Fluor Corporation (NYSE: FLR) is one of the world’s largest publicly traded engineering, procurement, construction, maintenance and project management companies. Over the past century, Fluor, through its operating subsidiaries, has become a trusted global leader in providing exceptional services and technical knowledge.

Clients rely on Fluor to deliver world-class solutions that optimize their assets, improve their competitive position and increase their long-term business success. Consistently rated as one of the world’s safest contractors, Fluor’s primary objective is to develop, execute and maintain projects on schedule, within budget and with excellence.

Fluor is a FORTUNE 500 company with 37,500 employees operating globally.

The information in this annual report contains forward-looking statements, including projected earning levels for calendar year 2007, market outlook, new awards, backlog levels, competition, the adequacy of funds to service debt and implementation of strategic initiatives and organizational changes. These forward-looking statements reflect the company’s current analysis of existing information as of the date of this annual report and are subject to various risks and uncertainties. As a result, caution must be exercised in relying on forward-looking statements. Due to known and unknown risks, the company’s actual results may differ materially from our expectations or projections. Additional information concerning factors that may influence Fluor’s results can be found in the Form 10-K that follows this annual report under the heading “Item 1A–Risk Factors.”
Fluor Corporation is a company that delivers — and 2006 was a record-setting year. Yet we realize that our performance is much more than a reflection of the last 12 months — it is a testament to our commitment and effectiveness over the long term. In 2004 our key objective was building a foundation for growth. In 2005 our focus was on meeting the challenge of global expansion. In 2006 we showed our customers and stakeholders that now, more than ever, Fluor Corporation is a company that delivers.
From our new global headquarters in Irving, Texas, I am delighted to report that your company has delivered another extremely successful year. The dedication and hard work of our 37,600 employees have resulted in strong financial performance, which has created value for you — our shareholders. Moreover, we are well positioned to capitalize on the wealth of business opportunities before us across the wide spectrum of industries Fluor serves. In fact, Fluor is experiencing the strongest industrial construction market in three decades as global economic expansion stimulates unprecedented increases in capital spending.

Fluor is indeed a company that delivers. In 2006 net earnings advanced 16 percent over last year’s record performance to $264 million, or $2.95 per share. What’s more, records were set in three other key areas: Revenue increased 7 percent to $14.1 billion, new awards were up 54 percent to $19.3 billion and our backlog grew significantly, up 47 percent to $21.9 billion.

Despite the difficulties on the embassy construction projects, 2006 was the best year in Fluor’s history, and 2007 should be even better. Our business is robust, and the underlying earnings potential of the company is substantial. Our growing backlog demonstrates our strong position amid the increasing demand for engineering, procurement, construction and maintenance services globally, and it provides an encouraging foundation for further growth in revenues and earnings. In addition, unprecedented strength in new awards has been broad-based across our diverse market sectors, allowing us to take advantage of upturns in a variety of industries and regions, enhancing our growth potential and moderating the impact of some of our more cyclical markets.

Turning to the various industry segments we serve, the size and geographic spread of the Oil & Gas sector represents an especially good opportunity since few competitors can match our capabilities and global scope. The Oil & Gas backlog has grown to more than 50 percent of Fluor’s overall total, with approximately half of the current $12 billion backlog located in the Middle East where Fluor has decades of experience. Growing demand, the need to replace diminishing reserves and higher prices have given Fluor the opportunity to help develop major new oil and gas fields in the Caspian region and Russia and participate in major new refinery projects and multibillion-dollar upgrade programs in North America.

Driven by demand for new coal-fired power generation, the backlog of our Power business is showing strong improvement. Fluor is a leader in the development of emissions-reduction programs and has expedited work with clients to develop both pre- and post-combustion carbon dioxide-removal systems for coal- and gas-fired power plants. The company is also positioned for an expected upturn in the nuclear power-generation market.

We are taking advantage of other growing markets as well. Fluor’s mining business continues to book sizable copper and iron ore processing projects, driven by higher commodity prices and significant global demand. In the infrastructure business line, we are leveraging the success of a business model that focuses primarily on large, complex design/build and public/private partnership opportunities. Based on our successful track record serving the U.S. Department of Energy, we are participating in nuclear remediation programs outside the United States, particularly in the United Kingdom and Russia. Additionally, we continue to support FEMA and other agencies through rapid-response contracts.

Finally, our integrated Global Services group is growing, serving not only Fluor, but third-party oil and gas, power and industrial clients as well.

Fluor’s solid financial position provides a valuable competitive advantage over other contractors. We have the highest credit rating of any publicly traded company in our industry, which helps to ensure cost-effective access to both the letters of credit and performance bonds that are critical to our success. Our cashflow was positive for 2006 and we finished the year with $976 million in cash. Keeping with our goal of providing long-term shareholder value, the Board raised the quarterly cash dividend this past year to 20 cents per share. This equates to about 27 percent of earnings and represents the highest payout in our industry group.

As you can see, our future is bright. While this encouraging outlook is due in large part to global capital growth, it is also the result of Fluor’s many strengths and enterprising culture. For example, the average tenure of a Fluor employee is more than a decade, while the typical term of an employee in our industry is just six years. Why? As one who has dedicated my professional career to this company, I can identify two primary factors that make Fluor special.

First, the opportunity to work with widely diverse industries on the world’s most technically challenging and complex projects
and industrial plant sites — and to do so in all corners of the globe — attracts professionals with a passion for the engineering, construction and maintenance business. No other company in our industry offers so many unique and exciting career opportunities.

