a release for the benefit of the company, leaving the company to defend its case with these plaintiffs in the City of St. Louis Circuit Court. In late July 2011, the jury reached an unexpected verdict in this case, ruling in favor of 16 of the plaintiffs and against the company and certain former subsidiaries for $38.5 million in compensatory and economic damages and $320 million in punitive damages. In August 2011, the court entered judgments based on the verdict. In December 2011, the company appealed the judgments of the court.

In June 2014, the Missouri Court of Appeals issued its opinion reversing and remanding to the trial court the award of $240 million in punitive damages against Fluor. In addition, the appellate court upheld the judgment for $38.5 million in compensatory and economic damages and $80 million of punitive damages against the company and its former subsidiaries to whom the company has provided certain indemnities relating to the St. Joe and Doe Run businesses.

In October 2014, the company entered into a settlement agreement with counsel for a number of plaintiffs (including the 16 plaintiffs described above). In January 2015, the company paid $306 million pursuant to the settlement agreement. While the company is unable to estimate a range of possible losses in the remaining lawsuits, it does not expect any material charges to result from these cases. In addition, the company will continue to take steps to enforce its rights to indemnification described above for both the settled matters and outstanding claims.

Other Matters

The company and certain of its clients have made claims arising from the performance under its contracts. The company recognizes revenue, but not profit, for certain claims (including change orders in dispute and unapproved change orders in regard to both scope and price) when it is determined that recovery of incurred costs is probable and the amounts can be reliably estimated. Under ASC 605-35-25, these requirements are satisfied when (a) the contract or other evidence provides a legal basis for the claim, (b) additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the company’s performance, (c) claim-related costs are identifiable and considered reasonable in view of the work performed, and (d) evidence supporting the claim is objective and verifiable. The company periodically evaluates its position and the amounts recognized in revenue with respect to all its claims. Recognized claims against clients amounted to $21 million as of both March 31, 2015 and December 31, 2014 and are included in contract work in progress in the accompanying Condensed Consolidated Balance Sheet.

From time to time, the company enters 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 the company’s 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, the company maintains reserves for estimated exposures associated with these matters.

(14) Guarantees

In the ordinary course of business, the company enters into various agreements providing performance assurances and guarantees to clients on behalf of certain unconsolidated and consolidated partnerships, joint ventures and other jointly executed contracts. These agreements are entered into primarily to support the project execution commitments of these entities. The performance guarantees have various expiration dates ranging from mechanical completion of the project being constructed to a period extending beyond contract completion in certain circumstances. The maximum potential amount of future payments that the company could be required to make under outstanding performance guarantees, which represents the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts, was estimated to be $15.5 billion as of March 31, 2015. 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 under the contract. For lump-sum or fixed-price 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, the company may have recourse to third parties, such as owners, co-venturers, subcontractors or vendors for claims. The company assessed its performance guarantee obligation as of March 31, 2015 and December 31, 2014 in accordance with ASC 460, “Guarantees,” and the carrying value of the liability was not material.

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 the company 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.

(15) Variable Interest Entities

In the normal course of business, the company forms 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 percent 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. Such funding is infrequent and is not anticipated to be material. The company accounts for its partnerships and joint ventures in accordance with ASC 810, “Consolidation.”

In accordance with ASC 810, the company assesses its partnerships and joint ventures at inception to determine if any meet the qualifications of a VIE. The company considers a partnership or joint venture a VIE if either (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 outlined in ASC 810, the company reassesses its initial determination of whether the partnership or joint venture is a VIE. The majority of the company’s 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.

The company also performs a qualitative assessment of each VIE to determine if the company is its primary beneficiary, as required by ASC 810. The company concludes that it is the primary beneficiary and consolidates the VIE if the company has 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. The company considers 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 the company is the primary beneficiary. The company also considers all parties that have direct or implicit variable interests when determining whether it is the primary beneficiary. As required by ASC 810, management’s assessment of whether the company is the primary beneficiary of a VIE is continuously performed.

In most cases, when the company is not the primary beneficiary and not required to consolidate the VIE, the proportionate consolidation method of accounting is used for joint ventures and partnerships in the construction industry, whereby the company recognizes its proportionate share of revenue, cost and profit in its Condensed Consolidated Statement of Earnings and uses the one-line equity method of accounting in the Condensed Consolidated Balance Sheet, which is a common application of ASC 810-10-45-14 in the construction industry. The cost and equity methods of accounting are also used, depending on the company’s respective ownership interest and amount of influence on the entity, as well as other factors. The net carrying value of the unconsolidated VIEs classified under “Investments and goodwill” and “Other accrued liabilities” in the Condensed Consolidated Balance Sheet was a net asset of $131 million and $107 million as of March 31, 2015 and December 31, 2014, respectively. Some of the company’s VIEs have debt; however, such debt is typically non-recourse in nature. The company’s maximum exposure to loss as a result of its investments in unconsolidated VIEs is typically limited to the aggregate of the carrying value of the investment and future funding commitments. Future funding commitments as of March 31, 2015 for the unconsolidated VIEs were $20 million.
In some cases, the company is required to consolidate certain VIEs. As of March 31, 2015, the carrying values of the assets and liabilities associated with the operations of the consolidated VIEs were $977 million and $471 million, respectively. As of December 31, 2014, the carrying values of the assets and liabilities associated with the operations of the consolidated VIEs were $891 million and $442 million, respectively. The assets of a VIE are restricted for use only for the particular VIE and are not available for general operations of the company.

The company has agreements with certain VIEs to provide financial or performance assurances to clients. See Note 14 for a further discussion of such agreements. A discussion of the company’s more significant or unique VIEs is provided in the Notes to Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 2014.

(16) Operating Information by Segment

Effective January 1, 2015, the company implemented certain organizational changes that impacted the composition of its reportable segments. The company’s fabrication activities, previously included in the Global Services segment, have been integrated into the reporting segments for which the activities are being performed, primarily the Oil & Gas segment. Additionally, certain plant engineering offices located in Europe, Africa and the Middle East, which were previously included in the industrial services business line of the Industrial & Infrastructure segment, have been integrated into the Oil & Gas segment. Segment operating information for 2014 has been recast to reflect these organizational changes.

Operating information by reportable segment is as follows:

<table>
<thead>
<tr>
<th>External Revenue (in millions)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>$2,471.6</td>
</tr>
<tr>
<td>Industrial &amp; Infrastructure</td>
<td>1,080.2</td>
</tr>
<tr>
<td>Government</td>
<td>646.0</td>
</tr>
<tr>
<td>Global Services</td>
<td>129.7</td>
</tr>
<tr>
<td>Power</td>
<td>221.1</td>
</tr>
<tr>
<td>Total external revenue</td>
<td>$4,548.6</td>
</tr>
</tbody>
</table>

The Global Services segment represents a combination of other operating segments that do not meet the ASC 280, “Segment Reporting,” requirements for separate disclosure or aggregation. Intercompany revenue for the Global Services segment, excluded from the amounts shown above, was $115 million and $136 million for the three months ended March 31, 2015 and 2014, respectively.

<table>
<thead>
<tr>
<th>Segment Profit (Loss) (in millions)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>$183.3</td>
</tr>
<tr>
<td>Industrial &amp; Infrastructure</td>
<td>71.1</td>
</tr>
<tr>
<td>Government</td>
<td>14.8</td>
</tr>
<tr>
<td>Global Services</td>
<td>15.3</td>
</tr>
<tr>
<td>Power</td>
<td>(8.6)</td>
</tr>
<tr>
<td>Total segment profit</td>
<td>$275.9</td>
</tr>
</tbody>
</table>

Power segment profit for the three months ended March 31, 2015 and 2014 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. In May 2014, NuScale entered into a cost-sharing agreement with the U.S. Department of Energy ("DOE") establishing the terms and conditions of a multi-year funding award that allows certain qualified expenditures to be reimbursed.
NuScale expenses included in the determination of segment profit were $17 million and $13 million for the three months ended March 31, 2015 and 2014, respectively. NuScale expenses for 2015 were net of qualified reimbursable expenses of $14 million. The company recognizes the cost-sharing award with the DOE, when earned, as a reduction of “Total cost of revenue” in the Condensed Consolidated Statement of Earnings and, correspondingly, as an increase to segment profit in the period for which the related costs are recognized, with the exception of certain pre-award costs which were recognized in the second quarter of 2014 upon entering into the cost-sharing agreement.

A reconciliation of total segment profit to earnings before taxes is as follows:

<table>
<thead>
<tr>
<th>Reconciliation of Total Segment Profit to Earnings Before Taxes (in millions)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Total segment profit</td>
<td>$275.9</td>
</tr>
<tr>
<td>Corporate general and administrative expense</td>
<td>(41.1)</td>
</tr>
<tr>
<td>Interest income (expense), net</td>
<td>(7.4)</td>
</tr>
<tr>
<td>Earnings attributable to noncontrolling interests</td>
<td>21.5</td>
</tr>
<tr>
<td>Earnings before taxes</td>
<td>$248.9</td>
</tr>
</tbody>
</table>

Total assets by segment are as follows:

<table>
<thead>
<tr>
<th>Total Assets by Segment (in millions)</th>
<th>March 31, 2015</th>
<th>December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>$1,476.5</td>
<td>$1,745.3</td>
</tr>
<tr>
<td>Industrial &amp; Infrastructure</td>
<td>842.2</td>
<td>848.2</td>
</tr>
<tr>
<td>Government</td>
<td>510.1</td>
<td>540.1</td>
</tr>
<tr>
<td>Global Services</td>
<td>763.2</td>
<td>781.9</td>
</tr>
<tr>
<td>Power</td>
<td>196.4</td>
<td>178.6</td>
</tr>
</tbody>
</table>

The above changes in total assets by segment are primarily due to fluctuations in project working capital related to project execution activities.
The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and notes and the company’s December 31, 2014 Annual Report on Form 10-K. For purposes of reviewing this document, “segment profit” is calculated as revenue less cost of revenue and earnings attributable to noncontrolling interests excluding; corporate general and administrative expense; interest expense; interest income; domestic and foreign income taxes; and other non-operating income and expense items.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made herein, including statements regarding the company’s projected revenue and earnings levels, cash flow and liquidity, new awards and backlog levels and the implementation of strategic initiatives and organizational changes are forward-looking in nature. We wish to caution readers that forward-looking statements, including disclosures which use words such as the company “believes,” “anticipates,” “expects,” “estimates” 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 cyclical nature of many of the markets the company serves, including our commodity-based business lines, and our vulnerability to downturns;
- The company’s failure to receive anticipated new contract awards and the related impact on revenue, earnings, staffing levels and cost;
- Difficulties or delays incurred in the execution of contracts, or failure to accurately estimate the resources and time necessary for our contracts, resulting in cost overruns or liabilities, including those caused by the performance of our clients, subcontractors, suppliers and joint venture or teaming partners;
- Client cancellations of, or scope adjustments to, existing contracts and the related impacts on staffing levels and cost;
- Intense competition in the global engineering, procurement and construction industry, which can place downward pressure on our contract prices and profit margins;
- Current economic conditions affecting our clients, partners, subcontractors and suppliers, which may result in decreased capital investment or expenditures, or a failure to make anticipated increased capital investment or expenditures, by the company’s clients or other financial difficulties by our partners, subcontractors or suppliers;
- Changes in global business, economic (including currency risk), political and social conditions;
- Civil unrest, security issues, labor conditions and other unforeseeable events in the countries in which we do business, resulting in unanticipated losses;
- Failure of our joint venture partners to perform their venture obligations, which could impose additional financial and performance obligations on us, resulting in reduced profits or losses;
- Failure to obtain favorable results in existing or future litigation or dispute resolution proceedings (including claims for indemnification), or claims against project owners, subcontractors or suppliers;
- Client delays or defaults in making payments;
- Failure to meet timely completion or performance standards that could result in higher cost and reduced profits or, in some cases, losses on projects;
- Liabilities arising from faulty services that could result in significant professional or product liability, warranty or other claims;
- Failure of our suppliers or subcontractors to provide supplies or services at the agreed-upon levels or times;
- Repercussions of events beyond our control, such as severe weather conditions, that may significantly affect operations, result in higher cost or subject the company to liability claims by our clients;
- Failure of our employees, agents or partners to comply with laws;
- The potential impact of certain tax matters including, but not limited to, those from foreign operations and the ongoing audits by tax authorities;
- Possible systems and information technology interruptions or the failure to adequately protect intellectual property rights;
- The impact of anti-bribery and international trade laws and regulations;
- The impact of past and future environmental, health and safety regulations including climate change regulations;
- Foreign exchange risks;
- Failure to maintain safe work sites;
- The availability of credit and restrictions imposed by credit facilities, both for the company and our clients, suppliers, subcontractors or other partners;
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. There can be 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.

