

FLUOR CORP
Form 10-K
February 18, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2015

or

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

For the transition period from

to

Commission file number: 1-16129

FLUOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

33-0927079

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

6700 Las Colinas Boulevard

Irving, Texas

(Address of principal executive offices)

75039

(Zip Code)

469-398-7000

(Registrant's telephone number, including area code)

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

Title of Each Class

Common Stock, \$.01 par value per share

Name of Each Exchange on Which Registered

New York Stock Exchange

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

None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer 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 June 30, 2015, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$7.7 billion based on the closing sale price as reported on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 11, 2016
Common Stock, \$.01 par value per share	138,917,663 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2016 (Proxy Statement)	Part III

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For the Fiscal Year Ended December 31, 2015**

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Forward-Looking Information

From time to time, Fluor® Corporation makes certain comments and disclosures in reports and statements, including this annual report on Form 10-K, or statements are made by its officers or directors, that, while based on reasonable assumptions, may be forward-looking in nature. Under the Private Securities Litigation Reform Act of 1995, a "safe harbor" may be provided to us for certain of these forward-looking statements. We wish to caution readers that forward-looking statements, including disclosures which use words such as 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.

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, our actual results may differ materially from our expectations or projections. While most risks affect only future cost or revenue anticipated by us, some risks may relate to accruals that have already been reflected in earnings. Our failure to receive payments of accrued revenue or to incur 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.

These factors include those referenced or described in this Annual Report on Form 10-K (including in "Item 1A. Risk Factors"). We cannot control such risk factors and other uncertainties, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. You should consider these risks and uncertainties when you are evaluating us and deciding whether to invest in our securities. Except as otherwise required by law, we undertake no obligation to publicly update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

Defined Terms

Except as the context otherwise requires, the terms "Fluor" or the "Registrant" as used herein are references to Fluor Corporation and its predecessors and references to the "company," "we," "us," or "our" as used herein shall include Fluor Corporation, its consolidated subsidiaries and divisions.

PART I

Item 1. Business

Fluor Corporation was incorporated in Delaware on September 11, 2000 prior to a reverse spin-off transaction involving the company's coal business. However, through our predecessors, we have been in business for over a century. Our principal executive offices are located at 6700 Las Colinas Boulevard, Irving, Texas 75039, and our telephone number is (469) 398-7000.

Our common stock currently trades on the New York Stock Exchange under the ticker symbol "FLR".

Fluor Corporation is a holding company that owns the stock of a number of subsidiaries. Acting through these subsidiaries, we are one of the largest professional services firms providing engineering, procurement, construction, fabrication and modularization, commissioning and maintenance as well as project management services on a global basis. We are an integrated solutions provider for our clients in a diverse set of industries worldwide including oil and gas, chemicals and petrochemicals, transportation, mining and metals, power, life sciences and manufacturing. We are also a service provider to the U.S.

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federal government and governments abroad; and we perform operations and maintenance activities globally for major industrial clients.

Our business is aligned into five principal segments. The five segments are Oil & Gas, Industrial & Infrastructure, Government, Global Services and Power. Fluor Constructors International, Inc., which is organized and operates separately from the rest of our business, provides unionized management and construction services in the United States and Canada, both independently and as a subcontractor on projects in each of our segments. Financial information on our segments, as defined under accounting principles generally accepted in the United States, is set forth on page F-46 of this annual report on Form 10-K under the caption "Operating Information by Segment," which is incorporated herein by reference.

Competitive Strengths

As an integrated world class solutions provider of engineering, procurement, construction, fabrication, maintenance and project management services, we believe that our business model allows us the opportunity to bring to our clients on a global basis capital efficient business offerings that combine excellence in execution, safety, cost containment and experience. In that regard, we believe that our business strategies, which are based on certain of our core competencies, provide us with some significant competitive advantages:

Excellence in Execution Given our proven track record of project completion and client satisfaction, we believe that our ability to design, engineer, construct, commission and manage complex projects often in geographically challenging locations gives us a distinct competitive advantage. We strive to complete our projects meeting or exceeding all client specifications. In an increasingly competitive environment, we are also continually emphasizing cost and schedule controls so that we meet our clients' performance requirements as well as their schedule and budgetary needs.

Financial Strength We believe that we are among the most financially sound companies in our industry. We strive to maintain a solid financial condition, placing an emphasis on having a strong balance sheet and an investment grade credit rating. Our financial strength provides us a valuable competitive advantage in terms of access to surety bonding capacity and letters of credit which are critical to our business. Our strong balance sheet also allows us to fund our strategic initiatives, pay dividends, repurchase stock, pursue opportunities for growth and better manage unanticipated cash flow variations.

Safety One of our core values and a fundamental business strategy is our constant pursuit of safety. The maintenance of a safe and secure workplace is a key business driver for us and our clients. In the areas in which we provide our services, we have delivered and continue to deliver excellent safety performance, with our safety record being better than the industry average. In our experience, whether in an office or at a job-site, a safe environment decreases risks, assures a proper environment for all workers, enhances their morale and improves their productivity, reduces project cost and generally improves client relations. We believe that our safety record is one of our most distinguishing features.

Global Execution Platform As the largest U.S.-based, publicly-traded engineering, procurement, construction, fabrication and maintenance company, we have a global footprint with employees situated throughout the world. Our global presence allows us to build local relationships that permit us to capitalize on opportunities near these locations. It also allows us to mobilize quickly to project sites around the world.

Market Diversity The company serves multiple markets across a broad spectrum of industries across the globe and offers a wide variety of engineering, procurement, construction, fabrication and modularization, commissioning and maintenance services. We feel that our market diversity is a key strength of our company that helps to mitigate the impact of the cyclical nature in the markets we serve. Just as important, our concentrated attention on market diversification allows us to achieve more consistent growth and deliver solid returns. We believe that our continued strategy of maintaining a good mixture within our entire business portfolio permits us to both focus on our more stable business markets and to

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capitalize on developing our cyclical markets when the timing is appropriate. This strategy also allows us to better weather any downturns in a specific market by emphasizing markets that are strong.

Client Relationships Our culture is based on putting the customer at the center of everything we do. We actively pursue relationships with new clients while at the same time building on our long-term relationships with existing clients. We continue to believe that long-term relationships with existing, sometimes decades-old, clients serves us well by allowing us to better understand and be more responsive to their requirements. Regardless of whether our clients are new or have been with us for many years, our ability to successfully foster relationships is a key driver to the success of our business.

Risk Management We believe that our ability to assess, understand, gauge, mitigate and manage project risk, especially in difficult locations or circumstances or in a complicated contracting environment, provides us with a proven ability to deliver the project certainty our clients demand. We have an experienced management team, and utilize a systematic and disciplined approach towards managing risks. We believe that our comprehensive risk management approach allows us to better control costs and schedule, which in turn leads to clients who are satisfied with the delivered product.

Integrated Solutions Through our integrated solutions offering, we can deliver to clients our broad range of engineering, procurement, construction, fabrication, equipment services, maintenance and management services and offerings in an integrated package. This approach spans the entire lifecycle of a project from initial scoping and front end engineering to construction, fabrication, equipment and supply chain to post-completion operations and maintenance thereby allowing us to bring our full breadth of resources to better solve client challenges and create opportunities. Our integrated solutions approach allows us to exercise better overall control of a project, in collaboration with our clients, which in turn results in more predictable and profitable results while enhancing the value, safety and efficiencies we can bring to a project. We believe we are one of the few industry players who have the capability to deliver integrated solutions to our client, which we believe is a clear differentiator for us.

General Operations

Our services fall into six broad categories: engineering, procurement, construction, fabrication, maintenance and project management. We offer these services independently as well as on a fully integrated basis. Our services can range from basic consulting activities, often at the early stages of a project, to complete design-build and maintenance contracts.

In engineering, our expertise ranges from traditional engineering disciplines such as piping, mechanical, electrical, control systems, civil, structural and architectural to advanced engineering specialties including process engineering, chemical engineering, simulation, enterprise integration, integrated automation processes and interactive 3-D modeling. As part of these services, we often provide master planning and conceptual design services, which allow us to align each project's function, scope, cost and schedule with the client's objectives in order to optimize project success. Also included within these services are such activities as feasibility studies, project development planning, technology evaluation, risk management assessment, global siting, constructability reviews, asset optimization and front-end engineering.

Our procurement organization offers traditional procurement services as well as supply chain solutions aimed at improving product quality and performance while also reducing project cost and schedule. Our clients benefit from our global sourcing and supply expertise, global purchasing power, technical knowledge, processes, systems and experienced global resources. Our traditional procurement activities include strategic sourcing, material management, contracts management, buying, expediting, supplier quality inspection and logistics.

In construction, we mobilize, execute, commission and demobilize projects on a self-perform or subcontracted basis. Generally, we are responsible for the completion of a project, often in difficult locations and under challenging circumstances. We are frequently designated as a program manager, where a client has facilities in multiple locations, complex phases in a single project

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location, or a large-scale investment in a facility. Depending upon the project, we often serve as the primary contractor or we may act as a subcontractor to another party.

We also provide a variety of fabrication and modularization services, including integrated engineering and modular fabrication and assembly, modular construction and asset support services. We offer a range of options designed to meet the specific needs of our clients. By operating self-perform fabrication yards in key regions of the world, our off-site fabrication solutions help our clients achieve cost and schedule savings by reducing on-site craft needs and shifting work to inherently safer and more controlled work environments.

Under our operations and maintenance contracts, our clients ask us to operate and maintain large, complex facilities for them. We do so through the delivery of total maintenance services, facility management, plant readiness, commissioning, start-up and maintenance technology, small capital projects, turnaround and outage services, all on a global basis. Among other things, we can provide key management, staffing and management skills to clients on-site at their facilities. Our operations and maintenance activities also include routine and outage/turnaround maintenance services, general maintenance and asset management, emissions reduction technologies and services, and restorative, repair, predictive and prevention services. In December 2015, we announced the acquisition of Stork Holding B.V, a global provider of maintenance, modification and asset integrity services. Through this acquisition, we will significantly increase our operations and maintenance business while also enhancing our integrated solutions capabilities. This transaction is expected to close in the spring of 2016.