Second, our employees take great pride in the fact that Fluor is dedicated to improving the world in which we live. The services we provide are critical building blocks for creating economic growth and raising living standards in both industrialized and developing economies. Our employees are experts in advising clients how to operate their facilities most efficiently while avoiding adverse environmental impacts. We practice sustainable development in all aspects of engineering, procurement, construction, operations and maintenance. This is very appealing to highly motivated professionals who seek to make a difference in our world.

As a result, our employees are unmatched in their expertise, experience and commitment to get the job done, no matter the obstacles. I invite you to read specific examples in the pages that follow of how our employees are making a difference.

Our employees also take pride in being part of a company with world-class standards and principles. For example, Fluor continues its fight against the corruption and bribery that undermine fair competition, hamper economic investment and deprive poor nations of the resources they need to grow and prosper. Through our involvement in the World Economic Forum, we have led the implementation of a zero-tolerance anticorruption program to which more than 120 companies from multiple industries and global locations have committed their support. Equally important, our employees continue to demonstrate their dedication to philanthropy and volunteerism at locations around the world, leading to the investment of more than $115 million and tens of thousands of volunteer hours in an effort to improve communities. Our employees are dedicated to making a critical contribution to society, and their hard work makes Fluor one of the world’s most admired engineering and construction companies.

As we look ahead to 2007, I could not be more confident about our prospects and potential. Fluor’s key strengths — a strong global presence, a diverse array of industries served, our ability to rapidly shift resources to meet any client need, the use of the most advanced technologies and financial strength that is second to none — clearly separate us from our principal competitors. With our company becoming stronger every day and our markets thriving, this is truly an exciting time for Fluor.

Finally, I wish to extend my sincere appreciation to everyone involved in our success. This includes our Board of Directors, whose knowledge of our business and perspective on global market opportunities add significant value to our operations, our employees, whose tireless contributions and outstanding achievements are directly responsible for Fluor’s success, and our many clients and shareholders, whose trust, confidence and support we value. I am proud to be CEO of this great company — a company that delivers superior projects, services and results.

Alan L. Boeckmann
Chairman and Chief Executive Officer
March 1, 2007
At a Glance

OIL & GAS
Driven by high demand, a wave of capital investment continues to stimulate substantial new oil, gas and petrochemical projects around the world. Fluor is one of only a handful of companies with the proven expertise to handle large, complex projects in the world’s most challenging locations.

INDUSTRIAL & INFRASTRUCTURE
Transportation, telecommunications, mining and life sciences are the lifeblood of a strong global economy. As international economies continue to grow, so will opportunities for Fluor to deliver the infrastructure, raw materials, pharmaceutical and biologics facilities and other industrial projects that contribute to a higher standard of living across the globe.

GOVERNMENT
Renowned for our rapid-response capabilities, Fluor’s solid relationships with the Departments of Energy, Defense, Homeland Security and other government entities make us a provider of choice for complex government projects as well as contingency operations.

AT A GLANCE
Fluor’s diversification enables us to take advantage of market upturns while moderating the impact of the more cyclical markets in our portfolio. That’s why Fluor delivers results in virtually every economic climate.
"Every time you flip a light switch, gas up the car for a family vacation or sip your morning coffee from an insulated cup, you’re touching something that Fluor helped create."

— Alan Boeckmann, Chairman and Chief Executive Officer

**POWER**
The International Energy Agency expects total world consumption of marketed energy to increase by 60 percent from 2003 to 2030, creating strong demand for new electrical-generation capacity. Fluor is poised to benefit from the growing demand for new coal, gas and nuclear plants, as well as heightened emission controls.

**GLOBAL SERVICES**
Global Services provides solutions that help clients compete in the dynamic global marketplace. These solutions include operations support, maintenance, global sourcing, construction support, mobile equipment, tools and staffing. We also support other Fluor businesses in the execution of large capital projects.

**FLUOR CONSTRUCTORS INTERNATIONAL**
Fluor Constructors International, Inc. (FCII) is the union craft arm of Fluor Corporation, providing construction management and direct-hire construction expertise in support of Fluor’s operating businesses in North America. Additionally, FCII supports the staffing of international construction projects and has employees working around the world.
As rising demand for oil and gas products continues to fuel capital investment among Fluor customers, our Oil & Gas operations are making an increasingly positive impact on our business. In fact, today our Oil & Gas backlog is as large as Fluor’s entire 2003 company backlog.

Across the board, customers continue to channel funds into upstream oil and gas production, oil refining, oil sands and petrochemical projects. Major projects are being awarded rapidly throughout the industry, resulting in an extended market upswing. From all indications, clients will continue to release more major projects in 2007 and beyond, irrespective of short-term fluctuations in oil prices. Fluor is effectively capitalizing on this tremendous upturn, ending the year with $10.4 billion in new awards, up 135 percent. This helped drive our Oil & Gas backlog to $12 billion — a 98-percent increase over 2005. For this segment, operating profit for 2006 was substantial, increasing 26 percent to $306 million.

**DOWNSTREAM GROWTH**

Of all our business lines, Fluor’s downstream business saw the most dramatic growth in 2006 in terms of revenue, backlog and new awards. In the past year we have seen a big increase in refinery expansions and upgrades in North America and Europe, which will facilitate the processing of heavier crudes. Fluor leveraged this trend to win new awards such as the program management, construction management and three major engineering packages for BP’s $3 billion refinery upgrade in Indiana to allow the refinery to process heavy Canadian crudes. We were also awarded a large contract for Marathon’s multibillion-dollar refinery expansion program in Louisiana, as well as the front-end engineering and design (FEED) for the heavy oil upgrading project at Marathon’s refinery in Detroit. Fluor worked on ten other major refinery projects in the U.S. and Canada in 2006.