Due to known and unknown risks, the company’s 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. The company’s failure to receive payments of accrued amounts or incurrence of liabilities in excess of amounts previously recognized could result in a charge against future earnings. As a result, the reader is cautioned 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 the company’s press releases and periodic filings with the Securities and Exchange Commission, including the discussion under the heading “Item 1A. — Risk Factors” in the company’s Form 10-K filed February 18, 2015. These filings are available publicly on the SEC’s website at http://www.sec.gov, on the company’s website at http://investor.fluor.com or upon request from the company’s Investor Relations Department at (469) 398-7220. The company cannot control such risk factors 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 the company and deciding whether to invest in its securities. Except as otherwise required by law, the company undertakes no obligation to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

RESULTS OF OPERATIONS

Summary

Consolidated revenue for the three months ended March 31, 2015 decreased 16 percent to $4.5 billion from $5.4 billion for the three months ended March 31, 2014. The revenue decrease in the current year period was principally due to a significant decline in project execution activities in the mining and metals business line of the Industrial & Infrastructure segment. Reduced project execution activities in the Oil & Gas segment also contributed to the revenue decline.

Net earnings attributable to Fluor Corporation of $144 million for the three months ended March 31, 2015 were comparable to net earnings attributable to Fluor Corporation of $149 million for the corresponding period of 2014. The first quarter of 2015 benefited from significantly higher contributions from the Oil & Gas segment, largely offset by lower contributions from the mining and metals business line.

The effective tax rates for the three months ended March 31, 2015 and 2014 were 33.5 percent and 28.8 percent, respectively. Both periods benefited from earnings attributable to noncontrolling interests for which income taxes are not typically the responsibility of the company. The lower effective tax rate for the three months ended March 31, 2014 was primarily due to the recognition of a deferred tax benefit for foreign taxes previously paid on certain unremitted foreign earnings, as well as higher earnings attributable to noncontrolling interests.

Diluted earnings per share was $0.96 for the three months ended March 31, 2015 compared to $0.92 for the corresponding period of 2014. The principal reason for the 2015 increase in earnings per share was a lower share count resulting from the repurchase of common stock.

The company’s 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, the company’s 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. Although the company is exposed to foreign currency risk for both translation and remeasurement, the net impact on earnings was not significant for either the three months ended March 31, 2015 or March 31, 2014.
The company is still experiencing a highly competitive business environment, with pressure on margins. In some cases, margins may be favorably or unfavorably impacted by a change in the mix of work performed or a change in the amount of customer-furnished materials, which are accounted for as pass-through costs. During the first quarter of 2015, the Oil & Gas segment experienced higher segment profit margin that was partially due to a shift in the mix of work from lower margin construction activities to higher margin engineering activities. This shift corresponds to an increase in the volume of project execution activities for projects that are in the earlier stages of the project life cycle compared to a year ago.

The Oil & Gas segment has continued to show strength, but declining oil prices since the latter part of 2014 could affect the segment’s current projects and the timing of new awards. In the Industrial & Infrastructure segment, mining and metals business has continued to slow as major capital investment decisions by most mining customers have been deferred. Revenue in the Government segment continues to be adversely impacted by reduced project execution activities of the Logistics Civil Augmentation Program (“LOGCAP IV”).

Consolidated new awards were $4.4 billion for the three months ended March 31, 2015 compared to new awards of $10.7 billion for the three months ended March 31, 2014. The Oil & Gas and Industrial & Infrastructure segments were the major contributors to the new award activity in the first quarter of 2015. Approximately 41 percent of consolidated new awards for the three months ended March 31, 2015 were for projects located outside of the United States compared to 85 percent for the first quarter of 2014.

Consolidated backlog as of March 31, 2015 was $41.2 billion compared to $40.2 billion as of March 31, 2014. The increase in backlog was primarily due to new awards booked after the first quarter of 2015 in the Oil & Gas and Government segments, partially offset by a decline in backlog in the mining and metals business and the Oil & Gas segment. Backlog as of March 31, 2015 was reduced by approximately $1.6 billion due to a strengthening U.S. dollar compared to most major foreign currencies. As of March 31, 2015, approximately 33 percent of consolidated backlog related to projects outside of the United States compared to 68 percent as of March 31, 2014. Although backlog reflects business which is considered to be firm, cancellations or scope adjustments may occur. Backlog is adjusted to reflect any known project cancellations, revisions to project scope and cost, and deferrals, as appropriate.

**Oil & Gas**

Revenue and segment profit for the Oil & Gas segment are summarized as follows:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>$2,471.6</td>
</tr>
<tr>
<td>Segment profit</td>
<td>183.3</td>
</tr>
</tbody>
</table>

Revenue for the three months ended March 31, 2015 decreased by 11 percent compared to the three months ended March 31, 2014, primarily due to reduced volume of project execution activities for certain large projects progressing to completion, including a coal bed methane project in Australia, two oil sands facilities in Canada and a petrochemical project in the Middle East. This revenue decline was largely offset by an increase in project execution activities for various petrochemicals projects, the majority of which are on the Gulf Coast of the United States, and numerous downstream projects across various regions.

Segment profit for the first three months of 2015 increased by 32 percent compared to the corresponding period in 2014. The increase in segment profit was primarily due to the increase in project execution activities for numerous downstream projects in various regions. Segment profit margin increased to 7.4 percent in the three months ended March 31, 2015 compared to 5.0 percent for the same period of the prior year. Segment profit margin in the current quarter was more favorably impacted by the positive effect of forecast revisions associated with the reassessment of risk for projects progressing toward completion. Another significant contributing factor to the improved segment profit margin was a shift in the mix of work from lower margin construction activities to higher margin engineering services. This shift corresponds to an increase in the volume of project execution activities for projects that are in the earlier stages of the project life cycle as compared to prior years.

New awards for the first three months of 2015 were $2.9 billion compared to $8.9 billion for the first quarter of 2014. Current quarter new awards included a large, domestic natural gas transmission project. Backlog as of March 31, 2015 increased to $27.8 billion from $25.8 billion as of March 31, 2014. The growth in backlog is reflective of the higher levels of new award activity during 2014 which reflects continued demand for new capacity in oil and gas production, petrochemicals and gas liquefaction. The segment’s backlog as of March 31, 2015 was reduced by approximately $1.5 billion due to a
strengthening U.S. dollar compared to most major foreign currencies. The segment remains well positioned for new project activity in these markets; however, declining oil prices since the latter part of 2014 could affect the segment’s current projects and the timing of new awards. Market conditions remain competitive.

Total assets in the segment decreased to $1.5 billion as of March 31, 2015 from $1.7 billion as of December 31, 2014 due to lower levels of working capital on projects.

**Industrial & Infrastructure**

Revenue and segment profit for the Industrial & Infrastructure segment are summarized as follows:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>$1,080.2</td>
</tr>
<tr>
<td>Segment profit</td>
<td>71.1</td>
</tr>
</tbody>
</table>

Revenue for the three months ended March 31, 2015 decreased by 33 percent compared to the first quarter 2014, primarily due to a significant decline in volume in the mining and metals business line.

Segment profit for the first three months of 2015 decreased by 27 percent compared to the corresponding period in 2014 due to the decline in project execution activities of the mining and metals business line noted above. Segment profit margin increased to 6.6 percent for the three months ended March 31, 2015 compared to 6.0 percent for the three months ended March 31, 2014, principally driven by forecast revisions associated with the reassessment of risk for certain infrastructure projects completed in the current year period.

New awards in the Industrial and Infrastructure segment for the first three months of 2015 were $1.4 billion, compared to $904 million for the first quarter of 2014. New awards for the current quarter were primarily in the industrial services and mining and metals business lines.

Backlog decreased to $7.3 billion as of March 31, 2015 compared to $9.8 billion as of March 31, 2014. This decline was primarily due to the work off of backlog outpacing the new award activity in the mining and metals and infrastructure business lines. The mining and metals business line continues to experience the deferral of major capital investment decisions by some mining customers as a result of softening commodity demand. The timing of when capital investment by these mining customers could resume is uncertain, and the weakened mining market conditions could be prolonged.

The total assets in the Industrial & Infrastructure segment were $842 million as of March 31, 2015, compared to $848 million as of December 31, 2014.

**Government**

Revenue and segment profit for the Government segment are summarized as follows:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>$646.0</td>
</tr>
<tr>
<td>Segment profit</td>
<td>14.8</td>
</tr>
</tbody>
</table>

Revenue for the three months ended March 31, 2015 increased 9 percent compared to the three months ended March 31, 2014, driven primarily by project execution activities for a nuclear decommissioning project in the United Kingdom (the “Magnox RSRL Project”), the Strategic Petroleum Reserve Project and the Paducah Gaseous Diffusion Plant Project (the “Paducah Project”), all awarded in 2014. This increase was partially offset by a decline in project execution activities associated with LOGCAP IV.

Segment profit for the three months ended March 31, 2015 increased 18 percent when compared to the same period in the prior year. Increased contributions in the current quarter for the Magnox RSRL Project and the Strategic Petroleum Reserve Project,
as well as improved contributions from a base operations support services contract, more than offset the reduced contributions associated with the decline in project execution activities for LOGCAP IV. Segment profit margin for the first quarter of 2015 was essentially flat when compared to the same period in the prior year.

New awards were $74 million during the three months ended March 31, 2015 compared to $748 million for the same period in the prior year.

Backlog as of March 31, 2015 increased to $4.2 billion compared to $2.6 billion as of March 31, 2014. This increase was primarily due to new awards for the Magnox RSRL Project and the Paducah Project, both awarded after the first quarter of 2014. Total backlog included $1.6 billion of unfunded government contracts as of both March 31, 2015 and March 31, 2014.

Total assets in the Government segment were $510 million as of March 31, 2015 compared to $540 million as of December 31, 2014.

**Global Services**

Revenue and segment profit for the Global Services segment are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>$129.7</td>
</tr>
<tr>
<td>Segment profit</td>
<td>15.3</td>
</tr>
</tbody>
</table>

Revenue decreased 9 percent for the three months ended March 31, 2015 compared to the same period in 2014, primarily due to the equipment business line which experienced reduced volume in Mexico and Afghanistan, as well as reduced activities supporting mining projects in Latin America and Africa. The current period revenue decrease was partially offset by revenue improvement in the equipment business line’s operations in the United States and in the temporary staffing business line.

Segment profit decreased 26 percent for the first three months of 2015 compared to the first three months of 2014, principally as the result of reduced contributions in Afghanistan and Latin America from the equipment business line.

The equipment, temporary staffing and supply chain solutions business lines do not report backlog or new awards.

Total assets in the Global Services segment were $763 million as of March 31, 2015 compared to $782 million as of December 31, 2014.

**Power**

Revenue and segment profit (loss) for the Power segment are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>$221.1</td>
</tr>
<tr>
<td>Segment profit (loss)</td>
<td>(8.6)</td>
</tr>
</tbody>
</table>

Revenue for the three months ended March 31, 2015 decreased 12 percent compared to the three months ended March 31, 2014, primarily due to a decrease in project execution activities on a solar power project in the western United States and a gas-fired power plant in Texas, both of which reached substantial completion during 2014. This decline was partially offset by an increased level of project execution activities on a large gas-fired power plant in Virginia.