Project management, the primary responsibility of managing all aspects of the effort to deliver projects on schedule and within budget, is required on every project. We are often hired as the overall program manager on large complex projects where various contractors and subcontractors are involved and multiple activities need to be integrated to ensure the success of the overall project. Project management services include logistics, development of project execution plans, detailed schedules, cost forecasts, progress tracking and reporting, and the integration of the engineering, procurement and construction efforts. Project management is accountable to the client to deliver the safety, functionality and financial performance requirements of the project.

We operate in five principal business segments, as described below.

Oil & Gas

Through our Oil & Gas segment, we have long served the global oil and gas production, processing, and chemical and petrochemical industries, as an integrated solutions provider offering a full range of design, engineering, procurement, construction, fabrication and project management services to a broad spectrum of energy-related industries. We serve a number of specific industries including chemicals and petrochemicals, downstream refining, pipelines, upstream oil and gas production, liquefied natural gas ("LNG") and offshore production. While we perform projects that range greatly in size and scope, we believe that one of our distinguishing features is that we are one of the few companies that have the global strength and experience to perform extremely large projects in difficult locations. As the locations of large scale oil, gas and chemicals projects have become more challenging geographically, geopolitically or otherwise, we believe that clients will continue to look to us based upon our size, strength, global reach, experience and track-record to manage their complex projects.

As the global economy becomes increasingly competitive, clients are placing more emphasis on capital efficient project execution. Also, in many of the countries where we work, clients are requiring more local content in their projects by mandating use of in-country talent and procurement of in-country goods and services. To meet these challenges, we continue to expand our footprint in growth regions by establishing local offices, forming strategic alliances with local partners, and emphasizing local training programs. We are also increasing our use of distributed execution centers such as our offices in Manila, Cebu and New Delhi where we can continue to provide superior services on a very cost-efficient basis.

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With each specific project, our role can vary. We may be involved in providing front-end engineering, program management and final design services, construction management services, self-perform construction, or oversight of other contractors and we may also assume responsibility for the procurement of materials, equipment and subcontractors. We have the capacity to design and construct new facilities, upgrade, revamp and expand existing facilities, and rebuild facilities following fires and explosions. We also provide consulting services ranging from feasibility studies to process assessment to project finance structuring and studies.

In the upstream sector, our clients need to develop additional and new sources of supply. Our typical projects in the upstream sector revolve around the production, processing and transporting of oil and gas resources, including the development of infrastructure associated with major new fields and pipelines, as well as LNG projects. We are also involved in offshore production facilities and in conventional and unconventional gas projects in various geographical locations.

In the downstream sector, we continue to pursue significant global opportunities relating to refined products. Our clients are modernizing and modifying existing refineries to increase capacity and satisfy environmental requirements. We continue to play a strong role in each of these markets. We also remain focused on markets, such as clean fuels, where an increasing number of countries are implementing stronger environmental standards.

In the chemicals and petrochemicals market, we have been very active for several years with major projects involving the expansion of ethylene based derivatives. The most active markets have been in the United States, Middle East and Asia, where there is significant demand for chemical products.

With our partner Grupo ICA, we maintain a joint venture known as ICA Fluor, through which we continue to participate in the Mexican and Central American oil, gas, power, chemical and other markets.

We are also focused on meeting the fabrication and modularization needs of our clients through a range of on-site and off-site options. We provide self-perform fabrication, integrated modular engineering fabrication and assembly, modular construction and asset support services to customers around the globe from our joint venture yards in Mexico, the Philippines, Russia and Canada. In 2015, we entered into a joint venture agreement to create an entity known as COOEC Fluor Heavy Industries Co., Ltd. ("CFHI"), which will provide us with the ability to produce cost effective and very large fabrication solutions to both the on-shore and off-shore markets, in a world-class, state-of-art facility located near Zhuhai, China. Through our procurement services, we also provide clients access to many independent fabrication facilities throughout the world.

Industrial & Infrastructure

The Industrial & Infrastructure segment provides design, engineering, procurement, construction, operations and maintenance and project management services to the transportation, commercial and institutional, manufacturing, life sciences, mining and metals, telecommunications, microelectronics and water sectors. These projects often require application of our clients' state-of-the-art processes and intellectual knowledge. We focus on providing our clients with capital efficiencies through solutions that seek to reduce costs and compress delivery schedules. By doing so, we are able to complete our clients' projects on a quick and more cost efficient basis. In addition, we also work closely with clients in these and other sectors, including clients in the oil and gas and chemicals industries, by providing operations and maintenance services to help them achieve operational improvements at new or existing facilities thereby allowing our clients to remain focused on their core business functions.

In transportation, we focus on infrastructure projects, such as roads, highways, bridges and rail, with particular interest in large, complex projects. We provide a broad range of services including consulting, design, planning, financial structuring, engineering and construction, domestically and internationally. Our projects may involve the use of public/private partnerships, which allow us to develop and finance deals in concert with public entities for projects such as toll roads and rail lines that would not have otherwise been undertaken, had only public funding been available. And, from time to time, we may also be an equity

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investor in such public/private partnership projects. As the global population continues to grow (especially in emerging countries) and existing infrastructure continues to age (especially in developed countries), we have won and will continue to pursue transportation projects on a global basis.

In manufacturing, we provide design, engineering, procurement, consulting, construction and construction management services to a wide variety of industries.

In life sciences, we provide design, engineering, procurement, construction and construction management services to the pharmaceutical and biotechnology industries. We also specialize in providing validation and commissioning services where we not only bring new facilities into production but we also keep existing facilities operating. The ability to complete projects on a large scale basis, especially in a business where time to market is critical, allows us to better serve our clients and is a key competitive advantage.

In mining and metals, we provide a full range of services to the iron ore, copper, diamond, gold, nickel, alumina, aluminum and other commodity-based industries. These services include feasibility studies through detailed engineering, design, procurement, construction, and commissioning and start-up support. We see many of these opportunities being developed in extreme altitudes, topographies and climates, such as the Andes Mountains, Mongolia, Western Australia and Africa. We are one of the few companies with the size and experience to execute large scale mining and metals projects in these difficult locations.

Activities in the operations and maintenance markets include providing facility start-up and management, plant and facility maintenance, operations support and asset management services to the oil and gas, chemicals, life sciences, mining and metals, consumer products and manufacturing industries. We are a leading supplier of operations and maintenance services, providing our service offerings both domestically and internationally. This business often benefits from large projects that originate in another of our segments which can lead to long-term maintenance or operations opportunities. Conversely, our long-term maintenance contracts can lead to larger capital projects for our other business segments when that need arises.

Government

Our Government segment is a provider of engineering, construction, logistics, base and facilities operations and maintenance, contingency response and environmental and nuclear services to the U.S. government and governments abroad. Because the U.S. and other governments are the largest purchasers of outsourced services in the world, government work represents an attractive opportunity for the company.

For the energy sector, we provide site management, environmental remediation, decommissioning, engineering and construction services and have been very successful in addressing the myriad environmental and regulatory challenges associated with these sites. Fluor performs significant activities as part of a joint venture that has responsibility for the Savannah River site near Aiken, South Carolina. Fluor-led teams are also responsible for certain decommissioning activities for the U.S. Department of Energy ("DOE"), including the Gaseous Diffusion Plants in Pike County, Ohio (Portsmouth) and Paducah, Kentucky. Additionally, a Fluor-led team is providing operations and maintenance services with the Department of Energy at the Strategic Petroleum Reserve in New Orleans, Louisiana. We are also serving government customers outside of the United States. For example, Fluor is part of a joint venture that is providing nuclear decommissioning services at 12 sites under the Magnox/Research Site Restoration Limited contract for the Nuclear Decommissioning Authority in the United Kingdom and site and lab management services for Atomic Energy of Canada Limited at Chalk River, which is Canada's largest research and development complex for science and technology.

The Government segment also provides engineering and construction services, logistics and life-support, as well as contingency operations support, to the defense sector. We support military logistical and infrastructure needs around the world. Specifically, we provide life-support, engineering, procurement, construction and logistical augmentation services to the U.S. military and coalition forces in various

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international locations, with a primary focus on the United States military-related activities in and around the Middle East and more specifically in Afghanistan and Africa. Because of our strong network of global resources, we believe we are well-situated to efficiently and effectively mobilize the resources necessary for defense operations, even in the most remote and difficult locations to both traditional and U.S. government classified customers around the world.

In combination with our subsidiary, Fluor Federal Solutions, we are a leading provider of outsourced services to the U.S. government. We provide operations and maintenance services at military bases and education and training services to the Department of Labor, particularly through Job Corps programs. In addition, we provide construction services to new and existing facilities for the U.S. military, the intelligence community and in support of foreign military sales programs.

The company is also providing support to the Department of Homeland Security. We are particularly involved in supporting the U.S. government's rapid response capabilities to address security issues and disaster relief, the latter primarily through our long-standing relationship with the Federal Emergency Management Agency.

Global Services

Consistent with our integrated solutions offerings, the Global Services segment represents a combination of other operating segments that provide a wide array of solutions to support projects across Fluor groups all over the world. Capabilities within Global Services include site equipment and tool services, industrial fleet services and staffing services.

Global Services provides Site Services® and fleet management services through AMECO®. AMECO provides integrated construction equipment, tool, and fleet service solutions to the company and third party clients on a global basis for construction projects and plant sites. AMECO supports large construction projects and plants at locations throughout North and South America, Africa, the Middle East, Australia and Southeast Asia.

Global Services serves the staffing market through TRS®. TRS is a global enterprise of staffing specialists that provides the company and third party clients with recruiting and permanent placement services and the placement of contract technical professionals.

Power

In the Power segment, we provide a full range of services to the gas fueled, solid fueled, environmental compliance, renewables, nuclear and power services markets. Our services include engineering, procurement, construction, program management, start-up and commissioning, operations and maintenance and technical services.

Through the gas fueled market, we offer a full range of services for simple and combined cycle reference plant designs, as well as integrated gasification combined cycle (IGCC) projects. In the United States, investment in gas fueled plants is continuing to improve, driven by coal-fired plant retirements and low cost gas. We are also expanding our international operations in this market.