In the Middle East, Fluor has completed FEED services and performed program management services for the first major refinery to be constructed in the world in several years — a new multibillion-dollar, 615,000 barrel per day refinery in Kuwait. In Mexico, ICA Fluor continued work on the large Minatitlán refinery. We completed a major revamp of Sasol’s Synthetic Fuels facility in South Africa. In Canada, the oil sands market continues to be active and...
“The bigger the project and the harsher the conditions, the greater our value becomes for the customer. We have a reputation for making the most complex jobs run like clockwork.”

— Jeff Faulk, Group President, Oil & Gas
Fluor worked on the final phases of two major projects and the preliminary design phases of four new oil sands projects.

**PETROCHEMICALS STRENGTH**
Demand for new petrochemical facilities remains robust, with particularly strong growth in the Middle East. Fluor is currently working on six different $1 billion-plus petrochemical projects in the Middle East that will keep us busy for the next several years. In 2005, we were awarded the FEED and project management consultancy services for a $3.5 billion petrochemical complex in Saudi Arabia. Also, in 2006 we won a $2.2 billion EPCM contract for that facility’s utilities and off-sites as well.

Due to high global demand, we are being more selective and focusing on projects that can translate into full EPC. Another prime example is our project for the Dow/Petrochemical Industries Company joint venture for the $1 billion-plus utilities and infrastructure portion of a multibillion-dollar olefins complex in Kuwait. This project, which began as a Fluor FEED and project management consultancy contract, led to the award of an EPCM contract. The project is well under way and is expected to be completed in 2008. In other regions, Fluor completed a major petrochemical facility near Shanghai, China, during the year. In the United States we are designing and building a large polysilicon plant that will provide high-grade silicon for solar panels. We are also completing chemical projects in four European countries.

**UPSTREAM OPPORTUNITIES**
On the upstream side, increased spending has been driven by growing demand, strong oil and gas prices and the need to replace diminishing reserves. Fluor is continuing its work on new oil and gas fields in Kazakhstan, Russia, the Middle East, West Africa, China, Mexico and Trinidad and Tobago. We completed a major oil and gas processing facility for Exxon Neftegas in Sakhalin Island, Russia, and began work on another oil and gas project in Siberia. We continued work on the Kashagan oil field megaprojects in Kazakhstan and the $1 billion Habshan gas complex in Abu Dhabi. We use key technologies in gas processing, sulfur removal and recovery.
and CO₂ capture to advance our competitive position. On the liquefied natural gas (LNG) front, we completed a highly successful fast-tracked regasification terminal project for Shell in Altamira, Mexico, in 2006. We received the go-ahead to start work on the common utilities and off-sites for a multibillion-dollar gas-processing facility in Qatar for Ras Laffan Liquefied Natural Gas, and performed work on LNG regasification facilities in Spain and China.

GEOGRAPHIC DIVERSITY

Geographic diversity is an important competitive advantage for Fluor across the board. And of all our businesses, Oil & Gas is the most geographically diverse. We maintain a long-term presence in the locations where we typically work, which helps Fluor become both a trusted business partner and an integral part of the community. This enables us to develop and maintain solid relationships with our customers, serving them well in both robust and restrained economies. Our decades-long presence in the Middle East coupled with further regional expansion is an excellent example of how our geographic diversity is helping us establish a dominant position and sustain momentum in strategic business locations.

RARE CAPABILITIES

Fluor provides value to our customers in many ways. Our ability to work efficiently in challenging locations or extreme climates differentiates our company. In order for our customers to meet climbing demand for oil, gas and petrochemical products, they must continue to invest in the development of additional resources. That means going wherever the supply dictates — whether the site is frozen ground, sweltering sand or deep underwater. And as a company whose core business is providing the specialized engineering talent and management to handle the largest projects in the most difficult locations and conditions imaginable, Fluor is one of a few companies with the global reach and resources to deliver these projects successfully.
“We bring tremendous value as an integrated operation. Very few companies deliver conceptual buildup, project development, design, procurement and construction as a single operations and maintenance source.”

— Stephen Dobbs, Group President, Industrial & Infrastructure
A COMPANY THAT DELIVERS RELIABLE PERFORMANCE

More and more resources are being consumed by a global economy that continues to expand. Clients turn to Fluor to get the job done.

Much like the company as a whole, our Industrial & Infrastructure group is quite diversified, with project expertise ranging from conventional transportation infrastructure to life sciences, mining, telecommunications and much more. Traditionally, when some of our Industrial & Infrastructure markets are up, others are down. Yet as we look ahead to 2007, most of the markets served by our Industrial & Infrastructure business are entering an upturn. New awards for 2006 were up 90 percent to $4.5 billion and backlog increased a healthy 40 percent to $5.4 billion. Operating profits for the year were $76 million, compared to a $17 million loss in 2005.

This tremendous demand is good news for Fluor in two important ways. First, it increases the overall number of new contracts that we can selectively pursue. And second, it gives Fluor a decided advantage over smaller companies when competing for quality resources — from commodities to skilled-craft labor — that become scarce during market upturns. Fluor is one of the few companies with the size and scope to secure these essential resources even in the most remote locations, relying on our global reach to help us deliver in any situation.