Segment profit and segment profit margin for the first quarter of 2015 decreased significantly compared to the first three months of 2014 primarily due to reduced contributions resulting from the decrease in project execution activities mentioned above and an increase in NuScale expenses, net of qualified reimbursable expenditures. These items were partially offset by a reduction in segment overhead expenses in the current year resulting from cost optimization activities and improved performance on various other projects of the segment, none of which were significant individually or in the aggregate.
The Power segment includes the operations of NuScale, which are primarily research and development activities. Although part of the Power segment, these activities could provide future benefits to both commercial and government clients. In May 2014, NuScale entered into a Cooperative Agreement establishing the terms and conditions of a funding award totaling $217 million under the DOE’s Small Modular Reactor Licensing Technical Support Program. This cost-sharing award requires NuScale to use the DOE funds to cover first-of-a-kind engineering costs associated with small modular reactor design development and certification. The DOE is to provide cost reimbursement for up to 43 percent of qualified expenditures incurred during the period from June 1, 2014 to May 31, 2019. The Cooperative Agreement also provided for reimbursement of pre-award costs incurred from September 18, 2013 to May 31, 2014, which were recognized in the second quarter of 2014. The company is recognizing the cost-sharing award on an ongoing basis as a reduction of “Total cost of revenue” in the Condensed Consolidated Statement of Earnings and, correspondingly, as an increase to segment profit in the period for which the related costs are recognized. NuScale expenses, net of qualified reimbursable expenditures, included in the determination of segment profit, were $17 million and $13 million for the first quarter of 2015 and 2014, respectively.

Although there has been a recent increase in bidding and proposal activity, the Power segment continues to be impacted by relatively weak demand for new power generation. Market segments with the most likely new near-term opportunities include gas-fired combined cycle generation, renewable energy and air emissions compliance projects for existing coal-fired power plants. New awards in the first quarter of 2015 were $114 million compared to $166 million in the first quarter of 2014. Backlog was $1.9 billion as of both March 31, 2015 and 2014.

Total assets in the Power segment were $196 million as of March 31, 2015 and $179 million as of December 31, 2014.

Other

Corporate general and administrative expense for the three months ended March 31, 2015 was $41 million compared to $38 million for the three months ended March 31, 2014. Net interest expense was $7 million for the three months ended March 31, 2015 compared to $3 million during the corresponding period of 2014. Interest expense increased in 2015 due to the issuance of $500 million of 3.5% Senior Notes in November 2014. Income tax expense for the three months ended March 31, 2015 and 2014 is discussed above under “— Summary.”

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 of the Notes to Condensed Consolidated Financial Statements.

LITIGATION AND MATTERS IN DISPUTE RESOLUTION

See Note 13 of the Notes to Condensed Consolidated Financial Statements.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity is provided by available cash and cash equivalents and marketable securities, cash generated from operations, credit facilities and access to capital markets. The company has committed and uncommitted lines of credit totaling $5.3 billion, which may be used for revolving loans, letters of credit and/or general purposes. The company believes that for at least the next 12 months, cash generated from operations, along with its unused credit capacity of $3.9 billion and substantial cash position, is sufficient to support operating requirements. However, the company regularly reviews its sources and uses of liquidity and may pursue opportunities to increase its liquidity position. The company’s conservative financial strategy and consistent performance have earned it strong credit ratings, resulting in competitive advantage and continued access to the capital markets. As of March 31, 2015, the company was in compliance with all its covenants related to its debt agreements. The company’s total debt to total capitalization (“debt-to-capital”) ratio as of March 31, 2015 was 24.9 percent compared to 24.7 percent as of December 31, 2014.

Cash Flows

Cash and cash equivalents were $1.8 billion as of March 31, 2015 compared to $2.0 billion as of December 31, 2014. Cash and cash equivalents combined with current and noncurrent marketable securities were $2.2 billion and $2.4 billion as of March 31, 2015 and December 31, 2014, respectively. Cash and cash equivalents are held in numerous accounts throughout the world to fund the company’s global project execution activities. As of March 31, 2015 and December 31, 2014, non-U.S. cash and cash equivalents amounted to $1.0 billion and $1.1 billion, 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 short-term, offshore time deposits, for which there is unrestricted access.
In evaluating its liquidity needs, the company considers cash and cash equivalents held by its consolidated VIEs (joint ventures and partnerships). These amounts (which totaled $343 million and $353 million as of March 31, 2015 and December 31, 2014, respectively, as reflected in the Condensed Consolidated Balance Sheet) were not necessarily readily available for general purposes. In its evaluation, the company also considers the extent to which the current balance of its advance billings on contracts (which totaled $586 million and $569 million as of March 31, 2015 and December 31, 2014, respectively, as reflected in the Condensed Consolidated Balance Sheet) is likely to be sustained or consumed over the near term for project execution activities and the cash flow requirements of its various foreign operations. In some cases, it may not be advantageous to move cash and cash equivalents between countries due to statutory dividend limitations or adverse tax consequences. The company did not consider any cash to be permanently reinvested overseas as of March 31, 2015 and December 31, 2014 and, as a result, has accrued the U.S. deferred tax liability on foreign earnings, as appropriate.

Operating Activities

Cash flows from operating activities result primarily from earnings sources and are affected by changes in operating assets and liabilities which consist primarily of working capital balances for projects. Working capital levels vary from period to period and are primarily affected by the company’s volume of work. These levels are also impacted by the mix, stage of completion and commercial terms of engineering and construction projects, as well as the company’s execution of its projects within budget. Working capital requirements also vary by project and relate to clients in various industries and locations throughout the world. Most contracts require payments as the projects progress. The company evaluates the counterparty credit risk of third parties as part of its project risk review process and in determining the appropriate level of reserves. The company maintains adequate reserves for potential credit losses and generally such losses have been minimal and within management’s estimates. Additionally, certain projects receive advance payments from clients. A normal trend for these projects is to have higher cash balances during the initial phases of execution which then level out toward the end of the construction phase. As a result, the company’s cash position is reduced as customer advances are worked off, unless they are replaced by advances on other projects. The company maintains 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 three months ended March 31, 2015, working capital increased primarily due to an increase in prepaid income taxes and a decrease in accounts payable partially offset by a decrease in accounts receivable. Significant drivers of these fluctuations were:

- A decrease in accounts payable in the Oil & Gas segment. The lower accounts payable balance in 2015 resulted primarily from normal invoicing and payment activities for numerous projects.
- A decrease in accounts receivable in the Oil & Gas segment, primarily for the coal bed methane gas project in Australia.

During the three months ended March 31, 2014, working capital increased primarily due to a decrease in accounts payable and accrued salaries, wages and benefits partially offset by a decrease in accounts receivable. Significant drivers of these fluctuations were:

- A decrease in accounts payable in the Industrial & Infrastructure segment. The lower accounts payable balance as of the end of the first quarter of 2014 resulted primarily from normal invoicing and payment activities associated with numerous projects.
- A decrease in accrued salaries, wages and benefits resulting primarily from the first quarter payment of incentive compensation from the prior year.
- Decreases in accounts receivable in the Oil & Gas and Industrial & Infrastructure segments. The lower accounts receivable balance in 2014 resulted primarily from normal billing and collection activities. A significant contributor to the decrease in accounts receivable in the Oil & Gas segment was the coal bed methane gas project in Australia. The decrease in accounts receivable in the Industrial & Infrastructure segment primarily resulted from numerous projects in the mining and metals business line.

Cash provided by operating activities was $39 million for the three months ended March 31, 2015 compared to $187 million for the corresponding period of the prior year. The period-over-period decrease in cash flows from operating activities was primarily attributable to cash outflows totaling $306 million associated with discontinued operations as discussed below.
The company contributed $0.9 million into its defined benefit pension plans during the three months ended March 31, 2015 compared to $10 million during the corresponding period of the prior year. The company expects to contribute up to $100 million during 2015, which is expected to be in excess of the minimum funding required and includes estimated additional funding to settle the U.S. Plan.

In May 2014, NuScale entered into a Cooperative Agreement establishing the terms and conditions of a multi-year funding award totaling $217 million under the DOE’s Small Modular Reactor Licensing Technical Support Program. For further discussion of the Cooperative Agreement, see “Power” above.

During 2014, the company recorded a loss from discontinued operations in connection with the reassessment of estimated loss contingencies related to the previously divested lead business of St. Joe Minerals Corporation and The Doe Run Company in Herculaneum, Missouri. In October 2014, the company entered into a settlement agreement with counsel for a number of plaintiffs, and in January 2015, the company paid $306 million pursuant to the settlement agreement. See Note 13 of the Notes to Condensed Consolidated Financial Statements for further discussion of this matter.

Investing Activities

Cash utilized by investing activities amounted to $18 million and $94 million for the three months ended March 31, 2015 and 2014, respectively. The primary investing activities included purchases, sales and maturities of marketable securities; capital expenditures; disposals of property, plant and equipment; and investments in and sales of partnerships and joint ventures.

The company holds cash in bank deposits and marketable securities which are governed by the company’s investment policy. This policy focuses on, in order of priority, the preservation of capital, maintenance of liquidity and maximization of yield. These investments include money market funds which invest in U.S. Government-related securities, bank deposits placed with highly-rated financial institutions, repurchase agreements that are fully collateralized by U.S. Government-related securities, high-grade commercial paper and high quality short-term and medium-term fixed income securities. During the three months ended March 31, 2015, proceeds from sales and maturities of marketable securities exceeded purchases of such securities by $48 million. During the three months ended March 31, 2014, purchases of marketable securities exceeded proceeds from sales and maturities of such securities by $46 million. The company held combined current and noncurrent marketable securities of $400 million and $449 million as of March 31, 2015 and December 31, 2014, respectively.

Capital expenditures of $74 million and $67 million for the three months ended March 31, 2015 and 2014, respectively, primarily related to construction equipment associated with equipment operations in the Global Services segment, as well as expenditures for facilities and investments in information technology. Proceeds from the disposal of property, plant and equipment of $30 million and $25 million during the first quarter of 2015 and 2014, respectively, primarily related to the disposal of construction equipment associated with the equipment operations in the Global Services segment.

The company continues to make investments in partnerships or joint ventures primarily for the execution of single contracts or projects. Investments in unconsolidated partnerships and joint ventures were $22 million and $5 million during the three months ended March 31, 2015 and 2014, respectively.

Financing Activities

Cash utilized by financing activities during the three months ended March 31, 2015 and 2014 of $154 million and $225 million, respectively, included company stock repurchases, company dividend payments to stockholders and distributions paid to holders of noncontrolling interests.

Cash utilized by financing activities during the three months ended March 31, 2015 and 2014 included the repurchase and cancellation of 1,939,997 and 2,461,800 shares of the company’s common stock for $112 million and $192 million, respectively, under its stock repurchase program.

Quarterly cash dividends are typically paid during the month following the quarter in which they are declared. Therefore, dividends declared in the fourth quarter of 2014 were paid in the first quarter of 2015. Quarterly cash dividends of $0.21 per share were declared in the first quarter of 2015 and 2014. The payment and level of future cash dividends is subject to the discretion of the company’s Board of Directors.

In November 2014, the company issued $500 million of 3.5% Senior Notes (the “2014 Notes”) due December 15, 2024 and received proceeds of $491 million, net of underwriting discounts. Interest on the 2014 Notes is payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2015. Prior to September 15, 2024, the company may redeem the 2014 Notes at a redemption price equal to 100 percent of the principal amount, plus a “make whole” premium described in the
indenture. On or after September 15, 2024, the company may redeem the 2014 Notes at 100 percent of the principal amount plus accrued and unpaid interest, if any, to the date of purchase.