Through the solid fueled and environmental compliance markets, we offer a full range of services for subcritical, supercritical, ultra-supercritical and circulating fluidized bed (CFB) technologies, as well as emissions reduction solutions including selective catalytic reduction (SCR), flue gas desulfurization (FGD), and particulate and mercury controls designs. As part of our environmental compliance service offering, we design, install and commission emissions reduction equipment in order to assist our clients with environmental guideline compliance which allows owners to comply with current emissions regulations. We also offer comprehensive solutions for post-combustion carbon capture and sequestration for solid fueled and gas fueled facilities on a global basis, offering our commercially demonstrated proprietary Econamine FG PlusSM CO₂ capture technology.

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In the renewables market, we offer a wide range of technology choices for solar, biomass and geothermal solutions on a global basis. For solar, we are strongly focused globally on thermal technologies such as photovoltaic (PV) as well as concentrating solar power (CSP) applications. In the biomass market, we bring proven expertise with small boiler and circulating fluidized bed technologies for projects using woody biomass and/or agricultural waste fuels.

In nuclear, we announced in January 2016 that we had entered into contracting arrangements with Westinghouse Electric Company to manage the construction workforce at nuclear power plants located in Georgia and South Carolina (the "WEC Contracts"). With these awards and our 70 years of experience in the nuclear industry, we are strategically positioned to offer our extensive experience for new build plants, capital modifications, extended power uprate (EPU) projects and operations and maintenance services on a global basis. We also continue to invest in NuScale Power, LLC ("NuScale"), an Oregon-based small modular nuclear reactor ("SMR") technology company. NuScale is a leader in the development of light water, passively safe SMRs, which we believe will provide us with significant future opportunities. In 2014, the U.S. Department of Energy and NuScale entered into a cooperative agreement whereby the government will reimburse certain NuScale research and development efforts through 2019.

Through our power services business line, we offer a variety of services to owners including fossil, renewable and nuclear plant maintenance, facility management, operations support, asset performance improvement, capital modifications and improvements, operations readiness and start-up commissioning on a global basis. We have annual maintenance and modification contracts covering full generation fleets within the utility generation market.

Additionally, we provide a solution to the transmission and distribution market in the United States and South Africa. In the U.S. market, the scope of services is focused on the design and construction of new transmission lines to connect new capacity from the renewable energy facilities to existing distribution centers.

Other Matters***Backlog***

Backlog in the engineering and construction industry is a measure of the total dollar value of work to be performed on contracts awarded and in progress. The following table sets forth the consolidated backlog of the company's segments at December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
	(in millions)	
Oil & Gas	\$ 28,796	\$ 28,493
Industrial & Infrastructure	5,600	7,194
Government ⁽¹⁾	3,560	4,741
Global Services		
Power	6,770	2,054
Total	\$ 44,726	\$ 42,482

(1) As of December 31, 2015 and 2014, total backlog includes \$912 million and \$2.1 billion, respectively, of unfunded government contracts.

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The following table sets forth our consolidated backlog at December 31, 2015 and 2014 by region:

	December 31, 2015	December 31, 2014
	(in millions)	
United States	\$ 18,167	\$ 14,424
Asia Pacific (including Australia)	2,678	3,153
Europe, Africa and Middle East	13,351	12,211
The Americas (excluding the United States)	10,530	12,694
Total	\$ 44,726	\$ 42,482

For purposes of the preceding tables, backlog for the Industrial & Infrastructure segment includes our operations and maintenance activities that have yet to be performed. U.S. government agencies operate under annual fiscal appropriations by Congress and fund various federal contracts only on an incremental basis. With respect to backlog in our Government segment, if a contract covers multiple years, we include the full contract award, whether funded or unfunded, excluding option periods. For our contingency operations, we include only those amounts for which specific task orders have been awarded. For projects related to proportionately consolidated joint ventures, we include only our percentage ownership of each joint venture's backlog.

In 2016, we expect to perform approximately 38 percent of our total backlog reported as of December 31, 2015. In comparison, during the last five years we expected to annually perform an average of 54 percent of our total year end backlog in the subsequent fiscal year. The primary reason for the expected decline in the pace of performance of our backlog in 2016 relative to the average expected pace of performance over the past five years is due to client-driven delays in the execution of our contracts. Although backlog reflects business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. Backlog is adjusted to reflect any known project cancellations, revisions to project scope and cost, and deferrals, as appropriate. Due to additional factors outside of our control, such as changes in project schedules, we cannot predict the portion of our December 31, 2015 backlog estimated to be performed annually subsequent to 2016.

For additional information with respect to our backlog, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," below.

Types of Contracts

While the basic terms and conditions of the contracts that we perform may vary considerably, generally we perform our work under two types of contracts: (a) cost reimbursable contracts and (b) fixed-price, lump-sum and guaranteed maximum contracts. In some markets, we are seeing "hybrid" contracts containing both fixed-price and cost reimbursable elements. As of December 31, 2015, the following table breaks down the percentage and amount of revenue associated with these types of contracts for our existing backlog:

	December 31, 2015	
	(in millions)	(percentage)
Cost Reimbursable	\$ 34,705	78%
Fixed-Price, Lump-Sum and Guaranteed Maximum	\$ 10,021	22%

Under cost reimbursable contracts, the client reimburses our cost of performing a project and pays us a pre-determined or fixed fee, or a fee based upon a percentage of the cost incurred in completing the project. Our profit may be in the form of a fee, a simple mark-up applied to labor cost incurred in performing the contract, or a combination of the two. The fee element may also vary. The fee may be an incentive fee based upon achieving certain performance factors, milestones or targets; it may be a fixed amount in the contract; or it may be based upon a percentage of the cost incurred.

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Our Government segment, primarily acting as a prime contractor or a major subcontractor for a number of government programs, generally performs its services under cost reimbursable contracts subject to applicable statutes and regulations. In many cases, these contracts include incentive fee arrangements. The programs in question often take many years to complete and may be implemented by the award of many different contracts. Some of our government contracts are known as indefinite delivery indefinite quantity ("IDIQ") agreements. Under these arrangements, we work closely with the government to define the scope and amount of work required based upon an estimate of the maximum amount that the government desires to spend. While the scope is often not initially fully defined or does not require any specific amount of work, once the project scope is determined, additional work may be awarded to us without the need for further competitive bidding.

Fixed-price contracts include both lump-sum contracts and negotiated fixed-price contracts. Under lump-sum contracts, we typically bid against our competitors on a contract based upon specifications provided by the client. This type of contracting presents certain inherent risks including the possibility of ambiguities in the specifications received, or economic and other changes that may occur during the contract period. Under negotiated fixed-price contracts, we are selected as contractor first, and then we negotiate price with the client. Negotiated fixed-price contracts frequently occur in single-responsibility arrangements where we perform some of the work before negotiating the total price for the project. Another type of fixed-price contract is a unit price contract under which we are paid a set amount for every "unit" of work performed. If we perform well under these types of contracts, we can benefit from cost savings; however, if the project does not proceed as originally planned, we generally cannot recover cost overruns except in certain limited situations.

Guaranteed maximum price contracts are cost reimbursable contracts except that the total fee plus the total cost cannot exceed an agreed upon guaranteed maximum price. We can be responsible for some or all of the total cost of the project if the cost exceeds the guaranteed maximum price. Where the total cost is less than the negotiated guaranteed maximum price, we may receive the benefit of the cost savings based upon a negotiated agreement with the client.

Competition

We are one of the world's largest providers of engineering, procurement, construction, fabrication, operations and maintenance services. The markets served by our business are highly competitive and, for the most part, require substantial resources and highly skilled and experienced technical personnel. A large number of companies are competing in the markets served by our business, including U.S.-based companies such as Bechtel Group, Inc., CH2M Hill Companies, Ltd., Jacobs Engineering Group, Inc., KBR, Inc., Kiewit Corporation, Granite Construction, Inc. and AECOM Technology Corporation, and international-based companies such as AMEC Foster Wheeler plc, Balfour Beatty, Chicago Bridge and Iron Company N.V., Chiyoda Corporation, Hyundai Engineering & Construction Company, JGC Corporation, SNC-Lavalin Group, Inc., Samsung Engineering, Technip and WorleyParsons Limited.

In the engineering, procurement, fabrication and construction arena, which is served by our Oil & Gas, Industrial & Infrastructure and Power segments, competition is based on an ability to provide the design, engineering, planning, management and project execution skills required to complete complex projects in a safe, timely and cost-efficient manner. Our engineering, procurement, fabrication and construction business derives its competitive strength from our diversity, excellence in execution, reputation for quality, technology, cost-effectiveness, worldwide procurement capability, project management expertise, geographic coverage, ability to meet client requirements by performing construction on either a union or an open shop basis, ability to execute projects of varying sizes, strong safety record and lengthy experience with a wide range of services and technologies. In the operations and maintenance markets, barriers to entry are both financially and logistically low, with the result that the industry is highly fragmented with no single company being dominant. Competition in those markets is generally driven by reputation, price and the capacity to perform.

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The various markets served by the Global Services segment, while having some similarities to the construction and procurement arena, tend also to have discrete issues impacting individual units. Each of the markets we serve has a large number of companies competing in its markets. The equipment sector, which operates in numerous markets, is highly fragmented and very competitive, with a large number of competitors mostly operating in specific geographic areas. The competition in the equipment sector for larger capital project services is more narrow and limited to only those capable of providing comprehensive equipment, tool and management services. Temporary staffing is a highly fragmented market with over 1,000 companies competing globally. The key competitive factors in this business line are price, service, quality, breadth of service and the ability to identify and retain qualified personnel and geographical coverage.

Key competitive factors in our Government segment are primarily centered on performance and the ability to provide the design, engineering, planning, management and project execution skills required to complete complex projects in a safe, timely and cost-efficient manner.

Significant Clients

For 2015, revenue earned from agencies of the U.S. government and Exxon Mobil Corporation accounted for 12 percent and 11 percent, respectively, of our total revenue. We perform work for these clients under multiple contracts and sometimes through joint venture arrangements.

Raw Materials

The principal products we use in our business include structural steel, metal plate, concrete, cable and various electrical and mechanical components. These products and components are subject to raw material (aluminum, copper, nickel, iron ore, etc.) availability and commodity pricing fluctuations, which we monitor on a regular basis. We have access to numerous global supply sources and we do not foresee any unavailability of these items that would have a material adverse effect on our business in the near term. However, the availability of these products, components and raw materials may vary significantly from year to year due to various factors including client demand, producer capacity, market conditions and specific material shortages.