GROWING INFRASTRUCTURES

It was less than a decade ago that Fluor added civil contracting services to its extensive tool kit. Yet in just a few years, we’ve emerged as a formidable leader in heavy civil contracting worldwide. And today, civil infrastructure programs represent an especially strong opportunity for Fluor.
Transportation projects represent the bulk of our Infrastructure business, and they also hold tremendous potential for growth. Fluor is leading a number of major road and rail projects in the United States and Europe, many of which have come to fruition because of our ability to propose financing solutions utilizing public/private partnerships that enable government entities to fund much needed projects despite budget constraints.

A number of notable road and rail projects are now under way or nearing completion. For instance, we’re moving forward with preliminary engineering work on a project to develop, design, construct and operate toll lanes along I-95/I-395 for the Virginia Department of Transportation. The full amount of this project will be added to our backlog when federal approvals are obtained and financial feasibility is established. In addition, the Dutch government issued a certificate of availability in January 2007 for a new high-speed rail line we just completed, making it available for operation between Amsterdam and the Belgian border.

Fluor is also proud to be involved in landmark projects each in excess of $1 billion on both coasts of the United States. These include joint ventures to build a transportation hub at the World Trade Center site in Lower Manhattan and a self-anchored suspension segment of the San Francisco–Oakland Bay Bridge — a job for which Fluor’s share is $717 million.

Fluor has some very large new prospects on the horizon as well, including EPCM services for an offshore wind-farm project off the east coast of England and even more opportunities with a number of state Departments of Transportation in the United States.

A BOOM IN MINING

In response to growth in global demand and strong commodity prices, the mining segment of our Industrial & Infrastructure business has grown dramatically over the past three years. Much of the demand for copper, iron ore and other metals can be linked to a growth in demand in developing countries, which requires copper for wires, steel for all aspects of industrial structures and other elements and alloys that provide the framework for modern buildings and infrastructure. Despite historically short cycles in the industry, mining continues to show significant strength.

When basic commodity markets such as these heat up, mining companies naturally target the most accessible
sources first. Once those have been developed, however, they must move their operations to more difficult locations — which is where Fluor really shines. We have the resources and expertise to not only do these projects well but also do them efficiently. Our economies of scale help us deliver our clients’ projects on schedule and budget, which also contributes to our success.

In 2006 Fluor booked three significant EPCM contracts for copper-mine processing facilities in South America and the United States. We are also executing a large iron ore project in Australia, which continues to grow in scope.

Going forward, we expect that some of our most promising mining opportunities will result from expansions in South America and Asia.

A LEADER IN LIFE SCIENCES
Fluor is a respected leader in the life sciences market, which currently accounts for about 20 percent of our Industrial & Infrastructure backlog. Within this sector, biologics facilities — where human proteins are harnessed to prevent or treat disease — represent an area of expertise for Fluor. We are recognized authorities in this highly specialized market, and we anticipate much more opportunity ahead.

While the life sciences market as a whole has softened, Fluor did book a sizable new biotech program for a long-term client in Puerto Rico during the past year and we are poised for additional work in Europe.

SOLID TELECOM BACKLOG
Our telecommunications backlog remains strong, thanks in large part to two long-term contracts — one for the London Underground, which is nearing completion, and another for the U.K. Highways Agency, which is a ten-year contract.

AN EYE ON HEALTHCARE
As we discussed in our 2005 report, we have formally announced our entry into the healthcare market. By pursuing project and program management roles in this promising sector, we have an opportunity to further strengthen and diversify our portfolio. Potential projects include for-profit and not-for-profit healthcare facilities as well as university medical centers.
“Our capacity for rapid response gives us a tremendous advantage. The ability to call on other Fluor business units to assist in our Government efforts is proven and unique in the industry.”

— John Hopkins, Group President, Government
Fluor completed 14 years of nuclear remediation work at this uranium production site in Fernald, Ohio, this year. This 1,050-acre site is the first nuclear site to be completely decontaminated. (left) Fernald plant in 1988 and (right) completion in 2006.

A COMPANY THAT DELIVERS VALUE TO THE PUBLIC SECTOR

Federal spending is nearly $400 billion annually and holding steady — which translates into ongoing opportunities for Fluor.

Our Government business grew substantially to $2.9 billion in revenue as we leveraged our solid relationships with the Department of Defense (DOD), the Federal Emergency Management Agency (FEMA), the Department of Energy (DOE) and other agencies to support our clients’ varied missions and position ourselves for future opportunities. For the year, new awards and backlog declined to $2.2 billion and $840 million, respectively, as major projects for FEMA, the DOE and Iraq reconstruction drew to a close. Despite solid revenue growth, operating profit of $18 million was down from $84 million a year ago as a result of embassy-related charges. With the challenges of embassy construction behind us, we are focused on expanding our efforts in contingency operations and nuclear remediation.

CONTINGENCY OPERATIONS

Fluor’s Government group has been instrumental in supporting contingency operations around the world for a number of years for both DOD and FEMA, including recent involvement in Iraq and Afghanistan, as well as in Louisiana in the wake of Hurricane Katrina. To date, our long-standing relationship with FEMA has resulted in contracts worth more than $1 billion. We provided temporary housing units in Louisiana for over 150,000 hurricane victims, and we have been awarded a new FEMA contract to provide emergency assistance for future disasters in the United States and its territories throughout 2007.