In September 2011, the company issued $500 million of 3.375% Senior Notes (the “2011 Notes”) due September 15, 2021 and received proceeds of $492 million, net of underwriting discounts. Interest on the 2011 Notes is payable semi-annually on March 15 and September 15 of each year, and began on March 15, 2012. The company may, at any time, redeem the 2011 Notes at a redemption price equal to 100 percent of the principal amount, plus a “make whole” premium described in the indenture.

For both the 2014 Notes and the 2011 Notes, if a change of control triggering event occurs, as defined by the terms of the respective indentures, the company will be required to offer to purchase the 2014 Notes and the 2011 Notes at a purchase price equal to 100 percent of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. The company is generally not limited under the indentures governing the 2014 Notes and the 2011 Notes in its ability to incur additional indebtedness provided the company is in compliance with certain restrictive covenants, including restrictions on liens and restrictions on sale and leaseback transactions.

In February 2004, the company issued $330 million of 1.5% Convertible Senior Notes (the “2004 Notes”) due February 15, 2024 and received proceeds of $323 million, net of underwriting discounts. Proceeds from the 2004 Notes were used to pay off the then-outstanding commercial paper and $100 million was used to obtain ownership of engineering and corporate office facilities in California through payoff of the lease financing. In December 2004, the company irrevocably elected to pay the principal amount of the 2004 Notes in cash. The 2004 Notes are convertible if a specified trading price of the company’s common stock (the “trigger price”) is achieved and maintained for a specified period. The trigger price condition was satisfied during the fourth quarter of 2014 and first quarter of 2015, and the 2004 Notes were therefore classified as short-term debt as of December 31, 2014 and March 31, 2015. In March 2015, the company notified the holders of the 2004 Notes of its election to redeem all of the outstanding 2004 Notes on May 7, 2015. The redemption price is equal to 100 percent of the principal amount plus accrued and unpaid interest up to (but excluding) May 7, 2015. The holders of the 2004 Notes may, at their option, convert the 2004 Notes at any time before the close of business on May 6, 2015.

Distributions paid to holders of noncontrolling interests represent cash outflows to partners of consolidated partnerships or joint ventures created primarily for the execution of single contracts or projects. Distributions paid were $4 million and $16 million during the three months ended March 31, 2015 and 2014, respectively. Distributions in 2014 primarily related to a mining joint venture project in Argentina.

Effect of Exchange Rate Changes on Cash

Unrealized translation gains and losses resulting from changes in functional currency exchange rates are reflected in the cumulative translation component of accumulated other comprehensive loss. During the three months ended March 31, 2015 and 2014, most major foreign currencies weakened against the U.S. dollar resulting in unrealized translation losses of $78 million and $18 million, respectively, of which $49 million and $9 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 the company’s exposure to exchange gains and losses is generally mitigated.

Off-Balance Sheet Arrangements

Guarantees and Commitments

As of March 31, 2015, the company had a combination of committed and uncommitted lines of credit that totaled $5.3 billion. These lines may be used for revolving loans, letters of credit and/or general purposes. The committed lines of credit 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 May 2019. The company may utilize up to $1.75 billion in the aggregate of the combined $3.5 billion committed lines of credit for revolving advances. Each of the credit facilities may be increased up to an additional $500 million subject to certain conditions, and contains customary financial and restrictive covenants, including a maximum ratio of consolidated debt to tangible net worth of one-to-one and a cap on the aggregate amount of debt of $750 million for the company’s subsidiaries. Borrowings under both facilities bear interest at rates based on the Eurodollar Rate or an alternative base rate, plus an applicable borrowing margin.

Letters of credit are provided in the ordinary course of business primarily to indemnify the company’s clients if the company fails to perform its obligations under its contracts. As of March 31, 2015, letters of credit and borrowings totaling $1.4 billion were outstanding under these committed and uncommitted lines of credit. As an alternative to letters of credit, surety bonds are used as a form of credit enhancement.
In the ordinary course of business, the company enters into various agreements providing performance assurances and guarantees to clients on behalf of certain unconsolidated and consolidated partnerships, joint ventures and other jointly executed contracts. These agreements are entered into primarily to support the project execution commitments of these entities. The performance guarantees have various expiration dates ranging from mechanical completion of the project being constructed to a period extending beyond contract completion in certain circumstances. The maximum potential amount of future payments that the company could be required to make under outstanding performance guarantees, which represents the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts, was estimated to be $15.5 billion as of March 31, 2015. 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 under the contract. For lump-sum or fixed-price 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, the company may have recourse to third parties, such as owners, co-venturers, subcontractors or vendors for claims. The company assessed its performance guarantee obligation as of March 31, 2015 and December 31, 2014 in accordance with ASC 460, “Guarantees,” and the carrying value of the liability was not material.

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 the company 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

In the normal course of business, the company forms partnerships or joint ventures primarily for the execution of single contracts or projects. The company evaluates each partnership and joint venture to determine whether the entity is a VIE. If the entity is determined to be a VIE, the company assesses whether it is the primary beneficiary and needs to consolidate the entity.

For further discussion of the company’s VIEs, see Note 15 to the Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to market risk in the first quarter of 2015. Accordingly, the disclosures provided in the Annual Report on Form 10-K for the year ended December 31, 2014 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) are effective, based upon an evaluation of those controls and procedures required by paragraph (b) of Rule 13a-15 or Rule 15d-15 of the Exchange Act.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.
FLUOR CORPORATION

CHANGES IN CONSOLIDATED BACKLOG

UNAUDITED

Three Months Ended
March 31, 2015
(in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backlog — beginning of period</td>
<td>$42,481.5</td>
<td>$34,907.1</td>
</tr>
<tr>
<td>New awards</td>
<td>4,447.7</td>
<td>10,668.5</td>
</tr>
<tr>
<td>Adjustments and cancellations, net(^1)</td>
<td>(1,315.4)</td>
<td>(171.1)</td>
</tr>
<tr>
<td>Work performed</td>
<td>(4,419.0)</td>
<td>(5,241.9)</td>
</tr>
<tr>
<td>Backlog — end of period</td>
<td>$41,194.8</td>
<td>$40,162.6</td>
</tr>
</tbody>
</table>

\(^1\) Backlog as of March 31, 2015 was reduced by approximately $1.6 billion due to a strengthening U.S. dollar compared to most major foreign currencies.
PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Fluor and its subsidiaries, as part of their normal business activities, are parties 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 Securities and Exchange Commission rules and other pending matters as we may determine to be appropriate.

For information on matters in dispute, see Note 14 to the Consolidated Financial Statements included in the company’s Annual Report on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on February 18, 2015, and Note 13 to the Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes from our risk factors as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014.

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

The following table provides information about purchases by the company during the quarter ended March 31, 2015 of equity securities that are registered by the company pursuant to Section 12 of the Exchange Act.

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of Shares Purchased</th>
<th>Average Price Paid per Share</th>
<th>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</th>
<th>Maximum Number of Shares that May Yet Be Purchased under the Plans or Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2015 — January 31, 2015</td>
<td>714,841</td>
<td>$ 58.31</td>
<td>714,841</td>
<td>11,203,016</td>
</tr>
<tr>
<td>February 1, 2015 — February 28, 2015</td>
<td>419,534</td>
<td>56.17</td>
<td>409,156</td>
<td>10,793,860</td>
</tr>
<tr>
<td>March 1, 2015 — March 31, 2015</td>
<td>816,000</td>
<td>57.54</td>
<td>816,000</td>
<td>9,977,860</td>
</tr>
<tr>
<td>Total</td>
<td>1,950,375</td>
<td>$ 57.53</td>
<td></td>
<td>1,939,997</td>
</tr>
</tbody>
</table>

(1) Consists of 1,939,997 shares of company stock repurchased and cancelled by the company under its stock repurchase program for total consideration of $112 million and 10,378 shares of company stock cancelled as payment for statutory withholding taxes upon the vesting of restricted stock issued pursuant to equity based employee benefit plans.

(2) The share repurchase program was originally announced on November 3, 2011 for 12,000,000 shares and was subsequently amended on February 6, 2013, February 6, 2014 and November 18, 2014 to increase the size of the program by 8,000,000 shares, 6,000,000 shares and 10,000,000 shares, respectively. The company continues to repurchase shares from time to time in open market transactions or privately negotiated transactions, including through pre-arranged trading programs, at its discretion, subject to market conditions and other factors and at such time and in amounts that the company deems appropriate.

Item 5. Other Information

The company previously announced the retirement of its Executive Vice President, Business Development and Strategy, David R. Dunning, effective June 1, 2015. On April 28, 2015, the company entered into an agreement with Mr. Dunning, pursuant to which he will provide advisory and consultation services to the company following his retirement, as and when requested by the company, at an agreed hourly rate.

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## EXHIBIT INDEX

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>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 filed on May 8, 2012).</td>
</tr>
<tr>
<td>3.2</td>
<td>Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.2 to the registrant’s Current Report on Form 8-K filed on May 8, 2012).</td>
</tr>
<tr>
<td>4.1</td>
<td>Indenture between Fluor Corporation and The Bank of New York, as trustee, dated as of February 17, 2004 (incorporated by reference to Exhibit 4.1 to the registrant’s Current Report on Form 8-K filed on February 17, 2004).</td>
</tr>
<tr>
<td>4.2</td>
<td>First Supplemental Indenture between Fluor Corporation and The Bank of New York, as trustee, dated as of February 17, 2004 (incorporated by reference to Exhibit 4.2 to the registrant’s Current Report on Form 8-K filed on February 17, 2004).</td>
</tr>
<tr>
<td>4.3</td>
<td>Senior Debt Securities Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of September 8, 2011 (incorporated by reference to Exhibit 4.3 to the registrant’s Current Report on Form 8-K filed on September 8, 2011).</td>
</tr>
<tr>
<td>4.4</td>
<td>First Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of September 13, 2011 (incorporated by reference to Exhibit 4.4 to the registrant’s Current Report on Form 8-K filed on September 13, 2011).</td>
</tr>
<tr>
<td>4.5</td>
<td>Second Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of June 22, 2012 (incorporated by reference to Exhibit 4.2 to the registrant’s Current Report on Form 8-K filed on June 22, 2012).</td>
</tr>
<tr>
<td>4.6</td>
<td>Third Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of November 25, 2014 (incorporated by reference to Exhibit 4.1 to the registrant’s Current Report on Form 8-K filed on November 25, 2014).</td>
</tr>
<tr>
<td>10.1</td>
<td>Fluor Corporation 2014 Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the registrant’s Registration Statement on Form S-8 filed on May 1, 2014).</td>
</tr>
<tr>
<td>10.2</td>
<td>Fluor Executive Deferred Compensation Plan, as amended and restated effective April 21, 2003 (incorporated by reference to Exhibit 10.5 to the registrant’s Annual Report on Form 10-K filed on February 29, 2008).</td>
</tr>
<tr>
<td>10.3</td>
<td>Fluor Corporation Deferred Directors’ Fees Program, as amended and restated effective January 1, 2002 (incorporated by reference to Exhibit 10.9 to the registrant’s Annual Report on Form 10-K filed on March 31, 2003).</td>
</tr>
<tr>
<td>10.4</td>
<td>Directors’ Life Insurance Summary (incorporated by reference to Exhibit 10.12 to the registrant’s Registration Statement on Form 10/A (Amendment No. 1) filed on November 22, 2000).</td>
</tr>
<tr>
<td>10.5</td>
<td>Fluor Executives’ Supplemental Benefit Plan (incorporated by reference to Exhibit 10.8 to the registrant’s Annual Report on Form 10-K filed on February 29, 2008).</td>
</tr>
<tr>
<td>10.6</td>
<td>Executive Severance Plan (incorporated by reference to Exhibit 10.7 to the registrant’s Annual Report on Form 10-K filed on February 22, 2012).</td>
</tr>
<tr>
<td>10.7</td>
<td>Fluor Corporation 2001 Fluor Stock Appreciation Rights Plan, as amended and restated on November 1, 2007 (incorporated by reference to Exhibit 10.12 to the registrant’s Annual Report on Form 10-K filed on February 29, 2008).</td>
</tr>
<tr>
<td>10.8</td>
<td>Fluor Corporation 2003 Executive Performance Incentive Plan, as amended and restated as of March 30, 2005 (incorporated by reference to Exhibit 10.15 to the registrant’s Quarterly Report on Form 10-Q filed on May 5, 2005).</td>
</tr>
<tr>
<td>10.9</td>
<td>Form of Compensation Award Agreements for grants under the Fluor Corporation 2003 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.16 to the registrant’s Quarterly Report on Form 10-Q filed on November 9, 2004).</td>
</tr>
<tr>
<td>10.10</td>
<td>Summary of Fluor Corporation Non-Management Director Compensation (incorporated by reference to Exhibit 10.10 to the registrant’s Annual Report on Form 10-K filed on February 18, 2015).</td>
</tr>
</tbody>
</table>
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10.11 Fluor Corporation 409A Director Deferred Compensation Program, as amended and restated effective as of January 1, 2015 (incorporated by reference to Exhibit 10.11 to the registrant’s Annual Report on Form 10-K filed on February 18, 2015).