Research and Development

Aside from our investment in NuScale, we generally do not engage in significant research and development efforts for new products and services and, during the past three fiscal years, we have not incurred cost for company-sponsored or client-sponsored research and development activities which would be material, special or unusual in any of our business segments. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Power" for further discussion of the operations of NuScale.

Patents

We hold patents and licenses for certain items that we use in our operations, including those held by NuScale. However, none is so essential that its loss would materially affect our business.

Environmental, Safety and Health Matters

In our business, we engage in the design, engineering, construction, construction management, fabrication and operations and maintenance at sites throughout the world. Work at some of these sites involves activities related to nuclear facilities, hazardous waste, hydrocarbon production, distribution and transport, the military and infrastructure. Some of our work can be performed adjacent to environmentally sensitive locations such as wetlands, lakes and rivers. We also contract with the U.S. federal government to remediate hazardous materials, including chemical agents and weapons, as well as to decontaminate and decommission nuclear sites. These activities can require us to manage, handle, remove, treat, transport and dispose of toxic, radioactive or hazardous substances. Significant fines, penalties and other sanctions may

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arise under environmental health and safety laws and regulations, and many of these laws call for joint and several and/or strict liability, which can render a party liable without regard to negligence or fault of such person.

We believe, based upon present information available to us, that we are generally compliant with all such environmental health and safety laws and regulations. We further believe that our accruals with respect to future environmental cost are adequate and any future cost will not have a material effect on our consolidated financial position, results of operations, liquidity, capital expenditures or competitive position. Some factors, however, could result in additional expenditures or the provision of additional accruals in expectation of such expenditures. These include the imposition of more stringent requirements under environmental laws or regulations, new developments or changes regarding site cleanup cost or the allocation of such cost among potentially responsible parties, or a determination that we are potentially responsible for the release of hazardous substances at sites other than those currently identified.

Number of Employees

The following table sets forth the number of employees of Fluor and its subsidiaries engaged in our business segments as of December 31, 2015:

	Number of Employees
Salaried Employees:	
Oil & Gas	16,503
Industrial & Infrastructure	3,461
Government	3,603
Global Services	1,340
Power	566
Other	1,722
Total Salaried	27,195
Craft and Hourly Employees	11,563
Total	38,758

The number of craft and hourly employees, who provide support throughout the various business segments, varies in relation to the number, size and phase of execution of projects we have in process at any particular time.

Executive Officers of the Registrant

The following information is being furnished with respect to the company's executive officers as of December 31, 2015:

Name	Age	Position with the Company ⁽¹⁾
Ray F. Barnard	56	Executive Vice President, Systems and Supply Chain
Jose-Luis Bustamante	52	Executive Vice President, Business Development and Strategy
Garry W. Flowers	64	Executive Vice President, Project Support Services
Glenn C. Gilkey	57	Executive Vice President, Human Resources and Administration
Carlos M. Hernandez	61	Executive Vice President, Chief Legal Officer and Secretary
Peter Oosterveer	58	Chief Operating Officer
Biggs C. Porter	62	Executive Vice President and Chief Financial Officer
David T. Seaton	54	Chairman and Chief Executive Officer
Bruce A. Stanski	55	Group President, Government

(1)

All references are to positions held with Fluor Corporation. All of the officers listed in the preceding table serve in their respective capacities at the pleasure of the Board of Directors.

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Ray F. Barnard

Mr. Barnard has been Executive Vice President, Systems and Supply Chain since June 2014. Prior to that, he was Senior Vice President and Chief Information Officer from February 2005 to February 2014 and Vice President, Information Technology from February 2002 to February 2005. Mr. Barnard joined the company in 2002.

Jose-Luis Bustamante

Mr. Bustamante has been Executive Vice President, Business Development and Strategy since February 2015. Prior to that, he was Senior Vice President of Business Development, Marketing and Strategic Planning for Oil & Gas from February 2012 to February 2015 and Vice President, Sales from August 2007 to February 2012. Mr. Bustamante joined the company in 1990.

Garry W. Flowers

Mr. Flowers has been Executive Vice President, Project Support Services since February 2014 and has also led HSE, Security and Industrial Relations since November 2003. Prior to February 2014, Mr. Flowers was Group President, Global Services from January 2012 to February 2014. From September 2009 to January 2012, he was President and CEO of Savannah River Nuclear Solutions, LLC, which contracts with the U.S. government for operations and maintenance of the Savannah River nuclear site. Prior to that, Mr. Flowers was Senior Vice President, HSE, Security and Industrial Relations from November 2003 to September 2009; and Vice President, Industrial Relations from December 1995 to November 2003. Mr. Flowers joined the company in 1978.

Glenn C. Gilkey

Mr. Gilkey has led Human Resources and Administration since June 2008. Prior to that, he was Vice President, Operations from June 2006 to June 2008 and Vice President, Engineering from January 2001 to June 2006. Mr. Gilkey joined the company in 1988 with previous service from 1981 to 1984.

Carlos M. Hernandez

Mr. Hernandez has been Chief Legal Officer and Secretary since October 2007. Prior to joining the company, he was General Counsel and Secretary of ArcelorMittal USA, Inc. from April 2005 to October 2007, and General Counsel and Secretary of International Steel Group Inc., from September 2004 to April 2005, prior to its acquisition by Mittal Steel Company. Mr. Hernandez joined the company in 2007.

Peter Oosterveer

Mr. Oosterveer has been Chief Operating Officer since February 2014. Prior to that, he was Group President, Oil & Gas from March 2009 to February 2014; Senior Vice President, Business Line Lead Chemicals from February 2008 to March 2009; Senior Vice President, Operations, from February 2007 to February 2008; and Vice President, Operations from January 2001 to February 2007. Mr. Oosterveer joined the company in 1989.

Biggs C. Porter

Mr. Porter has been Chief Financial Officer since May 2012. Prior to joining the company, he was Chief Financial Officer of Tenet Healthcare, Inc. from June 2006 to March 2012; Vice President and Corporate Controller of Raytheon Company from May 2003 to March 2006; and Vice President and Corporate Controller of TXU Corp. from December 2000 to May 2003. Mr. Porter joined the company in April 2012.

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David T. Seaton

Mr. Seaton has been Chief Executive Officer since February 2011 and Chairman since February 2012. Prior to that, he was Chief Operating Officer from November 2009 to February 2011; Senior Group President, Oil & Gas, Power and Government from March 2009 to November 2009; Group President, Oil & Gas from March 2007 to March 2009; Senior Vice President, Corporate Sales Board from September 2005 to March 2007; Senior Vice President, Chemicals Business Line from October 2004 to September 2005; and Senior Vice President, Sales for Oil & Gas from March 2002 to October 2004. Mr. Seaton joined the company in 1985.

Bruce A. Stanski

Mr. Stanski has been Group President, Government since August 2009. Prior to joining the company in March 2009, he was President, Government and Infrastructure of KBR, Inc. from August 2007 to March 2009; and Executive Vice President of KBR, Inc.'s Government and Infrastructure division from September 2005 to August 2007.

Available Information

Our website address is www.fluor.com. You may obtain free electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports on the "Investor Relations" portion of our website, under the heading "SEC Filings" filed under "Financial Information." These reports are available on our website as soon as reasonably practicable after we electronically file them with the Securities and Exchange Commission. These reports, and any amendments to them, are also available at the Internet website of the Securities and Exchange Commission, <http://www.sec.gov>. The public may also read and copy any materials we file with the Securities and Exchange Commission at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C., 20549. In order to obtain information about the operation of the Public Reference Room, you may call 1-800-732-0330. We also maintain various documents related to our corporate governance including our Corporate Governance Guidelines, our Board Committee Charters and our Code of Business Conduct and Ethics for Members of the Board of Directors on the "Sustainability" portion of our website under the heading "Corporate Governance Documents" filed under "Governance."

Item 1A. Risk Factors

We are vulnerable to the cyclical nature of the markets we serve.

The demand for our services is dependent upon the existence of projects with engineering, procurement, construction, fabrication and management needs. Current economic conditions and commodity prices have adversely affected our clients' interest in approving new projects, have reduced our clients' budgets for capital expenditures and have otherwise caused a slowdown in the services our clients require. For example, we derive a substantial portion of our revenues from companies in the oil and gas industry, a historically cyclical industry that is significantly affected by the levels and volatility of oil and gas prices. Recent and/or continuing declines in oil or natural gas prices or activities could materially adversely affect the demand for our services in our Oil & Gas segment. In both our Oil & Gas segment and mining and metals business line of the Industrial & Infrastructure segment, capital expenditures by our clients may be influenced by factors such as prevailing prices and expectations about future prices for underlying commodities, technological advances, the costs of exploration, production and delivery of product, domestic and international political, military, regulatory and economic conditions and other similar factors. In our Power segment, new order activity has continued to see relatively low demand for our services in power due to political and environmental concerns regarding coal-fired power plants and safety and environmental concerns in the nuclear sector. In our mining and metal business line of the Industrial & Infrastructure segment, new order activity has also shown continued slowing due in part to volatility in the commodities and capital markets, which have caused clients in this segment to re-evaluate their needs for future capital improvements. Industries such as these and many of the others we serve have historically

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been and will continue to be vulnerable to general downturns, which in turn could materially and adversely affect the demand for our services.

Our revenue and earnings are largely dependent on the award of new contracts which we do not directly control.

A substantial portion of our revenue and earnings is generated from large-scale project awards. The timing of project awards is unpredictable and outside of our control. Awards, including expansions of existing projects, often involve complex and lengthy negotiations and competitive bidding processes. These processes can be impacted by a wide variety of factors including a client's decision to not proceed with the development of a project, governmental approvals, financing contingencies, commodity prices, environmental conditions and overall market and economic conditions. We may not win contracts that we have bid upon due to price, a client's perception of our ability to perform and/or perceived technology advantages held by others. Many of our competitors may be more inclined to take greater or unusual risks or terms and conditions in a contract that we might not deem acceptable especially when the markets for the services we typically offer are relatively soft. Because a significant portion of our revenue is generated from large projects, our results of operations can fluctuate quarterly and annually depending on whether and when large project awards occur and the commencement and progress of work under large contracts already awarded. As a result, we are subject to the risk of losing new awards to competitors or the risk that revenue may not be derived from awarded projects as quickly as anticipated.