ENVIRONMENTAL AND NUCLEAR

In October, concluding nearly 15 years of work, we presented the DOE with a declaration of physical completion for decontamination work at the Fernald uranium foundry site in Ohio — well under previously estimated timelines and budgets. We partnered with British Nuclear Group to win a contract for the decommissioning of retired nuclear-powered Russian submarines, which will give Fluor and British Nuclear Group a critical foothold in this emerging market. We also secured a contract extension for up to two years for nuclear cleanup work in Hanford, Washington.

OPERATIONS AND MAINTENANCE

Our Del-Jen unit, which saw double-digit growth in 2006, continues to grow our military base operations, support and maintenance business in the United States and abroad.

LOOKING AHEAD

As our Government business mobilizes to replenish backlog, 2007 will be a year of new opportunities. We have the necessary experience and capabilities to win additional DOD and contingency operations contracts, such as a pending logistics civilian augmentation program (LOGCAP) contract for the Army. Although the U.S. government remains our primary focus, the U.K. and Russian governments also represent promising areas of opportunity — especially with regard to nuclear remediation. In the months ahead, we will continue to leverage our ability to manage complex programs and quickly deliver people and resources in order to support our Government business for years to come.
“We know that new power capacity has to be built, with fuels ranging from coal, oil and natural gas to nuclear. Fluor can play in all of these fields.”

— David Constable, Group President, Power
A COMPANY THAT DELIVERS POWERFUL SOLUTIONS

With electricity demand on the rise around the world, Fluor is helping our customers meet their objectives.

In the United States alone, electricity demand is expected to rise by 19 percent over the next ten years — yet power capacity is currently on pace to increase by only 6 percent during that same period.* In order to meet this demand, power companies must accelerate their efforts to increase capacity, starting now. Fluor is helping them meet the challenge.

For the year, new awards were $635 million, down from $1 billion in 2005. Segment backlog improved 15 percent to $1.3 billion and operating profits declined to $4 million due to a final dispute resolution for a completed project.

AWARDS IN KEY BUSINESS LINES

In 2006 our Power business garnered new awards in all three of our key business lines — solid fuel, gas and plant-betterment — a testament to Fluor’s solid reputation in the power generation market. Key new awards included preliminary notice to proceed on two 800-megawatt coal-fired units, as well as selective catalytic reduction (SCR) additions on existing units in Central Texas. Other notable projects under way include work for a new 200-megawatt, $400 million coal-fired plant in Nevada and the installation of flue gas desulphurization (FGD) systems at coal-fired facilities in northern and central Kentucky and South Carolina.

OPPORTUNITY OUTLOOK

In terms of dollar value, new coal-fired power generation projects are expected to have the most impact on our Power group over the next three to five years, followed by emissions-reduction projects for older coal plants. We are also prepared to deliver our reference designs on new gas projects to quickly expand capacity while solid-fuel projects move forward.

We are positioned for other industry opportunities as well, including the expected upturn in both the nuclear and integrated gasification combined cycle (IGCC) power market space. We have the opportunity to leverage our vast experience in the developing nuclear market and are fully engaged in the IGCC market through FEED studies that will enable full-scale implementation with proven cutting-edge technologies.

“Our approach embraces an entrepreneurial spirit that allows our people to deliver superior results, measured by doing what our clients need to get done. This drives collective success.”

— Kirk Grimes, Group President, Global Services
Global Services helps clients improve the operation of their plants and facilities by providing customized solutions from a broad range of services that support sustaining capital programs and continuing operations. We deliver these services through our growing workforce of nearly 15,000 employees worldwide.

Global Services reported another strong year with operating profits increasing 34 percent to $152 million. New awards were $1.6 billion, down from a record $2.2 billion in 2005. Backlog declined slightly to $2.3 billion, reflecting an increased portion of revenues derived from short-duration activities.

A COMPANY THAT DELIVERS INTEGRATED SUPPORT

Global Services meets clients’ operations, maintenance, sourcing and construction needs through four basic building blocks: innovation, technology, a skilled workforce and complex program integration.

CORE COMPETENCIES

Global Services’ units support our clients’ projects and operations worldwide through the various core competencies that serve as a foundation for our business. These services include operations and maintenance, equipment, tool and asset management through our AMECO® unit, staffing services through our TRS® Staffing Solutions unit and support functions in construction and global procurement, and our specialty maintenance and construction services subsidiary, Plant Performance Services (P2S®).

SUPPORT AND SOLUTIONS

During the past few years, Global Services’ exceptional growth has demonstrated the compound benefits of an integrated approach. We work with clients in multiple industries to generate innovative business solutions. Similar benefits occur with other Fluor business groups when we collaborate to build expert life-cycle intelligence into facility designs.

SUSTAINABLE GROWTH THROUGH INNOVATION

As we prepare for 2007 and beyond, we believe our next opportunities for substantial growth depend upon collaborative innovation with clients, suppliers and other partners. With a committed workforce, flexible business strategy and strong end markets, we continue to build a solid foundation for future growth.
### NEW AWARDS AND BACKLOG DATA

#### NEW AWARDS BY SEGMENT

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<th>2006</th>
<th>Percent</th>
<th>2005</th>
<th>Percent</th>
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<tr>
<td>Oil &amp; Gas</td>
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<td>Global Services</td>
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<td>1,025</td>
<td>8%</td>
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<tr>
<td>Total New Awards</td>
<td>19,276</td>
<td>100%</td>
<td>12,517</td>
<td>100%</td>
<td>13,029</td>
<td>100%</td>
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#### NEW AWARDS BY REGION