10.14 Form of Stock Option Agreement under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.28 to the registrant’s Quarterly Report on Form 10-Q filed on May 10, 2010).

10.15 Form of Indemnification Agreement entered into between the registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.21 to the registrant’s Annual Report on Form 10-K filed on February 25, 2009).

10.16 Form of Stock Unit Agreement under the Fluor Corporation 2014 Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.20 to the registrant’s Annual Report on Form 10-K filed on February 18, 2015).

10.17 Form of Restricted Stock Agreement under the Fluor Corporation 2014 Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.21 to the registrant’s Annual Report on Form 10-K filed on February 18, 2015).

10.18 Form of Change in Control Agreement entered into between the registrant and each of its executive officers (incorporated by reference to Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed on June 29, 2010).

10.19 Revolving Loan and Letter of Credit Facility Agreement dated as of November 9, 2012, among Fluor Corporation, the Lenders thereunder, BNP Paribas, as Administrative Agent and an Issuing Lender, Bank of America, N.A., as Syndication Agent, and Citibank, N.A. and The Bank of Tokyo - Mitsubishi UFJ, Ltd., as Co-Documentation Agents (incorporated by reference to Exhibit 10.29 to the registrant’s Annual Report on Form 10-K filed on February 18, 2015).

10.20 Amendment No. 1 dated as of May 28, 2014 to that certain Revolving Loan and Letter of Credit Facility Agreement dated as of November 9, 2012, among Fluor Corporation, the Lenders thereunder, BNP Paribas, as Administrative Agent and an Issuing Lender, Bank of America, N.A., as Syndication Agent, and Citibank, N.A. and The Bank of Tokyo - Mitsubishi UFJ, Ltd., as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed on May 10, 2010).

10.21 Amendment No. 2 dated as of November 25, 2014 to that certain Revolving Loan and Letter of Credit Facility Agreement dated as of November 9, 2012 (as amended May 28, 2014), among Fluor Corporation, the Lenders thereunder, BNP Paribas, as Administrative Agent and an Issuing Lender, Bank of America, N.A., as Syndication Agent, and Citibank, N.A. and The Bank of Tokyo - Mitsubishi UFJ, Ltd., as Co-Documentation Agents (incorporated by reference to Exhibit 10.10 to the registrant’s Quarterly Report on Form 10-Q filed on July 31, 2014).

10.22 Revolving Loan and Letter of Credit Facility Agreement dated as of May 28, 2014, among Fluor Corporation, the Lenders thereunder, BNP Paribas, as Administrative Agent and an Issuing Lender, Bank of America, N.A., as Syndication Agent, and Citibank, N.A. and The Bank of Tokyo - Mitsubishi UFJ, Ltd., as Co-Documentation Agents (incorporated by reference to Exhibit 10.25 to the registrant’s Quarterly Report on Form 10-Q filed on July 31, 2014).

10.23 Amendment No. 1 dated as of November 25, 2014 to that certain Revolving Loan and Letter of Credit Facility Agreement dated as of May 28, 2014, among Fluor Corporation, the Lenders thereunder, BNP Paribas, as Administrative Agent and an Issuing Lender, Bank of America, N.A., as Syndication Agent, and Citibank, N.A. and The Bank of Tokyo - Mitsubishi UFJ, Ltd., as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed on December 1, 2014).

10.24 Form of Value Driver Incentive Award Agreement (for the senior team) under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan.*

10.25 Form of Value Driver Incentive Award Agreement (for non-senior executives) under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan.*
Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statement of Earnings for the three months ended March 31, 2015 and 2014, (ii) the Condensed Consolidated Balance Sheet as of March 31, 2015 and December 31, 2014, and (iii) the Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2015 and 2014.
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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: April 30, 2015  /s/ Biggs C. Porter
Biggs C. Porter
Executive Vice President and Chief Financial Officer

Date: April 30, 2015  /s/ Gary G. Smalley
Gary G. Smalley
Senior Vice President and Controller
(Chief Accounting Officer)
FORM OF VALUE DRIVER INCENTIVE AWARD AGREEMENT

This Value Driver Incentive 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 and confirms the following Value Driver Incentive Award (“VDI Award”) under the Fluor Corporation Amended & Restated 2008 Executive 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 VDI Award is made 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 VDI Award performance criteria are comprised of two measures: Earnings Per Share (“EPS”) and Average Annual Return on Assets Employed (“ROAE”) (the “Performance Targets”) over a three-year performance period beginning on January 1, [GRANT YEAR] and ending on December 31, [TWO YEARS FOLLOWING GRANT YEAR] ("Performance Period"). EPS represents the total earnings per share on the Company’s stock during the Performance Period. ROAE measures the average annual return on the Company’s assets employed during the Performance Period. 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 VDI Award target amount is $XXXX,XXX. This target amount will be expressed in units by dividing the target amount by the closing price of the Company’s common stock, par value $.01 per share (the “Shares”), on [GRANT DATE] (e.g., if your target award amount is $65,000 and the Company’s Share price is $65 on the applicable date, this target amount will be expressed as 1000 units).

These units will be adjusted based on the Company’s performance for the Performance Period against the established Performance Targets, which will be based on two equally weighted measures. 50% of the VDI Award performance will be based on EPS and 50% of the VDI Award performance will be based on ROAE. Specific performance targets are set forth on Exhibit A, which may be attached hereto or sent to you separately at a later date.

Once the units are adjusted for the Company’s performance, the number of units will not change for this grant.

Section 4. RETENTION PERIOD AND PAYOUT

The period commencing [GRANT DATE] and ending on March 6, [THREE YEARS FROM GRANT YEAR] will be the “Retention Period”. Your VDI Award will vest in full on March 6, [THREE YEARS FROM GRANT YEAR] (the “Vesting Date”), subject to the continued employment requirements or other exceptions contained in Section 5 below. Payment of the VDI Award will be made as soon as practicable after the Vesting Date, if any, except as provided in Section 5. The VDI Award will 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 will 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 will be deemed to be reinvested upon issuance for the remainder of the Performance Period, based on the Shares awarded under this VDI Award and the performance level earned during the Performance Period; provided, that any fractional shares will be rounded up to the nearest whole share.

Section 5. CONTINUED EMPLOYMENT

Vesting of the VDI 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. You will forfeit your right to receive the VDI Award if it has not become vested prior to your termination of employment for any reason unless (i) your termination is on account of death more than one year from the grant date; (ii) your Disability has occurred more than one year from the grant date; (iii) your termination is in connection with your retirement more than one year from the grant date (where retirement is determined in accordance with applicable Company personnel policies), or (iv) your termination is a Qualifying Termination that occurs within two years after a Change of Control of the Company.
If your employment terminates during the Retention Period, but more than one year from the grant date, as a result of retirement (provided you retire and deliver a signed non-competition agreement in a form acceptable to the Company), the VDI Award will continue to vest over the Retention Period and continue to become payable in accordance with its terms on the Vesting Date as described in Section 4, notwithstanding such termination. Subject to the one year holding period described in this paragraph, if your employment with the Company or its subsidiaries is terminated on account of your death or your Disability, the VDI Award will immediately vest and continue to become payable in accordance with its terms on the Vesting Date as described in Section 4 (provided that such award has not previously been forfeited pursuant to the provisions in this Agreement). In the event that you incur a Qualifying Termination within two (2) years following a Change of Control of the Company, the VDI Award will immediately vest and be paid to you at target performance levels as soon as practicable after such termination (provided that such award has not previously been forfeited pursuant to the provisions in this Agreement) However, under all circumstances other than your Qualifying Termination that occurs within two years after a Change of Control, any VDI Award held less than one year from the Grant Date will be forfeited regardless of the reason for termination. Nothing in the Plan or this Agreement confers any right of continuing employment with the Company or its subsidiaries. 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 will forfeit your right to receive any unvested VDI award, unless otherwise prohibited by law.

Notwithstanding the foregoing, if in the event of a Change of Control the successor to the Company does not assume this VDI Award, the VDI Award will immediately vest and will be paid at target performance levels as soon as practicable following such Change of Control (provided that the VDI Award has not previously been forfeited pursuant to the provisions of this Section 5).

For purposes of this Agreement, “Change in Control” and “Disability” mean, respectively, a change in control or your disability determined in accordance with the provisions of Code Section 409A, as set forth in Appendix B to this Agreement.

In connection with a Change in Control, the term “Qualifying Termination” means your involuntary termination of employment by the Company without Cause or your resignation for Good Reason. 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, a material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree; and “Good Reason” means a material diminution of your compensation (including, without limitation, base compensation, annual bonus opportunities, and/or equity incentive compensation opportunities), a material diminution of your authority, duties or responsibilities, a material diminution in the authority, duties or responsibilities of the supervisor to whom you are required to report or a material diminution of the budget over which you retain authority; provided, however, that no later than sixty (60) days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, you must advise the Company in writing that the action (or inaction) constitutes grounds for a termination of your employment for Good Reason, in which event the Company will have thirty (30) days to correct such action (or inaction) (the “Cure Period”) and if such action (or inaction) is timely corrected within the Cure Period, then you will not be entitled to terminate your employment for Good Reason as a result of such action (or inaction). If such action or inaction is not timely corrected within the Cure Period, then you will be entitled to terminate your employment for Good Reason at any time within the one-hundred and twenty (120) day period following expiration of the Cure Period.

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 VDI Award, including the grant and vesting of the VDI Award, subsequent delivery of the Shares and/or (ii) do not commit to structure the terms or any aspect of this grant of a VDI Award to reduce or eliminate the Grantee’s liability for Tax-Related Items. The Grantee will 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 the Grantee’s receipt of a VDI 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 VDI 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 will 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 VDI Award a number of Shares otherwise deliverable equal to the Retained Share Amount, as defined below and/or (2) withholding from the Grantee’s wages or other cash compensation paid by the Company and/or Employer. The “Retained Share Amount” means a number of Shares equal to the quotient of the minimum statutory tax withholding obligation of the Company triggered by the VDI 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 will 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 VDI Award.

Grantee acknowledges and understands that Grantee should consult a tax adviser regarding Grantee’s tax obligations prior to such settlement or disposition.

Section 7. SEVERABILITY

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

Section 8. DATA PROTECTION


Section 9. ACKNOWLEDGMENT AND WAIVER

The Grantee acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, 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 VDI Awards is voluntary and occasional and does not create any contractual or other right to receive future grants of VDI Awards, or benefits in lieu of VDI Awards, even if VDI Awards have been granted repeatedly in the past;

(c) all decisions with respect to future grants, if any, will be at the sole discretion of the Company;
(d) the Grantee’s participation in the Plan will not create a right to further employment with Employer and will 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) VDI Awards and resulting benefits are an extraordinary item that does 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) VDI 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, end of service payments, 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 VDI Awards will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of VDI Awards will not be interpreted to form an employment contract with the Employer or any subsidiary of the Company; and

(i) in consideration of this grant of VDI Awards, no claim or entitlement to compensation or damages will arise from termination of this grant or diminution in value of this grant of VDI Awards 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 will be deemed irrevocably to have waived any entitlement to pursue such claim.