We may experience reduced profits or losses under contracts if costs increase above estimates.

Generally our business is performed under contracts that include cost and schedule estimates in relation to our services. Inaccuracies in these estimates may lead to cost overruns that may not be paid by our clients thereby resulting in reduced profits or losses. If a contract is significant or there are one or more events that impact a contract or multiple contracts, cost overruns could have a material impact on our reputation or our financial results, negatively impacting our financial condition, results of operations or cash flow. Approximately 22 percent of the dollar-value of our backlog is currently fixed-price contracts, where we bear a significant portion of the risk for cost overruns. Reimbursable contract types, such as those that include negotiated hourly billing rates, may restrict the kinds or amounts of costs that are reimbursable, therefore exposing us to risk that we may incur certain costs in executing these contracts that are above our estimates and not recoverable from our clients. If we fail to accurately estimate the resources and time necessary for these types of contracts, or fail to complete these contracts within the timeframes and costs we have agreed upon, there could be a material impact on our financial results as well as our reputation.

In some markets, there is a trend towards cost-reimbursable contracts with incentive fee arrangements. Typically, our incentive fees are based on achievement of target completion dates or target costs, overall safety performance, overall client satisfaction and other performance criteria. If we fail to meet such targets or achieve the expected performance standards, we may receive a lower or even zero incentive fee. In other cases, our fee will not change but we will have to continue to perform work without additional fee until the performance criteria is achieved. In both instances, this could result in lower than expected gross margins. Accordingly, for these and other reasons, there is no assurance that the contracts in our backlog, assuming they produce the revenue expected, will generate gross margins at the rates we expect or have realized in the past.

Risks under our contracts which could result in cost overruns, project delays or other problems can also include:

Difficulties related to the performance of our clients, partners, subcontractors, suppliers or other third parties;

Changes in local laws or difficulties or delays in obtaining permits, rights of way or approvals;

Unanticipated technical problems, including design or engineering issues;

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Insufficient or inadequate project execution tools and systems needed to record, track, forecast and control cost and schedule;

Unforeseen increases in or failures to properly estimate the cost of raw materials, components, equipment, labor or the inability to timely obtain them;

Delays or productivity issues caused by weather conditions;

Incorrect assumptions related to productivity, scheduling estimates or future economic conditions; and

Project modifications creating unanticipated costs or delays.

These risks tend to be exacerbated for longer-term contracts because there is increased risk that the circumstances under which we based our original cost estimates or project schedules will change with a resulting increase in costs. In many of these contracts, we may not be able to obtain compensation for additional work performed or expenses incurred, and if a project is not executed on schedule, we may be required to pay liquidated damages. In addition, these losses may be material and can, in some circumstances, equal or exceed the full value of the contract. In such events, our financial condition, results of operations or cash flow could be negatively impacted.

Our backlog is subject to unexpected adjustments and cancellations and, therefore, may not be a reliable indicator of our future revenue or earnings.

As of December 31, 2015, our backlog was approximately \$44.7 billion. Our backlog generally consists of projects for which we have an executed contract or commitment with a client and reflects our expected revenue from the contract or commitment, which is often subject to revision over time. We cannot guarantee that the revenue projected in our backlog will be realized or profitable or will not be subject to delay or suspension. Project cancellations, scope adjustments or deferrals may occur with respect to contracts reflected in our backlog and could reduce the dollar amount of our backlog and the revenue and profits that we actually earn; or, may cause the rate at which we perform on our backlog to decrease. Most of our contracts have termination for convenience provisions in them allowing clients to cancel projects already awarded to us. In addition, projects may remain in our backlog for an extended period of time. During periods of economic slowdown or decreases in commodity prices, the risk of backlog projects being suspended, delayed or cancelled generally increases. Finally, poor project or contract performance could also impact our backlog and profits. Such developments could have a material adverse effect on our business and our profits.

Intense competition in the global engineering, procurement and construction industry could reduce our market share and profits.

We serve markets that are highly competitive and in which a large number of multinational companies compete. These markets can require substantial resources and investment in technology and skilled personnel. We also see a continuing influx of non-traditional competitors offering below-market pricing while accepting greater risk. Competition can place downward pressure on our contract prices and profit margins, and may force us to accept contractual terms and conditions that are not normal or customary, thereby increasing the risk that we may have losses on such contracts. Intense competition is expected to continue in these markets, presenting us with significant challenges in our ability to maintain strong growth rates and acceptable profit margins. If we are unable to meet these competitive challenges, we could lose market share to our competitors and experience an overall reduction in our profits.

Current global economic conditions will likely affect a portion of our client base, partners, subcontractors and suppliers and could materially affect our backlog and profits.

Current global economic conditions, including a decline in commodity prices and currency devaluations, have reduced and continue to negatively impact our clients' willingness and ability to fund their projects. These conditions make it difficult for our clients to accurately forecast and plan future

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business trends and activities, thereby causing our clients to slow or even curb spending on our services, or seek contract terms more favorable to them. Our government clients may face budget deficits or financial sequestration that prohibit them from funding proposed and existing projects or that cause them to exercise their right to terminate our contracts with little or no prior notice. Furthermore, any financial difficulties suffered by our partners, subcontractors or suppliers could increase our cost or adversely impact project schedules. These economic conditions have reduced to some extent the availability of liquidity and credit to fund or support the continuation and expansion of industrial business operations worldwide. Current financial market conditions and adverse credit market conditions could adversely affect our clients', our partners' or our own borrowing capacity, which support the continuation and expansion of projects worldwide, and could result in contract cancellations or suspensions, project award and execution delays, payment delays or defaults by our clients. Our ability to expand our business would be limited if, in the future, we are unable to access sufficient credit capacity, including capital market funding, bank credit, such as letters of credit, and surety bonding on favorable terms or at all. These disruptions could materially impact our backlog and profits. Finally, our business has traditionally lagged recoveries in the general economy, and therefore may not recover as quickly as the economy as a whole.

We have international operations that are subject to foreign economic and political uncertainties and risks. Unexpected and adverse changes in the foreign countries in which we operate could result in project disruptions, increased cost and potential losses.

Our business is subject to international economic and political conditions that change (sometimes frequently) for reasons which are beyond our control. As of December 31, 2015, approximately 59 percent of our backlog consisted of revenue to be derived from projects and services to be completed outside the United States. We expect that a significant portion of our revenue and profits will continue to come from international projects for the foreseeable future.

Operating in the international marketplace exposes us to a number of risks including:

abrupt changes in foreign government policies, laws, treaties, regulations or leadership;

embargoes or other trade restrictions, including sanctions;

restrictions on currency movement;

tax increases;

currency exchange rate fluctuations;

changes in labor conditions and difficulties in staffing and managing international operations;

U.S. government policy changes in relation to the foreign countries in which we or our clients operate;

international hostilities; and

unrest, civil strife, acts of war, terrorism and insurrection.

Also, the lack of a well-developed legal system in some of the countries where we operate may make it difficult to enforce our contractual rights or to defend ourselves against claims made by others. We operate in countries where there is a significant amount of political risk including the Middle East, Kazakhstan, Russia, China, and Argentina. In addition, military action or continued unrest could impact the supply or pricing of oil, disrupt our operations in the region and elsewhere, and increase our security costs. Our level of exposure to these risks will vary on each project, depending on the location of the project and the particular stage of each such project. For example, our risk exposure with respect to a project in an early development phase, such as engineering, will generally be less than our risk exposure on a project that is in the construction phase. To the extent that our international business is affected by unexpected and adverse foreign economic and political conditions and risks, we may experience project disruptions and losses. Project disruptions and losses could significantly reduce our overall revenue and profits.

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Our use of teaming arrangements and joint ventures, which are important to our business, exposes us to risk and uncertainty because the success of those ventures depends on the satisfactory performance by our venture partners over whom we may have little or no control. The failure of our venture partners to perform their venture obligations could impose additional financial and performance obligations on us that could result in reduced profits or, in some cases, significant losses for us with respect to the venture.

In the ordinary course of business, and as has become increasingly common in our industry, we execute specific projects and otherwise conduct certain operations through joint ventures, consortiums, partnerships and other collaborative arrangements (collectively, "ventures"), including ICA Fluor and CFHI. We have various ownership interests in these ventures, with such ownership typically being proportionate to our decision-making and distribution rights. The ventures generally contract directly with the third party client; however, services may be performed directly by the venture, or may be performed by us, our partners, or a combination thereof.

Our success in many of our markets is dependent, in part, on the presence or capability of a local partner. If we are unable to compete alone, or with a quality partner, our ability to win work and successfully complete our contracts may be impacted. Differences in opinions or views between venture partners can result in delayed decision-making or failure to agree on material issues which could adversely affect the business and operations of our ventures. In many of the countries in which we engage in joint ventures, it may be difficult to enforce our contractual rights under the applicable joint venture agreement.

At times, we also participate in ventures where we are not a controlling party. In such instances, we may have limited control over venture decisions and actions, including internal controls and financial reporting which may have an impact on our business. To the extent the controlling partner makes decisions that negatively impact the joint venture, if internal control problems arise within the joint venture, or if our joint venture partner has financial or operational issues, there could be a material impact on our business, financial condition or results of operations.

From time to time in order to establish or preserve a relationship, or to better ensure venture success, we may accept risks or responsibilities for the venture which are not necessarily proportionate with the reward we expect to receive or which may differ from risks or responsibilities we would normally accept in our own operations. The success of these and other ventures also depends, in large part, on the satisfactory performance by our venture partners of their venture obligations, including their obligation to commit working capital, equity or credit support as required by the venture and to support their indemnification and other contractual obligations. If our venture partners fail to satisfactorily perform their venture obligations the venture may be unable to adequately perform or deliver its contracted services. Under these circumstances, we may be required to make additional investments and provide additional services to ensure the adequate performance and delivery by the venture of the contracted services and to meet any performance guarantees. We may also be subject to joint and several liability for our venture partners under the applicable contracts for venture projects. These additional obligations could result in reduced profits or, in some cases, increased liabilities or significant losses for us with respect to the venture, and in turn, our business and operations. In addition, a failure by a venture partner to comply with applicable laws, rules or regulations could negatively impact our business and could result in fines, penalties, suspension or in the case of government contracts even debarment.