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<th>Percent</th>
<th>2005</th>
<th>Percent</th>
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<tr>
<td>United States</td>
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<td>39%</td>
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<td>34%</td>
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<td>Americas</td>
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<td>1,256</td>
<td>10%</td>
<td>4,268</td>
<td>33%</td>
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<td>Europe, Africa and Middle East</td>
<td>6,852</td>
<td>35%</td>
<td>5,088</td>
<td>41%</td>
<td>3,668</td>
<td>28%</td>
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<td>Asia Pacific (includes Australia)</td>
<td>745</td>
<td>4%</td>
<td>1,281</td>
<td>10%</td>
<td>724</td>
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<tr>
<td>Total New Awards</td>
<td>19,276</td>
<td>100%</td>
<td>12,517</td>
<td>100%</td>
<td>13,029</td>
<td>100%</td>
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#### BACKLOG BY SEGMENT

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<th>Year Ended December 31</th>
<th>2006</th>
<th>Percent</th>
<th>2005</th>
<th>Percent</th>
<th>2004</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>11,986</td>
<td>55%</td>
<td>6,044</td>
<td>40%</td>
<td>5,353</td>
<td>36%</td>
</tr>
<tr>
<td>Industrial &amp; Infrastructure</td>
<td>5,438</td>
<td>25%</td>
<td>3,886</td>
<td>26%</td>
<td>5,083</td>
<td>35%</td>
</tr>
<tr>
<td>Government</td>
<td>840</td>
<td>4%</td>
<td>1,422</td>
<td>10%</td>
<td>1,520</td>
<td>10%</td>
</tr>
<tr>
<td>Global Services</td>
<td>2,337</td>
<td>10%</td>
<td>2,463</td>
<td>17%</td>
<td>2,258</td>
<td>15%</td>
</tr>
<tr>
<td>Power</td>
<td>1,277</td>
<td>6%</td>
<td>1,112</td>
<td>7%</td>
<td>552</td>
<td>4%</td>
</tr>
<tr>
<td>Total Backlog</td>
<td>21,878</td>
<td>100%</td>
<td>14,927</td>
<td>100%</td>
<td>14,766</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### BACKLOG BY REGION

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2006</th>
<th>Percent</th>
<th>2005</th>
<th>Percent</th>
<th>2004</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>9,010</td>
<td>41%</td>
<td>5,290</td>
<td>35%</td>
<td>5,418</td>
<td>37%</td>
</tr>
<tr>
<td>Americas</td>
<td>2,692</td>
<td>12%</td>
<td>2,518</td>
<td>17%</td>
<td>3,781</td>
<td>25%</td>
</tr>
<tr>
<td>Europe, Africa and Middle East</td>
<td>9,080</td>
<td>42%</td>
<td>5,890</td>
<td>40%</td>
<td>4,708</td>
<td>32%</td>
</tr>
<tr>
<td>Asia Pacific (includes Australia)</td>
<td>1,096</td>
<td>5%</td>
<td>1,229</td>
<td>8%</td>
<td>859</td>
<td>6%</td>
</tr>
<tr>
<td>Total Backlog</td>
<td>21,878</td>
<td>100%</td>
<td>14,927</td>
<td>100%</td>
<td>14,766</td>
<td>100%</td>
</tr>
</tbody>
</table>
## SELECTED FINANCIAL DATA

### CONSOLIDATED OPERATING RESULTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in millions, except per-share amounts)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$14,078.5</td>
<td>$13,161.0</td>
<td>$ 9,380.3</td>
<td>$ 8,805.7</td>
<td>$ 9,959.0</td>
</tr>
<tr>
<td>Earnings from continuing operations before taxes</td>
<td>382.0</td>
<td>299.6</td>
<td>281.2</td>
<td>268.0</td>
<td>260.5</td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td>263.5</td>
<td>227.3</td>
<td>186.7</td>
<td>179.5</td>
<td>170.0</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(11.6)</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(10.4)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>263.5</td>
<td>227.3</td>
<td>186.7</td>
<td>157.5</td>
<td>163.6</td>
</tr>
<tr>
<td><strong>Basic earnings (loss) per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>3.05</td>
<td>2.68</td>
<td>2.29</td>
<td>2.25</td>
<td>2.14</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.15)</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.13)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>3.05</td>
<td>2.68</td>
<td>2.29</td>
<td>1.97</td>
<td>2.06</td>
</tr>
<tr>
<td><strong>Diluted earnings (loss) per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>2.95</td>
<td>2.62</td>
<td>2.25</td>
<td>2.23</td>
<td>2.13</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.15)</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.13)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>2.95</td>
<td>2.62</td>
<td>2.25</td>
<td>1.95</td>
<td>2.05</td>
</tr>
<tr>
<td><strong>Return on average shareholders’ equity</strong></td>
<td>15.2%</td>
<td>15.5%</td>
<td>15.7%</td>
<td>16.2%</td>
<td>19.4%</td>
</tr>
<tr>
<td><strong>Cash dividends per common share</strong></td>
<td>$0.80</td>
<td>$0.64</td>
<td>$0.64</td>
<td>$0.64</td>
<td>$0.64</td>
</tr>
</tbody>
</table>