Section 10. CONFIDENTIALITY

This VDI Award is conditioned upon Grantee not disclosing this Agreement to anyone other than Grantee’s spouse, confidential financial advisors, senior management of the Company or members of the Company’s Law, Tax, Human Resources, and Executive Compensation Services departments. If unauthorized disclosure is made to any other person, this VDI Award will be forfeited.

Section 11. 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 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 U.S. Internal Revenue Code.

Section 12. ENFORCEMENT

This Agreement will be construed, administered and enforced in accordance with the laws of the State of Delaware.

Section 13. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement. If you have not electronically signed this Agreement within two (2) months, the Company is not obligated to provide you any benefit hereunder and may refuse to issue any payment to you under this Agreement. In addition, by signing this Agreement, you acknowledge and agree that your prior VDI awards, if any, are amended to include the 409A provisions that are part of this Agreement in Appendix B.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

FLUOR CORPORATION

By:

David T. Seaton
Chairman and Chief Executive Officer
APPENDIX A

FLUOR CORPORATION
VDI AWARDS FOR NON-U.S. GRANTEES
UNDER THE AMENDED & RESTATED 2008 EXECUTIVE PERFORMANCE INCENTIVE PLAN

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 resident in 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 VDI 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 UK.

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

There are no country-specific notifications.

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.

THE NETHERLANDS

Terms and Conditions

There are no country-specific provisions.

Notifications

Securities Law Notification.
RUSSIA

Terms and Conditions

There are no country-specific provisions.

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 VDI Awards, because no transfer of funds from South Africa is required, no filing or reporting requirements should apply when the VDI Awards, if any, are granted or upon settlement of the VDI Awards (in cash or 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 discretionarily decided to distribute VDI 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 VDI 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 grant 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 VDI Award provides a conditional right to a cash payment or 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 VDI 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 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 VDI Awards granted under the Plan do not qualify as securities under Spanish regulations. By the grant of VDI 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 VDI 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.
Reporting Requirements. Grantee is responsible for complying with all reporting requirements applicable to the awards and the underlying Shares, if any.

UNITED KINGDOM

Terms and Conditions

There are no country-specific provisions.

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 will 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 will 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 will 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 will not pay such amount on the otherwise scheduled payment date pursuant to Section 4 of this Agreement but will 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 VDI Award has not previously been forfeited, the VDI Award will vest on a Disability, which means 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 will 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 will have any obligation to indemnify or otherwise hold Grantee harmless from any or all of such taxes or penalties.
This Value Driver Incentive 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 and confirms the following Value Driver Incentive Award ("VDI Award") under the Fluor Corporation Amended & Restated 2008 Executive 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 VDI Award is made 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 VDI Award performance criteria are comprised of two measures: New Awards Gross Margin Dollars and New Awards Gross Margin Percentage (the "Performance Targets"). New Awards Gross Margin Dollars measures the total amount of project gross margin that the Company expects to receive as a result of projects awarded within the Performance Period described below. New Awards Gross Margin Percentage is the total amount of gross margin the Company expects to receive as a result of projects awarded within the Performance Period as a percentage of expected revenue from those projects.

Section 3. PERFORMANCE TARGETS AND VALUE OF AWARD

Your VDI Award target amount was communicated in your [GRANT YEAR] LTI award letter. This target amount will be expressed in units by dividing the target amount by the closing price of the Company’s common stock, par value $.01 per share (the "Shares"), on [GRANT DATE] (e.g., if your target award amount is $65,000 and the Company’s Share price is $65 on the applicable date, this target amount will be expressed as 1000 units).

These units will be adjusted based on the Company’s performance for the [YEAR] calendar year (the “Performance Period”) against the established Performance Targets, which will be measured taking into account any project scope changes or cancellations. [PERCENTAGE] of the VDI Award performance will be based on New Awards Gross Margin Dollars and [PERCENTAGE] of the VDI Award performance will be based on New Awards Gross Margin Percentage. Specific performance targets are set forth on Exhibit A, which may be attached hereto or sent to you separately at a later date.

Once the units are adjusted for the Company’s performance, the number of units will not change for this grant.

Section 4. RETENTION PERIOD AND PAYOUT

The period commencing [GRANT DATE] and ending on [FINAL VESTING DATE] will be the "Retention Period". Your VDI Award will vest in full on [FINAL VESTING DATE] (the "Vesting Date"), subject to the continued employment requirements or other exceptions contained in Section 5 below. Payment of the VDI Award will be made as soon as practicable after the Vesting Date, if any, except as provided in Section 5. The VDI Award will 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 will 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 will be deemed to be reinvested upon issuance for the remainder of the Performance Period; provided, that any fractional Shares will be rounded up to the nearest whole share.

Section 5. CONTINUED EMPLOYMENT

Vesting of the VDI 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. You will forfeit your right to receive the VDI Award if it has not become vested prior to your termination of employment for any reason unless (i) your termination is on account of death more than one year from the grant date, (ii) your Disability has occurred more than one year from the grant date, (iii) your termination is in connection with your retirement more than one year from the grant date (where retirement is determined in accordance with applicable Company personnel policies), or (iv) your termination is a Qualifying Termination that occurs within two years after a Change of Control of the Company.
If your employment terminates during the Retention Period, but more than one year from the grant date, as a result of retirement (provided you retire and deliver a signed non-competition agreement in a form acceptable to the Company), the VDI Award will continue to vest and continue to become payable in accordance with its terms on the Vesting Date as described in Section 4, notwithstanding such termination. Subject to the one year holding period described in this paragraph, if your employment with the Company or its subsidiaries is terminated on account of your death or your Disability, the VDI Award will immediately vest and be paid to you as soon as practicable after such termination (provided that such award has not previously been forfeited pursuant to the provisions in this Agreement). In the event that you incur a Qualifying Termination within two years after a Change of Control of the Company, the VDI Award will vest and be paid to you at target performance levels as soon as practicable after such termination (provided that such award has not previously been forfeited pursuant to the provisions of this Agreement.) However, under all circumstances other than your Qualifying Termination that occurs within two years after a Change of Control, any VDI Award held less than one year from the Grant Date will be forfeited regardless of the reason for termination. Nothing in the Plan or this Agreement confers any right of continuing employment with the Company or its subsidiaries. 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 will forfeit your right to receive any unvested VDI award, unless otherwise prohibited by law.

Notwithstanding the foregoing, if in the event of a Change of Control the successor to the Company does not assume this VDI Award, the VDI Award will immediately vest and will be paid at target performance levels as soon as practicable following the Change of Control (provided that the VDI Award has not previously been forfeited pursuant to the provisions of this Section 5).

For purposes of this Agreement, “Change in Control” and “Disability” mean, respectively, a change in control or your disability determined in accordance with the provisions of Code Section 409A, as set forth in Appendix B to this Agreement.

In connection with a Change in Control, the term “Qualifying Termination” means your involuntary termination of employment by the Company without Cause or your resignation for Good Reason. 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, a material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree; and “Good Reason” means a material diminution of your compensation (including, without limitation, base compensation, annual bonus opportunities, and/or equity incentive compensation opportunities), a material diminution of your authority, duties or responsibilities, a material diminution in the authority, duties or responsibilities of the supervisor to whom you are required to report or a material diminution of the budget over which you retain authority; provided, however, that no later than sixty (60) days after leaving of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, you must advise the Company in writing that the action (or inaction) constitutes grounds for a termination of your employment for Good Reason, in which event the Company will have thirty (30) days to correct such action (or inaction) described herein as the basis for a termination of employment for Good Reason, then you will not be entitled to terminate your employment for Good Reason as a result of such action (or inaction). If such action or inaction is not timely corrected within the Cure Period, then you will be entitled to terminate your employment for Good Reason at any time within the one-hundred and twenty (120) day period following expiration of the Cure Period.

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 VDI Award, including the grant and vesting of the VDI Award, subsequent delivery of the Shares and/or (ii) do not commit to structure the terms or any aspect of this grant of a VDI Award to reduce or eliminate the Grantee’s liability for Tax-Related Items. The Grantee will 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 the Grantee’s receipt of a VDI 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 VDI 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 will 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 VDI Award a number of Shares otherwise deliverable equal to the Retained Share Amount, as defined below and/or (2) withholding from the Grantee’s wages or other cash compensation paid by the Company and/or Employer. The “Retained Share Amount” means a number of Shares equal to the quotient of the minimum statutory tax withholding obligation of the Company triggered by the VDI 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 will 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 VDI Award.

Grantee acknowledges and understands that Grantee should consult a tax adviser regarding Grantee’s tax obligations prior to such settlement or disposition.

Section 7.  SEVERABILITY

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

Section 8.  DATA PROTECTION


Section 9.  ACKNOWLEDGMENT AND WAIVER

The Grantee acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, 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 VDI Awards is voluntary and occasional and does not create any contractual or other right to receive future grants of VDI Awards, or benefits in lieu of VDI Awards, even if VDI Awards have been granted repeatedly in the past;

(c) all decisions with respect to future grants, if any, will be at the sole discretion of the Company;

(d) the Grantee’s participation in the Plan will not create a right to further employment with Employer and will 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;
the Grantee is participating voluntarily in the Plan;

VDI Awards and resulting benefits are an extraordinary item that does 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;

VDI 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, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law;

in the event that the Grantee is not an employee of the Company, this grant of VDI Awards will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of VDI Awards will not be interpreted to form an employment contract with the Employer or any subsidiary of the Company; and

in consideration of this grant of VDI Awards, no claim or entitlement to compensation or damages will arise from termination of this grant or diminution in value of this grant of VDI Awards 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 will be deemed irrevocably to have waived any entitlement to pursue such claim.

Section 10. CONFIDENTIALITY

This VDI Award is conditioned upon Grantee not disclosing this Agreement to anyone other than Grantee’s spouse, confidential financial advisors, senior management of the Company or members of the Company’s Law, Tax, Human Resources, and Executive Compensation Services departments. If unauthorized disclosure is made to any other person, this VDI Award will be forfeited.

Section 11. 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 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 U.S. Internal Revenue Code.

Section 12. ENFORCEMENT

This Agreement will be construed, administered and enforced in accordance with the laws of the State of Delaware.

Section 13. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement. If you have not electronically signed this Agreement within two (2) months, the Company is not obligated to provide you any benefit hereunder and may refuse to issue any payment to you under this Agreement. In addition, by signing this Agreement, you acknowledge and agree that your prior VDI awards, if any, are amended to include the 409A provisions that are part of this Agreement in Appendix B.

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

FLUOR CORPORATION

By: _______________________________

David T. Seaton
Chairman and Chief Executive Officer
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 resident in 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 VDI 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 UK.

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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.

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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

There are no country-specific notifications.

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.

THE NETHERLANDS

Terms and Conditions

There are no country-specific provisions.

Notifications

Securities Law Notification.
RUSSIA

Terms and Conditions

There are no country-specific provisions.

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).

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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 VDI Awards, because no transfer of funds from South Africa is required, no filing or reporting requirements should apply when the VDI Awards, if any, are granted or upon settlement of the VDI Awards (in cash or 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 discretionarily decided to distribute VDI 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 VDI 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 grant 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 VDI Award provides a conditional right to a cash payment or 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 VDI 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 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 VDI Awards granted under the Plan do not qualify as securities under Spanish regulations. By the grant of VDI 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 VDI 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.
Reporting Requirements. Grantee is responsible for complying with all reporting requirements applicable to the awards and the underlying Shares, if any.

UNITED KINGDOM

Terms and Conditions

There are no country-specific provisions.