Cyber-security breaches of our systems and information technology could adversely impact our ability to operate.

We utilize, develop, install and maintain a number of information technology systems both for us and for others. Various privacy and security laws require us to protect sensitive and confidential information from disclosure. In addition, we are bound by our client and other contracts, as well as our own business practices, to protect confidential and proprietary information (whether it be ours or a third party's information entrusted to us) from disclosure. Our computer systems face the threat of unauthorized access, computer hackers, viruses, malicious code, cyber attacks and other security incursions and system disruptions, including attempts to improperly access our confidential and proprietary information as well as the confidential and proprietary information of our clients and other business partners. While we

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endeavor to maintain industry-accepted security measures and technology to secure our computer systems, these systems and the information stored on these systems may still be subject to threats. A party who circumvents our security measures could misappropriate confidential or proprietary information, or could cause damage or interruptions to our systems. Any of these events could damage our reputation or have a material adverse effect on our business, financial condition, results of operations or cash flows.

From time to time, we are involved in litigation proceedings, potential liability claims and contract disputes which may reduce our profits.

We may be subject to a variety of legal proceedings, liability claims or contract disputes in virtually every part of the world. We engage in engineering and construction activities for large facilities where design, construction or systems failures can result in substantial injury or damage. In addition, the nature of our business results in clients, subcontractors and suppliers occasionally presenting claims against us for recovery of costs they incurred in excess of what they expected to incur, or for which they believe they are not contractually liable. We have been and may in the future be named as a defendant in legal proceedings where parties may make a claim for damages or other remedies with respect to our projects or other matters. During times of economic downturns, especially with regard to commodity-based clients, claim frequencies and amounts tend to increase. In proceedings when it is determined that we have liability, we may not be covered by insurance or, if covered, the dollar amount of these liabilities may exceed our policy limits. In addition, even where insurance is maintained for such exposure, the policies have deductibles resulting in our assuming exposure for a layer of coverage with respect to any such claims. Our professional liability coverage is on a "claims-made" basis covering only claims actually made during the policy period currently in effect. Any liability not covered by our insurance, in excess of our insurance limits or, if covered by insurance but subject to a high deductible, could result in a significant loss for us, and reduce our cash available for operations. In other legal proceedings, liability claims or contract disputes, we may be covered by indemnification agreements which may at times be difficult to enforce. Even if enforceable, it may be difficult to recover under these agreements if the indemnitor does not have the ability to financially support the indemnity. Litigation and regulatory proceedings are subject to inherent uncertainties, and unfavorable rulings could occur. If we were to receive an unfavorable ruling in a matter, our business and results of operations could be materially harmed. For further information on matters in dispute, please see "14. Contingencies and Commitments" in the Notes to Consolidated Financial Statements.

If we experience delays and/or defaults in client payments, we could suffer liquidity problems or we could be unable to recover all expenditures.

Because of the nature of our contracts, we sometimes commit resources to projects prior to receiving payments from clients in amounts sufficient to cover expenditures as they are incurred. Some of our clients may find it increasingly difficult to pay invoices for our services timely, especially as commodity prices decrease and remain low, increasing the risk that our accounts receivable could become uncollectible and ultimately be written off. In certain cases, our clients for our large projects are project-specific entities that do not have significant assets other than their interests in the project. From time to time it may be difficult for us to collect payments owed to us by these clients. In addition, client may request extension of the payment terms otherwise agreed to under our contracts. Delays in client payments may require us to make a working capital investment, which could impact our cash flows and liquidity. If a client fails to pay invoices on a timely basis or defaults in making its payments on a project in which we have devoted significant resources, there could be a material adverse effect on our results of operations or liquidity.

Our failure to recover adequately on claims against project owners, subcontractors or suppliers for payment or performance could have a material effect on our financial results.

We occasionally bring claims against project owners for additional costs exceeding the contract price or for amounts not included in the original contract price. Similarly, we present change orders and claims to our subcontractors and suppliers. If we fail to properly document the nature of change orders or claims,

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or are otherwise unsuccessful in negotiating a reasonable settlement, we could incur reduced profits, cost overruns and in some cases a loss on the project. These types of claims can often occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional cost, both direct and indirect. From time to time, these claims can be the subject of lengthy and costly proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial results.

If we guarantee the timely completion or performance standards of a project, we could incur additional cost to cover our guarantee obligations.

In some instances and in many of our fixed-price contracts, we guarantee to a client that we will complete a project by a scheduled date. We sometimes warrant that a project, when completed, will also achieve certain performance standards. From time to time, we may also assume a project's technical risk, which means that we may have to satisfy certain technical requirements of a project despite the fact that at the time of project award we may not have previously produced the system or product in question. Also, our contracts typically include limited warranties, providing assurances to clients that our completed work will meet industry standards of quality. If we subsequently fail to complete the project as scheduled, or if the project subsequently fails to meet guaranteed performance or quality standards, we may be held responsible under the guarantee or warranty provisions of our contract for cost impacts to the client resulting from any delay or the cost to cause the project to achieve the performance standards, generally in the form of contractually agreed-upon liquidated damages or an obligation to re-perform substandard work. To the extent that these events occur, the total cost of the project (including any liquidated damages we become liable to pay) could exceed our original estimates and we could experience reduced profits or, in some cases, a loss for that project.

Our project execution activities may result in liability for faulty engineering or similar professional services.

Because our projects are often technically complex, our failure to make judgments and recommendations in accordance with applicable professional standards, including engineering standards, could result in damages. Our business involves professional judgments regarding the planning, design, development, construction, operations and management of industrial facilities and public infrastructure. While we do not generally accept liability for consequential damages, and although we have adopted a range of insurance, risk management and risk avoidance programs designed to reduce potential liabilities, a catastrophic event at one of our project sites or completed projects resulting from the services we have performed could result in significant professional or product liability, warranty or other claims against us as well as reputational harm, especially if public safety is impacted. These liabilities could exceed our insurance limits or the fees we generate, or could impact our ability to obtain insurance in the future. In addition, clients, subcontractors or suppliers who have agreed to indemnify us against any such liabilities or losses might refuse or be unable to pay us. An uninsured claim, either in part or in whole, if successful and of a material magnitude, could have a substantial impact on our operations.

We are dependent upon suppliers and subcontractors to complete many of our contracts.

Much of the work performed under our contracts is actually performed by third-party subcontractors. We also rely on third-party suppliers to provide much of the equipment and materials used for projects. If we are unable to hire qualified subcontractors or find qualified suppliers, our ability to successfully complete a project could be impaired. If the amount we are required to pay for subcontractors or equipment and supplies exceeds what we have estimated, especially in a fixed-price type contract, we may suffer losses on these contracts. If a supplier or subcontractor fails to provide supplies, technology, equipment or services as required under a contract to us, our joint venture partner, our client or any other party involved in the project for any reason, or provides supplies, technology, equipment or services that are not an acceptable quality, we may be required to source those supplies, technology, equipment or

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services on a delayed basis or at a higher price than anticipated, which could impact contract profitability. In addition, faulty workmanship, equipment or materials could impact the overall project, resulting in claims against us for failure to meet required project specifications. These risks may be intensified during the current economic downturn if these suppliers or subcontractors experience financial difficulties or find it difficult to obtain sufficient financing to fund their operations or access to bonding, and are not able to provide the services or supplies necessary for our business. In addition, in instances where Fluor relies on a single contracted supplier or subcontractor or a small number of suppliers or subcontractors, if a subcontractor or supplier were to fail there can be no assurance that the marketplace can provide replacement technology, equipment, materials or services in a timely basis or at the costs we had anticipated. A failure by a third-party subcontractor or supplier to comply with applicable laws, rules or regulations could negatively impact our business and could result in fines, penalties, suspension or in the case of government contracts even debarment.

Our businesses could be materially and adversely affected by events outside of our control.

Extraordinary or force majeure events beyond our control, such as natural or man-made disasters, could negatively impact our ability to operate or increase our costs to operate. As an example, from time to time we face unexpected severe weather conditions which may result in delays in our operations; evacuation of personnel and curtailment of services; increased labor and material costs or shortages; inability to deliver materials, equipment and personnel to jobsites in accordance with contract schedules; and loss of productivity. We may remain obligated to perform our services after any such natural or man-made disasters, unless a contract provision provides us with relief from our obligations. The extra costs incurred as a result of these events may not be reimbursed by our clients. If we are not able to react quickly to such events, or if a high concentration of our projects are in a specific geographic region that suffers from a natural or man-made disaster, our operations may be significantly affected, which could have a negative impact on our operations. In addition, if we cannot complete our contracts on time, we may be subject to potential liability claims by our clients which may reduce our profits and result in losses.

Our U.S. government contracts and contracting rights may be terminated or otherwise adversely impacted at any time, and our inability to win or renew government contracts during regulated procurement processes could harm our operations and reduce our projects and revenues.

We enter into significant government contracts, from time to time, such as those contracts that we have in place with the U.S. Department of Energy and Department of Defense. U.S. government contracts are subject to various uncertainties, restrictions and regulations, including oversight audits by government representatives and profit and cost controls, which could result in withholding or delay of payments to us. U.S. government contracts are also subject to uncertainties associated with Congressional funding, including the potential impacts of budget deficits and federal sequestration. A significant portion of our business is derived as a result of U.S. government regulatory, military and infrastructure priorities. Changes in these priorities, which can occur due to policy changes or changes in the economy, could adversely impact our revenues. For example, the U.S. government has continued to close bases in Afghanistan where we have performed significant work under the Logistics Civil Augmentation Program ("LOGCAP IV"). Moreover, existing contracts we are operating under could be moved from one government department to another which could result in a termination of that contract. The U.S. government is under no obligation to maintain program funding at any specific level and funds for a program may even be eliminated. Our U.S. government clients may terminate or decide not to renew our contracts with little or no prior notice.