### CONSOLIDATED FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>$ 3,323.6</td>
<td>$ 3,108.2</td>
<td>$ 2,723.3</td>
<td>$ 2,205.5</td>
<td>$ 1,924.1</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>2,406.3</td>
<td>2,339.3</td>
<td>1,764.0</td>
<td>1,821.0</td>
<td>1,756.2</td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td>917.3</td>
<td>768.9</td>
<td>959.3</td>
<td>384.5</td>
<td>167.9</td>
</tr>
<tr>
<td><strong>Property, plant and equipment, net</strong></td>
<td>692.1</td>
<td>581.5</td>
<td>527.8</td>
<td>569.5</td>
<td>467.0</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>4,874.9</td>
<td>4,574.4</td>
<td>3,969.6</td>
<td>3,441.3</td>
<td>3,142.2</td>
</tr>
<tr>
<td><strong>Capitalization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convertible Senior Notes</td>
<td>330.0</td>
<td>330.0</td>
<td>330.0</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-recourse project finance debt</td>
<td>192.8</td>
<td>57.6</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other debt obligations</td>
<td>36.8</td>
<td>34.5</td>
<td>147.6</td>
<td>266.2</td>
<td>17.6</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1,730.5</td>
<td>1,630.6</td>
<td>1,335.8</td>
<td>1,081.5</td>
<td>883.9</td>
</tr>
<tr>
<td><strong>Total capitalization</strong></td>
<td>2,290.1</td>
<td>2,052.7</td>
<td>1,813.4</td>
<td>1,347.7</td>
<td>901.5</td>
</tr>
<tr>
<td><strong>Total debt as a percent of total capitalization</strong></td>
<td>24.4%</td>
<td>20.6%</td>
<td>26.3%</td>
<td>19.7%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Shareholders’ equity per common share</strong></td>
<td>$19.66</td>
<td>$18.72</td>
<td>$15.81</td>
<td>$13.17</td>
<td>$11.02</td>
</tr>
<tr>
<td><strong>Common shares outstanding at year end</strong></td>
<td>88.0</td>
<td>87.1</td>
<td>84.5</td>
<td>82.1</td>
<td>80.2</td>
</tr>
</tbody>
</table>

### OTHER DATA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New awards</td>
<td>$19,276.2</td>
<td>$12,517.4</td>
<td>$13,028.6</td>
<td>$ 9,976.0</td>
<td>$ 8,596.8</td>
</tr>
<tr>
<td>Backlog at year end</td>
<td>21,877.7</td>
<td>14,926.6</td>
<td>14,765.8</td>
<td>10,607.1</td>
<td>9,709.1</td>
</tr>
<tr>
<td>Capital expenditures–continuing operations</td>
<td>274.1</td>
<td>213.2</td>
<td>104.4</td>
<td>79.2</td>
<td>63.0</td>
</tr>
<tr>
<td>Cash provided by (used in) operating activities</td>
<td>$296.2</td>
<td>$408.7</td>
<td>$(84.2)</td>
<td>$(303.7)</td>
<td>$ 195.7</td>
</tr>
<tr>
<td>Salaried employees</td>
<td>22,078</td>
<td>17,795</td>
<td>17,344</td>
<td>17,564</td>
<td>19,259</td>
</tr>
<tr>
<td>Craft/hourly employees</td>
<td>15,482</td>
<td>17,041</td>
<td>17,455</td>
<td>11,447</td>
<td>25,550</td>
</tr>
<tr>
<td><strong>Total employees</strong></td>
<td>37,560</td>
<td>34,836</td>
<td>34,799</td>
<td>29,011</td>
<td>44,809</td>
</tr>
</tbody>
</table>

In September 2001, the company adopted a plan to dispose of certain non-core construction equipment and temporary staffing businesses. The assets, liabilities and results of operations of non-core businesses for all periods presented have been reclassified and are presented as discontinued operations.
OFFICERS

Alan L. Boeckmann
Chairman of the Board and
Chief Executive Officer (1979)

David T. Seaton
Senior Vice President, Global
Sales and Marketing (1985)

D. Michael Steuert
Senior Vice President and
Chief Financial Officer (2001)

Senior Officers

Ray F. Barnard
Vice President and Chief
Information Officer (2000)

Other Corporate Officers

Dave Marventano
Senior Vice President,

Joanna M. Oliva
Vice President and Treasurer
(2001)

Richard P. Carter
President, Fluor Constructors
International (1983)

Victor L. Prechtl
Vice President and Controller
(1981)

This officer information is for the period ending
December 31, 2006. See discussion on page 40
of Form 10-K regarding executive officers as of
March 1, 2007. Years in parentheses indicate the
year each officer joined the company.

David E. Constable
Group President, Power (1982)

Other Corporate Officers

Stephen B. Dobbs
Group President, Industrial &
Infrastructure (1980)

Jeffery L. Faulk
Group President, Energy &
Chemicals (1973)

Lawrence N. Fisher
Chief Legal Officer and
Secretary (1974)

Garry W. Flowers
Senior Vice President, HSE,
Security & Industrial Relations
(1978)

H. Steven Gilbert
Senior Vice President, Human
Resources and Administration
(1970)

K. D. Grimes
Group President, Global
Services (1980)

John L. Hopkins
Group President, Government
(1984)
BOARD OF DIRECTORS

(From left to right):

Dr. Peter S. Watson
President and Chief Executive Officer of Dwight Group (2005) (3) (4)

Peter J. Fluor
Fluor’s lead independent director; Chairman and Chief Executive Officer of Texas Crude Energy, Inc.; Director of Cameron International Corporation and Devon Energy Corporation (1984) (1) (3) (4)

Dr. Suzanne H. Woolsey
Former Chief Communications Officer for the National Academies; Trustee of Van Kampen Funds, Inc. (2004) (2) (3)