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 will 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 will 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 will 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 will not pay such amount on the otherwise scheduled payment date pursuant to Section 4 of this Agreement but will 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 VDI Award has not previously been forfeited, the VDI Award will vest on a Disability, which means 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 will 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 will have any obligation to indemnify or otherwise hold Grantee harmless from any or all of such taxes or penalties.
Exhibit 10.26

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 Amended & Restated 2008 Executive 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 made 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 a purchase price per Share of [PRICE], 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 is 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 on March 6th of each year, commencing with [FIRST ANNIVERSARY] and annually thereafter ending with [THIRD ANNIVERSARY], provided that Grantee’s employment has not terminated on or before such date or one of the exceptions in this Section 3 are met. Subject to the provisions below and the terms of the Plan, the right to exercise the Option shall expire on [TEN YEARS FROM GRANT DATE]. Notwithstanding the foregoing, in the event that on [TEN YEARS FROM GRANT 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 term shall be extended for a period of 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 within two (2) years following a Change of Control of the Company, each as 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 then become 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 death, Disability or a Qualifying Termination within two (2) years following a Change of Control of the Company, 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, you Retire from the Company and you deliver a signed non-competition agreement to the Company in a form acceptable to 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 within two (2) years following a Change of Control, any Option held less than one year from the Grant Date will be forfeited. Nothing in the Plan or this Option 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 will forfeit your right to receive any unvested Options, 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 following such termination of employment this Option will expire on the earlier of (a) three (3) months following your termination of employment, if such termination occurred other than on account of death, Retirement or Disability, or a Qualifying Termination within two (2) years following a Change of Control of the Company; or (b) the third (3rd) anniversary of your final vest date, if such termination occurred on account of your death, Retirement, Disability, or a Qualifying Termination within two (2) years following a Change of Control of the Company.

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 policies. In connection with a Change in Control, the term "Qualifying Termination" means your involuntary termination of employment by the Company without Cause or your resignation for Good
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 of common stock 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 this grant of Options, including the grant, vesting and exercise of Options, delivery of Shares and/or cash related to such Options or the subsequent sale of any Shares acquired pursuant to such Options and (ii) do not commit to structure the terms or any aspect of this grant of Options 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 the Grantee’s receipt of Options 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 Options (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 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 Options 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 will 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 adviser 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.

Section 8. ACKNOWLEDGMENT AND WAIVER

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

(a) the Plan is established voluntarily by the Company, 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, will 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 an extraordinary item that does 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, end of service payments, 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 will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of Options will 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 Options and cannot be predicted with certainty; and

(j) in consideration of this grant of Options, no claim or entitlement to compensation or damages shall arise from termination of this grant of Options or diminution in value of this grant of Options 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 deemed irrevocably to have waived any entitlement to pursue such claim.

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 and Executive Services 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 all Options otherwise granted hereunder to Grantee shall terminate.

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 should be aware that may arise as a result of participation in the Plan.

Section 11. ENFORCEMENT

This Agreement shall be construed, administered and enforced in accordance with the laws of the State of Delaware.

Section 12. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement. If you have not electronically signed this Agreement within two (2) months, the Company is not obligated to provide you any benefit hereunder and may refuse to issue Shares to you under 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:
David T. Seaton
Chairman and Chief Executive Officer
**APPENDIX A**

Fluor Corporation
OPTION AWARD For Non-U.S. Grantees
UNDER the Amended & Restated 2008 Executive Performance Incentive Plan

**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 resident in 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 Canada, Chile, Germany, the Netherlands, Russia, South Africa, Spain and the UK.

**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 purchase 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**

There are no country-specific notifications.
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.

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.

Securities Law Notification.

Attention! This investment falls outside AFM supervision. No prospectus required for this activity.
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.

**Reporting Requirements.** Grantee is responsible for complying with all reporting requirements applicable to holding the Options and the underlying Shares.

**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 document carefully.

**Notifications**

There are no country-specific notifications.
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 Amended & Restated 2008 Executive 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 made 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 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) until the RSUs are forfeited pursuant to Section 3(c) 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) Upon your termination of employment with the Company or its subsidiaries for any reason other than those which result in a lapse of restrictions pursuant to Section 4(a)(2), then any RSUs as to which the foregoing restrictions have yet to lapse pursuant to Section 4 shall be forfeited by you.

Section 4. LAPSE OF RESTRICTIONS

(a) The restrictions set forth in Section 3 hereof shall lapse (provided that such RSUs have not previously been forfeited pursuant to the provisions of Section 3(c) hereof) with respect to the number of RSUs determined as specified below upon the occurrence of any of the following events (any such event, a "Vest Date"):

(1) 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 on March 6th of each year, commencing with [FIRST ANNIVERSARY] and annually thereafter ending with [THIRD ANNIVERSARY], provided that Grantee’s employment with the Company has not terminated on or before such date or the exceptions set forth in Sections 4(a)(2) or (3) are met.

(2) Notwithstanding the foregoing, the restrictions set forth in Section 3 hereof shall lapse immediately (provided that such RSUs have not previously been forfeited pursuant to the provisions of Section 3(c) hereof) as set forth in Section 4(a)(1) hereof with respect to all RSUs which remain subject to the foregoing restrictions, if the employment of the Grantee by the Company or its subsidiaries is terminated on account of death, the Grantee’s Disability occurs or a Qualifying Termination occurs within two (2) years following a Change of Control of the Company. In the event of Grantee’s Retirement from the Company, the restrictions set forth in Section 3 hereof shall continue to lapse (provided that such RSUs have not previously been forfeited pursuant to the provisions of Section 3(c) hereof) as set forth in Section 4(a)(1) hereof with respect to all RSUs which remain restricted, if the Grantee Retires and delivers a signed non-competition agreement in a form acceptable to the Company. Notwithstanding the foregoing and regardless of reason for termination, under all circumstances other than your Qualifying Termination within two (2) years following a Change in

1 Additional criteria which are solely applicable to Section 16 officers are included in Appendix C.
Control, any RSUs held less than one year from the Grant Date will be forfeited upon termination of employment prior to the date set forth in Section 4(a)(1) hereof. Nothing in the Plan or this RSU Award confers any right of continuing employment with the Company or its subsidiaries. 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 will forfeit your right to receive any unvested RSUs, unless otherwise prohibited by law.

(3) Notwithstanding the foregoing, the restrictions set forth in Section 3 hereof shall lapse immediately (provided that such RSUs have not previously been forfeited pursuant to the provisions of Section 3(c) hereof) as set forth in Section 4(a)(1) hereof with respect to all RSUs which remain subject to the foregoing restrictions, if in the event of a Change of Control the successor to the Company does not assume this RSU Award.

For purposes of this Agreement, “Retirement” shall mean your retirement as determined in accordance with applicable Company personnel policies and the Plan policies. “Disability” and “Change of Control” shall have the meanings given to them in Appendix B to this Agreement. In connection with a Change in Control, the term “Qualifying Termination” means your involuntary termination of employment by the Company without Cause or your resignation for Good Reason. 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, a material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree and “Good Reason” means a material diminution of your compensation (including, without limitation, base compensation, annual bonus opportunities, and/or equity incentive compensation opportunities), a material diminution of your authority, duties or responsibilities, a material diminution in the authority, duties or responsibilities of the supervisor to whom you are required to report or a material diminution of the budget over which you retain authority; provided, however, that no later than sixty (60) days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, you must advise the Company in writing that the action (or inaction) constitutes grounds for a termination of your employment for Good Reason, in which event the Company will have thirty (30) days to correct such action (or inaction) (the “Cure Period”) and if such action (or inaction) is not timely corrected within the Cure Period, then you will not be entitled to terminate your employment for Good Reason as a result of such action (or inaction). If such action or inaction is not timely corrected within the Cure Period, then you will be entitled to terminate your employment for Good Reason at any time within the one-hundred and twenty (120) day period following expiration of the Cure Period.

(b) No RSUs shall be vested and converted to Shares and delivered to the Grantee or Grantee’s legal representative as herein provided unless and until the statutory amount of federal, state, non U.S. or local tax withholding or other employment tax obligations the Company determines is or may be required under applicable tax laws or regulations in connection with the taxable income resulting from the lapse of the restrictions set forth in Section 3 (the “Tax Withholding Obligation”) has been withheld or paid pursuant to Section 5.

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 the Grantee’s 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 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 will 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 adviser regarding Grantee’s tax obligations prior to such settlement or
disposition.

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 stock 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, 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, will 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 grants and resulting benefits are an extraordinary item that does 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;
RSU 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, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments so far as permitted by law;

in the event that the Grantee is not an employee of the Company, this grant of RSUs will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of RSUs will not be interpreted to form an employment contract with the Employer or any subsidiary of the Company;

the future value of the Shares is unknown, may increase or decrease from the date of grant or vesting of the RSU and cannot be predicted with certainty; and

in consideration of this grant of RSUs, no claim or entitlement to compensation or damages shall arise from termination of this grant of RSUs 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 deemed irrevocably to have waived any entitlement to pursue such claim.

Section 9. CONFIDENTIALITY; NO RIGHT TO CONTINUING EMPLOYMENT

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 or financial advisor or senior management of the Company or senior members of the Company’s Law and Executive Services departments during the period prior to the lapse of the restrictions hereunder. If disclosure is made by Grantee to any other person not authorized by the Company, Grantee hereby agrees to forfeit any RSUs received hereunder and to surrender to the Company said Shares. Nothing in the Plan or this Agreement confers any right to continuing employment with the Company or its subsidiaries.

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 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 US Internal Revenue Code. Appendix C contains additional terms applicable to Section 16 officers.

Section 11. ENFORCEMENT

This Agreement shall be construed, administered and enforced in accordance with the laws of the State of Delaware.

Section 12. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by electronically signing this Agreement. If you have not electronically signed this Agreement within two (2) months, the Company is not obligated to provide you any benefit hereunder and may refuse to issue Shares to you under this Agreement. In addition, by accepting the terms of this Agreement, you acknowledge and agree that your prior RSU grants, if any, are amended to include the 409A provisions that are part of this Agreement in Appendix B.

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

FLUOR CORPORATION

By:

David T. Seaton
Chairman and Chief Executive Officer
APPENDIX A

FLUOR CORPORATION
RESTRICTED STOCK UNIT AWARD FOR NON-U.S. GRANTEES
UNDER THE 2008 AMENDED & RESTATED EXECUTIVE PERFORMANCE INCENTIVE PLAN

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 resident in 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 UK.

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

There are no country-specific notifications.

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.
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.

Securities Law Notification.

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.
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 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.

Reporting Requirements. Grantee is responsible for complying with all reporting requirements applicable to holding the RSUs and the underlying Shares.

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.
APPENDIX C
SECTION 16 OFFICERS

The following provision is added as subsection (C) to Section 4 of the Agreement for Grantees who are Section 16 officers of the Company:

(C) None of the restrictions upon the RSUs subject to this RSU Award shall lapse unless and until the Company meets the performance goal of [GOAL] net earnings for the fiscal year ending December 31, [GRANT YEAR], excluding a.) Litigation or claims, judgments or settlements arising from discontinued operations (e.g., Doe Run litigation); b.) Subsequent adjudication or adjustment of tax positions related to the above; c.) changes in accounting principles; d.) accruals for reorganization and restructuring programs; e.) extraordinary items as determined for financial statement purposes; f.) Significant merger or acquisition activity involving the purchase of sale of assets or equity Interests; and g.) special disposition of assets affecting operating cash flow.
This Non-U.S. 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 and confirms the following Non-US Stock Growth Incentive Award (the “Award”) under the Fluor Corporation Amended & Restated 2008 Executive 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 made 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 OFAWARD AND EARNOUT PERIOD

Your Award target amount is [$AMOUNT OF AWARD], which becomes payable based on quarterly stock performance over three (3) years at a rate of:

- One third of the total earned balance as calculated on December 31, [GRANT YEAR] and paid in March [FOLLOWING YEAR];
- One half of the total remaining earned balance as calculated on December 31, [FIRST ANNIVERSARY OF GRANT YEAR] and paid in March [FOLLOWING YEAR]; and
- The total remaining earned balance as calculated on December 31, [SECOND ANNIVERSARY OF GRANT YEAR] and paid in March [FOLLOWING YEAR].