In addition, U.S. government contracts are subject to specific regulations such as the Federal Acquisition Regulation ("FAR"), the Truth in Negotiations Act, the Cost Accounting Standards ("CAS"), the Service Contract Act and Department of Defense security regulations. Failure to comply with any of these regulations and other government requirements may result in contract price adjustments, financial penalties or contract termination. Our U.S. government contracts are also subject to audits, cost reviews and investigations by U.S. government contracting oversight agencies such as the U.S. Defense Contract

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Audit Agency (the "DCAA"). The DCAA reviews the adequacy of and our compliance with our internal control systems and policies (including our labor, billing, accounting, purchasing, estimating, compensation and management information systems). The DCAA also has the ability to review how we have accounted for costs under the FAR and CAS. The DCAA presents its report findings to the Defense Contract Management Agency ("DCMA"). Should the DCMA determine that we have not complied with the terms of our contract and applicable statutes and regulations, or if they believe that we have engaged in inappropriate accounting or other activities, payments to us may be disallowed or we could be required to refund previously collected payments. Additionally, we may be subject to criminal and civil penalties, suspension or debarment from future government contracts, and qui tam litigation brought by private individuals on behalf of the U.S. government under the False Claims Act, which could include claims for treble damages. Furthermore, in this environment, if we have significant disagreements with our government clients concerning costs incurred, negative publicity could arise which could adversely affect our industry reputation and our ability to compete for new contracts.

Most U.S. government contracts are awarded through a rigorous competitive process. The U.S. government has increasingly relied upon multiple-year contracts with pre-established terms and conditions that generally require those contractors that have been previously awarded the contract to engage in an additional competitive bidding process for each task order issued under the contract. Such processes require successful contractors to anticipate requirements and develop rapid-response bid and proposal teams as well as dedicated supplier relationships and delivery systems to react to these needs. We face rigorous competition and significant pricing pressures in order to win these task orders. If we are not successful in reducing costs or able to timely respond to government requests, we may not win additional awards. Moreover, even if we are qualified to work on a government contract, we may not be awarded the contract because of existing government policies designed to protect small businesses and under-represented minority contractors. Our inability to win or renew government contracts during the procurement processes could harm our operations and reduce our profits and revenues.

Many of our U.S. government contracts require security clearances. Depending upon the level of clearance required, security clearances can be difficult and time-consuming to obtain. If we or our employees are unable to obtain or retain necessary security clearances, we may not be able to win new business, and our existing government clients could terminate their contracts with us or decide not to renew them, thus adversely affecting our revenues.

If one or more of our U.S. government contracts are terminated for any reason including for convenience, if we are suspended or debarred from U.S. government contract work, or if payment of our cost is disallowed, we could suffer a significant reduction in expected revenue and profits.

Employee, agent or partner misconduct or our overall failure to comply with laws or regulations could weaken our ability to win contracts, which could result in reduced revenues and profits.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one of our employees, agents or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with anti-corruption, export control and environmental regulations; federal procurement regulations, regulations regarding the pricing of labor and other costs in government contracts and regulations regarding the protection of sensitive government information; regulations on lobbying or similar activities; regulations pertaining to the internal control over financial reporting; and, various other applicable laws or regulations. The precautions we take to prevent and detect fraud, misconduct or failures to comply with applicable laws and regulations may not be effective, and we could face unknown risks or losses. Our failure to comply with applicable laws or regulations or acts of fraud or misconduct could subject us to fines and penalties, loss of security clearance and suspension or debarment from contracting with government agencies, which could weaken our ability to win contracts and have a material adverse impact on our revenues and profits.

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Changes in our effective tax rate and tax positions may vary.

We are subject to income taxes in the United States and numerous foreign jurisdictions. A change in tax laws, treaties or regulations, or their interpretation, in any country in which we operate could result in a higher tax rate on our earnings, which could have a material impact on our earnings and cash flows from operations. In addition, significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities, and our tax estimates and tax positions could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new tax accounting standards, legislation, regulations and related interpretations, our global mix of earnings, the realizability of deferred tax assets and changes in uncertain tax positions. A significant increase in our tax rate could have a material adverse effect on our profitability and liquidity.

Systems and information technology interruption, as well as new systems implementation, could adversely impact our ability to operate and our operating results.

As a global company, we are heavily reliant on computer, information and communications technology and related systems in order to operate. From time to time, we experience system interruptions and delays that may be planned for upgrades or that may be unplanned. Unplanned interruptions include natural disasters, power loss, telecommunications failures, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins and similar events or disruptions. Any of these or other events could cause system interruption, delays, loss of critical or sensitive data (including private data) or loss of funds; could delay or prevent operations (including the processing of transactions and reporting of financial results); and could adversely affect our reputation or our operating results.

We continue to evaluate the need to upgrade and/or replace our systems and network infrastructure to protect our computing environment, to stay current on vendor supported products and to improve the efficiency of our systems and for other business reasons. The implementation of new systems and information technology could adversely impact our operations by imposing substantial capital expenditures, demands on management time and risks of delays or difficulties in transitioning to new systems. And, our systems implementations may not result in productivity improvements at the levels anticipated. Systems implementation disruption and any other information technology disruption, if not anticipated and appropriately mitigated, could have a material adverse effect on our business.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials or others for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We train our personnel concerning anti-bribery laws and issues, and we also inform our partners, subcontractors, suppliers, agents and others who work for us or on our behalf that they must comply with anti-bribery law requirements. We also have procedures and controls in place to monitor compliance. We cannot assure that our internal controls and procedures always will protect us from the possible reckless or criminal acts committed by our employees or agents. If we are found to be liable for anti-bribery law violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others including our partners, agents, subcontractors or suppliers), we could suffer from criminal or civil penalties or other sanctions, including contract cancellations or debarment, and loss of reputation, any of which could have a material adverse effect on our business. Litigation or investigations relating to alleged or suspected violations of anti-bribery laws, even if ultimately such litigation or investigations demonstrate that we did not violate anti-bribery laws, could be costly and could divert management's attention away from other aspects of our business.

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We could be adversely impacted if we fail to comply with domestic and international import and export laws.

Our global operations require importing and exporting goods and technology across international borders on a regular basis. Our policies mandate strict compliance with U.S. and foreign international trade laws. To the extent we export technical services, data and products outside of the United States, we are subject to U.S. and international laws and regulations governing international trade and exports including but not limited to the International Traffic in Arms Regulations, the Export Administration Regulations and trade sanctions against embargoed countries, which are administered by the Office of Foreign Assets Control with the Department of Treasury. From time to time, we identify certain inadvertent or potential export or related violations. These violations may include, for example, transfers without required governmental authorization. A failure to comply with these laws and regulations could result in civil or criminal sanctions, including the imposition of fines, the denial of export privileges and suspension or debarment from participation in U.S. government contracts.

Past and future environmental, safety and health regulations could impose significant additional cost on us that reduce our profits.

We are subject to numerous environmental laws and health and safety regulations. Our projects can involve the handling of hazardous and other highly regulated materials, including nuclear and other radioactive materials, which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. It is impossible to reliably predict the full nature and effect of judicial, legislative or regulatory developments relating to health and safety regulations and environmental protection regulations applicable to our operations. The applicable regulations, as well as the technology and length of time available to comply with those regulations, continue to develop and change. The cost of complying with rulings and regulations, satisfying any environmental remediation requirements for which we are found responsible, or satisfying claims or judgments alleging personal injury, property damage or natural resource damages as a result of exposure to or contamination by hazardous materials, including as a result of commodities such as lead or asbestos-related products, could be substantial, may not be covered by insurance, could reduce our profits and therefore could materially impact our future operations.

In addition, risks associated with nuclear projects, due to their size, construction duration and complexity, may be increased by new and modified permitting, licensing and regulatory approvals and requirements that can be even more stringent and time consuming than similar conventional projects. Our company, along with our investment in NuScale, is subject to a number of regulations such as the U.S. Nuclear Regulatory Commission and non-U.S. regulatory bodies, such as the International Atomic Energy Commission and the European Union, which can have a substantial effect on our nuclear operations and investments. Delays in receiving necessary approvals, permits or licenses, the failure to maintain sufficient compliance programs, and other problems encountered during construction (including changes to such regulatory requirements) could significantly increase our costs or have an adverse effect on our results of operations, our return on investments, our financial position and our cash flow.

A substantial portion of our business is generated either directly or indirectly as a result of federal, state, local and foreign laws and regulations related to environmental matters. A reduction in the number or scope of these laws or regulations, or changes in government policies regarding the funding, implementation or enforcement of such laws and regulations, could significantly reduce the size of one of our markets and limit our opportunities for growth or reduce our revenue below current levels.

If we do not have adequate indemnification for our nuclear services, it could adversely affect our business and financial condition.

We provide services to the U.S. Department of Energy and the nuclear energy industry in the on-going maintenance and modification of nuclear facilities as well as decontamination and decommissioning activities of nuclear plants. The Price-Anderson Act generally indemnifies parties performing services to nuclear power plants and Department of Energy contractors; however, not all activities we engage in on behalf of our clients are covered. Thus, if the Price-Anderson Act

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indemnification protections do not apply to our services, or if the exposure occurs outside of the United States in a region that does not have protections comparable to the Price-Anderson Act, our business and financial condition could be adversely affected by our client's refusal to contract with us, by our inability to obtain commercially reasonable insurance or third party indemnification, or by the potentially significant monetary damages we could incur.

Through a joint venture, we also provide services to the United Kingdom's Nuclear Decommissioning Agency ("NDA") relating to the clean up and decommissioning of certain public sector sites in the United Kingdom. Indemnification provisions under the Nuclear Installations Act of 1965 available to nuclear site licensees, the Atomic Energy Authority and the Crown, and contractual indemnification from the NDA do not apply to every liability that we might incur while performing services for the NDA. If the Nuclear Installations Act of 1965 and contractual indemnification provisions do not apply to our services or if our exposure occurs outside of the United Kingdom, our business and financial condition could be adversely affected.

Foreign currency risks could have an adverse impact on company revenue, earnings and/or backlog.

Certain of our contracts subject us to foreign currency risk, particularly when project contract revenue is denominated in a currency different than the contract costs. In addition, our operational cash flows and cash balances, though predominately held in U.S. dollars, may consist of different currencies at various points in time in order to execute our project contracts globally and meet transactional requirements. We may attempt to minimize our exposure to foreign currency risk by obtaining contract provisions that protect us from foreign currency fluctuations and/or by implementing hedging strategies utilizing derivatives as hedging instruments. However, these actions may not always eliminate all foreign currency risk, and as a result our profitability on certain projects could be affected.