James T. Hackett
Chairman of the Board, President and Chief Executive Officer of Anadarko Petroleum Corporation; Director of Temple-Inland, Inc. (2001) (2) (4)

Kent Kresa
Chairman Emeritus and former Chairman and Chief Executive Officer of Northrop Grumman Corporation; Director of Avery Dennison Corporation, General Motors Corporation and MannKind Corporation (2003) (2) (4)

Dean R. O’Hare
Retired Chairman and Chief Executive Officer of The Chubb Corporation; Director of AGL Resources and H.J. Heinz Company (1997) (1) (2) (3)

Vilma S. Martinez
Partner at the law firm of Munger, Tolles & Olson; Director of Anheuser-Busch Companies, Inc. and Burlington Northern Santa Fe Corporation (1993) (3)

Admiral Joseph W. Prueher
U.S. Navy (retired), Professor and Senior Advisor, Stanford University; Former U.S. Ambassador to the People’s Republic of China; Director of Merrill Lynch & Co., Inc., Emerson Electric Co., DynCorp International Inc. and The Wornick Company (2003) (3) (4)

Alan L. Boeckmann
Chairman of the Board and Chief Executive Officer; Director of Burlington Northern Santa Fe and Archer Daniels Midland Company (2001) (1)

Lord Robin W. Renwick
Vice Chairman, JPMorgan Cazenove, Vice Chairman, Investment Banking, J.P. Morgan (Europe), Former British Ambassador to the United States of America (1991-95); Director of Compagnie Financiere Richemont AG, SAB Miller Plc. and Kazakhmys Plc. (1997) (1) (2) (3)

Years in parentheses indicate the year each director was elected to the board.

(1) Executive Committee — Alan L. Boeckmann, Chairman; (2) Audit Committee — Dean R. O’Hare, Chairman;
(3) Governance Committee — Lord Robin W. Renwick, Chairman; (4) Organization and Compensation Committee — Peter J. Fluor, Chairman
The graph to the right depicts the company’s total return to shareholders from January 1, 2001, through December 31, 2006, relative to the performance of the S&P 500 Composite Index and the Dow Jones Heavy Construction Industry Group Index (“DJ Heavy”), which is a published industry index. This graph assumes the investment of $100 on January 1, 2001, in each of Fluor Corporation, the S&P 500 Composite Index, and the Dow Jones Heavy Construction Industry Group Index, and the reinvestment of dividends paid since that date.

Comparison of 5-Year Cumulative Total Return

<table>
<thead>
<tr>
<th>Year</th>
<th>Fluor</th>
<th>S&amp;P 500</th>
<th>DJ Heavy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$100.00</td>
<td>$100.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>2002</td>
<td>$76.58</td>
<td>$78.03</td>
<td>$83.12</td>
</tr>
<tr>
<td>2003</td>
<td>$110.16</td>
<td>$100.16</td>
<td>$112.42</td>
</tr>
<tr>
<td>2004</td>
<td>$153.27</td>
<td>$110.92</td>
<td>$135.33</td>
</tr>
<tr>
<td>2005</td>
<td>$219.03</td>
<td>$116.28</td>
<td>$194.82</td>
</tr>
<tr>
<td>2006</td>
<td>$233.74</td>
<td>$134.43</td>
<td>$242.02</td>
</tr>
</tbody>
</table>
Independent Registered Public Accounting Firm
Ernst & Young LLP
2100 Ross Avenue
Suite 1500
Dallas, TX 75201

Annual Shareholders’ Meeting
Annual report and proxy statement are mailed on or about March 16, 2007. Fluor’s annual meeting of shareholders will be held at 9:00 a.m. CDT on May 2, 2007, at Hotel Crescent Court, Gallery Ballroom, 400 Crescent Court, Dallas, Texas.

Stock Trading
Fluor’s stock is traded on the New York Stock Exchange. Common stock domestic trading symbol: FLR.

Company Contacts
Shareholders may call (888) 432-1745
Shareholder Services:
Lawrence N. Fisher (469) 398-7221
Investor Relations:
Kenneth H. Lockwood (469) 398-7220

Duplicate Mailings
Shares owned by one person but held in different forms of the same name result in duplicate mailing of shareholder information at added expense to the company. Such duplication can be eliminated only at the direction of the shareholder. Please notify Mellon Investor Services in order to eliminate duplication.

Proxy Voting
Shareholders may vote their proxies 24 hours a day, 7 days a week. Please refer to your proxy card for control number and complete instructions. Shareholders outside the United States and Canada must vote via the Internet or by mail.

Electronic Delivery of Annual Report and Proxy Statements
Register for this online service! For your convenience, we are offering you, as a Fluor shareholder, the option of viewing future Fluor Annual Reports and Proxy Statements on the Internet. You can access them at your convenience and easily print them if you wish. The best part is that you will receive the information earlier than ever before.

Please visit investor.fluor.com to register and learn more about this cost-effective feature.

Fluor is a registered service mark of Fluor Corporation. Del-Jen is a registered service mark of Del-Jen, Inc. TRS is a registered service mark of TRS Staffing Solutions, Inc. AMECO is a registered service mark of American Equipment Company. Site Services and Fleet Outsourcing are service marks of American Equipment Company. Fluor Constructors International, Inc., J.A. Jones, Plant Performance Services and UpFRONT are service marks of Fluor Corporation. P2S is a service mark of Plant Performance Services LLC.