Quarterly stock performance will be measured based on the percentage increase or decrease from the last New York Stock Exchange (“NYSE”) trading day of each previous quarter to the last NYSE trading day of each current quarter applied to the total remaining earned balance each quarter within each fiscal year of the Award earnout period. Each payment of the Award, if vested, shall be made as soon as practicable after each vesting date, but 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 within two (2) years following a Change of Control of the Company, each as determined by the Committee in accordance with the Plan, then as of the date of such event this Award shall expire as to any portion which has not then become vested and payable. 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 within two (2) years following a Change of Control of the Company, each as determined by the Committee in accordance with the Plan, then any remaining balance of this Award which has yet to become vested and payable, calculated as of the last NYSE trading day of the previous quarter, shall be paid to you as soon as practicable after such termination. If prior to the Award becoming vested and payable in full pursuant to Section 2 above, you Retire from the Company and you deliver a signed non-competition agreement to the Company in a form acceptable to the Company, then any portion of this Award which has yet to become vested and payable shall continue to vest and become payable as set forth in Section 2 above. However, under all circumstances other than your Qualifying Termination within two (2) years following a Change of Control, any Awards held less than one year from the Grant Date will be forfeited regardless of the reason for termination. 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 remaining balance of this Award which has yet to become vested and payable and has not otherwise been forfeited pursuant to the provisions of this Section 3, calculated as of the last NYSE trading day of the previous quarter, shall be paid to you as soon as practicable after such Change of Control. 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 will forfeit your right to receive any unvested portion of this Award, unless otherwise prohibited by law.

For purposes of this Agreement, “Retirement” and “Disability” mean, respectively, retirement or your disability, all as determined in accordance with applicable Company personnel policies and the Plan policies.

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In connection with a Change in Control, the term “Qualifying Termination” means your involuntary termination of employment by the Company without Cause or your resignation for Good Reason. 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, a material violation of Company policy that causes harm to the Company or its subsidiaries or other wrongful conduct of a similar nature and degree; and “Good Reason” means a material diminution of your compensation (including, without limitation, base compensation, annual bonus opportunities, and/or equity incentive compensation opportunities), a material diminution of your authority, duties or responsibilities, a material diminution in the authority, duties or responsibilities of the supervisor to whom you are required to report or a material diminution of the budget over which you retain authority; provided, however, that no later than sixty (60) days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, you must advise the Company in writing that the action (or inaction) constitutes grounds for a termination of your employment for Good Reason, in which event the Company will have thirty (30) days to correct such action (or inaction) (the “Cure Period”) and if such action (or inaction) is timely corrected within the Cure Period, then you will not be entitled to terminate your employment for Good Reason as a result of such action (or inaction). If such action or inaction is not timely corrected within the Cure Period, then you will be entitled to terminate your employment for Good Reason at any time within the one-hundred and twenty (120) day period following expiration of the Cure Period.

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, Human Resources, and Executive Compensation Services 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.

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 the Grantee’s receipt of an 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 adviser regarding Grantee’s tax obligations prior to such settlement or disposition.

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


Section 8. ACKNOWLEDGMENT AND WAIVER

The Grantee acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, 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, will 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 an extraordinary item that does 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, end of service payments, 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 Awards will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of Awards will not be interpreted to form an employment contract with the Employer or any subsidiary of the Company; and

(i) in consideration of this grant of Awards, no claim or entitlement to compensation or damages shall arise from termination of this grant or diminution in value of this grant of Awards 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 deemed irrevocably to have waived any entitlement to pursue such claim.

Section 9. GRANT-SPECIFIC TERMS

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

Section 10. ENFORCEMENT

This Agreement shall be construed, administered and enforced in accordance with the laws of the State of Delaware.

Section 11. EXECUTION OF AWARD AGREEMENT

Please acknowledge your acceptance of the terms of this Agreement by signing the original of this Agreement and returning it to the Executive Compensation Services department. If you have not signed this Agreement within two (2) months, the Company is not obligated to provide you any benefit hereunder and may refuse to issue any payments to you under this Agreement. In addition, by signing this Agreement, you acknowledge and agree that your prior Award grants, if any, are amended to include the 409A provisions that are part of this Agreement in Appendix A.

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

FLUOR CORPORATION

By: ____________________________
    David T. Seaton
    Chairman and Chief Executive Officer

Acknowledged and Agreed:

__________________________________________

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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 with the exclusion from Section 409A deferred compensation for so-called short-term deferrals, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and 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.
April 28, 2015

Mr. David R. Dunning
11929 Chevis Court
Charlotte, NC 28277

Dear Dave:

This will confirm the Agreement between you (the “Consultant”) and Fluor Enterprises, Inc. (the “Company”), effective June 2, 2015.

Scope of Services: The Consultant agrees to consider rendering advisory and consultation services to the Company as and when the Company may from time to time request. Each assignment will be made in writing with a description of the assignment and schedule for completion. The Consultant will promptly advise the Company of its decision to accept or decline an assignment. The Company authorizes David T. Seaton or his designee to approve these written assignments to the Consultant hereunder.

In performing services under this Agreement, the Consultant shall operate as and have the status of an independent contractor and shall not act as or be an agent or employee of the Company. For this reason, all of the Consultant’s activities will be at his own risk, and the Consultant shall not be entitled to Workers’ Compensation or similar benefits or other insurance protection provided by the Company. The Consultant will make his own arrangements for medical insurance and insurance coverage for the activities to be performed hereunder.

As an independent contractor, the Consultant will be solely responsible for determining the means, methods, time and place of performing the services subject to the Company’s overall schedule requirements and maintaining interfaces necessary for the services, and the Company will receive only the results of the Consultant’s performance of the foregoing services. The Consultant acknowledges that he is not entitled, shall not receive, and hereby waives any claim to benefits which the Company may provide to any employee of the Company, including but not limited to a waiver of participation in the Company’s employee retirement program, and that his sole compensation shall be as provided below.

The Company will furnish office space, equipment, administrative support and other office services as may be required to carry out any assignments made under this agreement.

Compensation: The Company shall compensate the Consultant for the actual hours worked by the Consultant for services specifically approved by the Company as follows:

(i) $570.00 per hour;

(ii) The Company will reimburse Consultant’s actual, reasonable out-of-pocket expenses in accordance with the Company’s reimbursement policies;

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In order to comply with IRS Regulation 409A, the Consultant agrees services will not be provided in excess of 1,000 hours for the term of this agreement;

In order to comply with the Patient Protection and Affordable Care Act, the Consultant agrees services will not be provided in excess of 125 hours per month for the term of this agreement;

The Consultant agrees to provide original or copies of receipts for any business related expense item over Twenty-Five Dollars ($25) incurred while providing services to the Company during the term of this agreement;

The Consultant agrees to fully comply with Fluor’s Human Resources Policy HR-125 as it relates to business expenses incurred while providing services to the Company during the term of this agreement; and

Applicable taxes including FICA (Social Security and Medicare) taxes will be withheld on all compensation invoiced. A Form W-2 for the Consultant’s 2015 and any subsequent year’s consulting compensation will be provided.

**Invoicing:** Following the end of each month, the Consultant will furnish the Company with an invoice covering the time devoted to the Company’s service during such month. All invoices must present a company code, general ledger account number and a cost object. The invoice must first be approved by the individual responsible for approving the Consultant’s assignments before forwarding for payment. The Company shall pay such invoice within thirty (30) days of receipt.

**Non-Competition/Outside Work:** During the term of this Agreement, the Consultant agrees that he will not in any manner directly or indirectly provide services, advice or other assistance to any firm or business which is similar to or competitive with the business of the Company or any of its affiliates without prior written approval; and additionally, Consultant agrees not to initiate contact with client representatives unless directed to do so under this Agreement or if Consultant has received prior approval from the Company.

**Inventions, Patents and Confidential Information:** Consultant shall promptly disclose to the Company all discoveries, developments, improvements, inventions and other intangible rights (“Inventions”) arising from performance of Consultant’s services hereunder and hereby assigns said Inventions to the Company and shall execute all documents required to complete exclusive ownership by the Company or to secure patents, if deemed appropriate in the sole discretion of the Company.

The Consultant agrees that any information which he obtains while performing services in his consulting capacity concerning the business or operations of the Company, its affiliates or third parties with whom it conducts business (including, but not as a limitation, technical information) shall be used only to perform such services and shall not be disclosed to anyone outside the Company, except with the prior written authorization of the Company. Further, to the extent any such information is in written form, all such documents are considered company property and must be returned to the Company upon termination of this Agreement.

The obligations of this paragraph shall survive any termination of this Agreement and do not apply to any information which has been publicly released or is in the public knowledge or literature.

**Term:** The term of this Agreement shall begin June 2, 2015, and end June 2, 2016, unless otherwise modified by subsequent written agreement or terminated earlier by either party with or without cause upon 30-day written notice to the other party.

**Supplier Expectations:** The Consultant has read and understands Fluor’s Business Conduct and Ethics Expectations for

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Suppliers and Contractors (the Supplier Expectations) and Consultant will do nothing to violate the Supplier Expectations.

**Anti-Corruption:** The Consultant will not make and has not made directly or indirectly, any payments or given anything of value to any third party, including any foreign official, foreign political party or foreign party candidate in connection with the Company’s activities or in obtaining or retaining business from any government agency or instrumentality. The Consultant shall promptly notify the Company if in the course of any business for which he provides or may have provided consulting services to the Company, he is approached, asked or requested or offers to make any payments or giving anything of value to any third party.

**Corporate Assets:** Consultants are expected to respect the Company’s assets as they would their own. Corporate assets take many forms (land, building, equipment, etc.), and support daily work (desks, tools, computers, telephones, etc.). Consultants are required to return any assets or related documents to the Company.

**Compliance with Law:** The Consultant agrees to fully comply with the United States Foreign Corrupt Practices Act (Public Law 95-213, 95th Congress, December 19, 1977) and all other applicable State and United States Laws. The Consultant acknowledges that Fluor Corporation and its subsidiaries require their employees to fully comply with the laws of the United States.

**Chemical Screening:** The Consultant agrees to fully comply with Fluor’s Human Resources Policy HR-144 as it relates to substance abuse and chemical screening if the consultant has been out of the Company’s employ for longer than 90 days.

**Entire Agreement:** This Agreement consists of this letter and the Company policies mentioned herein. This Agreement, as defined in this paragraph, sets forth the full and complete understanding of the parties as it relates to consulting services to be provided by Consultant as of the date above stated, and supersedes any and all agreements and representations made or dated prior hereto to the extent such agreements relate to the subject matter hereof. This Agreement can only be amended in writing and signed by the duly authorized representatives of the parties.

**Governing Law:** This Agreement shall be governed by and interpreted in accordance with the laws of North Carolina.

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Kindly indicate your agreement with the foregoing by executing the duplicate originals of this letter in the space below and returning a fully signed duplicate original to us.

FLUOR ENTERPRISES, INC.

/s/ Glenn C. Gilkey

By: Glenn C. Gilkey
Executive Vice President
Human Resources and Administration

Accepted and Agreed:

/s/ David R. Dunning
By: David R. Dunning

April 28, 2015

Date

SS# or Tax ID#

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

I, David T. Seaton, 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: April 30, 2015

By: /s/ David T. Seaton
   David T. Seaton
   Chairman and 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, Biggs C. Porter, 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: April 30, 2015

By:  /s/ Biggs C. Porter

Biggs C. Porter,
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 March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David T. Seaton, Chairman and 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: April 30, 2015

By: /s/ David T. Seaton
David T. Seaton,
Chairman and 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 March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Biggs C. Porter, Executive Vice President and 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: April 30, 2015

By: /s/ Biggs C. Porter
Biggs C. Porter,
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.