Our monetary assets and liabilities denominated in nonfunctional currencies are subject to currency fluctuations when measured period to period for financial reporting purposes. In addition, the U.S. dollar value of our backlog may from time to time increase or decrease significantly due to foreign currency volatility. We may also be exposed to limitations on our ability to reinvest earnings from operations in one country to fund our operations in other countries.

The company's reported revenue and earnings of foreign subsidiaries could be affected by foreign currency volatility. Revenue, cost and earnings of foreign subsidiaries with functional currencies other than the U.S. dollar are translated into U.S. dollars for reporting purposes. If the U.S. dollar appreciates against a foreign subsidiary's non-U.S. dollar functional currency, the company would report less revenue, cost and earnings in U.S. dollars than it would have had the U.S. dollar depreciated against the same foreign currency or if there had been no change in the exchange rate.

Our business may be negatively impacted if we are unable to adequately protect intellectual property rights.

Our success is dependent, in part, on our ability to differentiate our services through our technologies and know-how. This success includes the ability of companies in which we invest, such as NuScale to protect their intellectual property rights. We rely principally on a combination of patents, copyrights, trade secrets, confidentiality agreements and other contractual arrangements to protect our interests. However, these methods only provide a limited amount of protection and may not adequately protect our interests. This can be especially true in certain foreign countries that do not protect intellectual property rights to the same extent as the laws of the United States. We cannot provide assurances that others will not independently develop technology substantially similar to our trade secret technology or that we can successfully preserve our intellectual property rights in the future. Our intellectual property rights could be invalidated, circumvented, challenged or infringed upon. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management's attention away from other aspects of our business.

In addition, our clients or other third parties may also provide us with their technology and intellectual property. There is a risk that we may not sufficiently protect our or their information from

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improper use or dissemination and, as a result, could be subject to claims and litigation and resulting liabilities, loss of contracts or other consequences that could have an adverse impact on our business, financial condition and results of operation.

We also hold licenses from third parties which may be utilized in our business operations. If we are no longer able to license such technology on commercially reasonable terms or otherwise, our business and financial performance could be adversely affected.

Our continued success requires us to hire and retain qualified personnel.

The success of our business is dependent upon being able to attract and retain personnel, including engineers, project management and craft employees around the globe, who have the necessary and required experience and expertise, and who will perform these services at a reasonable and competitive rate. Competition for these and other experienced personnel is intense. It may be difficult to attract and retain qualified individuals with the expertise and in the timeframe demanded by our clients. In certain geographic areas, for example, we may not be able to satisfy the demand for our services because of our inability to successfully hire and retain qualified personnel. Also, it may be difficult to replace personnel who hold government granted eligibility that may be required to obtain certain government projects and/or who have significant government contract experience.

As some of our executives and other key personnel approach retirement age, we need to provide for smooth transitions, which may require that we devote time and resources to identify and integrate new personnel into these leadership roles and other key positions. If we are unable to attract and retain a sufficient number of skilled personnel or effectively implement appropriate succession plans, our ability to pursue projects may be adversely affected, the costs of executing our existing and future projects may increase and our financial performance may decline.

In addition, the cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. For example, the uncertainty of contract award timing can present difficulties in matching our workforce size with our contracts. If an expected contract award is delayed or not received, we could incur costs resulting from excess staff, reductions in staff, or redundancy of facilities that could have a material adverse impact on our business, financial conditions and results of operations.

Our employees work on projects that are inherently dangerous and in locations where there are high security risks, and a failure to maintain a safe work site could result in significant losses.

We often work on large-scale and complex projects, frequently in geographically remote or high risk locations that are subject to political, social or economic risks, or war or civil unrest. In those locations where we have employees or operations, we may expend significant efforts and incur substantial security costs to maintain the safety of our personnel. In addition, our project sites can place our employees and others near large equipment, dangerous processes or substances or highly regulated materials, and in challenging environments. Safety is a primary focus of our business and is critical to our reputation and performance. Often, we are responsible for safety on the project sites where we work. Many of our clients require that we meet certain safety criteria to be eligible to bid on contracts, and some of our contract fees or profits are subject to satisfying safety criteria. Unsafe work conditions also have the potential of increasing employee turnover, increasing project costs and raising our operating costs. If we fail to implement appropriate safety procedures and/or if our procedures fail, our employees or others may suffer injuries or even loss of life, the completion of a project could be delayed and we could experience investigations or litigation. Although we maintain functional groups whose primary purpose is to implement effective health, safety and environmental procedures throughout our company, the failure to comply with such procedures, client contracts or applicable regulations could subject us to losses and liability. And, despite these activities, in these locations and at these sites, we cannot guarantee the safety of our personnel, nor damage to or loss of work, equipment or supplies.

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We may need to raise additional capital in the future for working capital, capital expenditures and/or acquisitions, and we may not be able to do so on favorable terms or at all, which would impair our ability to operate our business or achieve our growth objectives.

Our ongoing ability to generate cash is important for the funding of our continuing operations, making acquisitions, investing in joint ventures and the servicing of our indebtedness. To the extent that existing cash balances and cash flow from operations, together with borrowing capacity under our existing credit facilities, are insufficient to make investments or acquisitions or provide needed working capital, we may require additional financing from other sources. Our ability to obtain such additional financing in the future will depend in part upon prevailing capital market conditions, as well as conditions in our business and our operating results; and those factors may affect our efforts to arrange additional financing on terms that are acceptable to us. Furthermore, if global economic, political or other market conditions adversely affect the financial institutions which provide credit to us, it is possible that our ability to draw upon our credit facilities may be impacted. If adequate funds are not available, or are not available on acceptable terms, we may not be able to make future investments, take advantage of acquisitions or other opportunities, or respond to competitive challenges.

We may be unable to win new contract awards if we cannot provide clients with letters of credit, bonds or other security or credit enhancements.

In certain of our business lines it is industry practice for customers to require surety bonds, letters of credit, bank guarantees or other forms of credit enhancement. Surety bonds, letters of credit or guarantees indemnify our clients if we fail to perform our obligations under our contracts. Historically, we have had strong surety bonding capacity due to our industry leading credit rating, but, bonding is provided at the surety's sole discretion. In addition, because of the overall limitations in worldwide bonding capacity, we may find it difficult to find sufficient surety bonding capacity to meet our total surety bonding needs. With regard to letters of credit, while we have had adequate capacity under our existing credit facilities, any capacity that may be required in excess of our credit limits would be at our lenders' sole discretion and therefore is not certain. Failure to provide credit enhancements on terms required by a client may result in an inability to compete for or win a project.

Any acquisitions, dispositions or other investments may present risks or uncertainties.

We have made and expect to continue to pursue selective acquisitions or dispositions of businesses, or investments in strategic business opportunities. We cannot provide assurances that we will be able to locate suitable acquisitions or investments, or that we will be able to consummate any such transactions on terms and conditions acceptable to us, or that such transactions will be successful. Acquisitions may bring us into businesses we have not previously conducted or jurisdictions where we have had little to no prior operations experience and thus expose us to additional business risks that are different from those we have traditionally experienced. We also may encounter difficulties identifying all significant risks during our due diligence activities or integrating acquisitions and successfully managing the growth we expect to experience from these acquisitions. We may not be able to successfully cause a buyer of a divested business to assume the liabilities of that business or, even if such liabilities are assumed, we may have difficulties enforcing our rights, contractual or otherwise, against the buyer. We may invest in companies or businesses that fail, causing a loss of all or part of our investment. In addition, if we determine that an other-than-temporary decline in the fair value exists for a company in which we have invested, we may have to write down that investment to its fair value and recognize the related write-down as an investment loss. For cases in which we are required under the equity method or the proportionate consolidation method of accounting to recognize a proportionate share of another company's income or loss, such income or loss may impact our earnings.

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Although we expect to realize certain benefits as a result of our acquisitions, there is a possibility that we may be unable to successfully integrate our businesses in order to realize the anticipated benefits of these acquisitions or do so within the intended timeframe.

As a result of recent acquisitions or acquisitions that are in progress, or those that may occur in the future, we have been and will continue to devote significant management attention and resources to integrating the business practices and operations of companies we acquire. Difficulties we may encounter in the integration process include:

A delay in the integration of management teams, strategies, operations, products and services;

Diversion of the attention of management as a result of the acquisition;

The consequences of a change in tax treatment, including the costs of integration and compliance, and the possibility that the anticipated benefits of the acquisition will not be realized;

Differences in corporate culture and management philosophies;

The ability to retain key personnel;

The challenges of integrating complex systems, technology, networks and other assets into ours in a way that minimizes any adverse effects on the business; and

Potential unknown liabilities and unforeseen increased expenses or delays associated with the acquisition, including the costs to integrate beyond current estimates.

Any of these factors could affect each company's ability to maintain business relationships or our ability to achieve the anticipated benefits of the acquisition, or could reduce our earnings or otherwise adversely affect our business and financial results.

Our actual results could differ from the assumptions and estimates used to prepare our financial statements.

In preparing our financial statements, we are required under U.S. generally accepted accounting principles to make estimates and assumptions as of the date of the financial statements. These estimates and assumptions affect the reported values of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities. Areas requiring significant estimates by our management include:

recognition of contract revenue, costs, profits or losses in applying the principles of percentage-of-completion accounting;

recognition of revenues related to project incentives or awards we expect to receive;

recognition of recoveries under contract change orders or claims;

estimated amounts for expected project losses, warranty costs, contract close-out or other costs;

collectability of billed and unbilled accounts receivable and the need and amount of any allowance for doubtful accounts;

asset valuations;

income tax provisions and related valuation allowances;

determination of expense and potential liabilities under pension and other post-retirement benefit programs; and

accruals for other estimated liabilities, including litigation and insurance revenues/reserves.

Our actual business and financial results could differ from our estimates of such results, which could have a material negative impact on our financial condition and reported results of operations.

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It can be very difficult or expensive to obtain the insurance we need for our business operations.

As part of business operations we maintain insurance both as a corporate risk management strategy and to satisfy the requirements of many of our contracts. Although in the past we have been generally able to cover our insurance needs, there can be no assurances that we can secure all necessary or appropriate insurance in the future, or that such insurance can be economically secured. For example, catastrophic events can result in decreased coverage limits, more limited coverage, increased premium costs or deductibles. We also monitor the financial health of the insurance companies from which we procure insurance, and this is one of the factors we take into account when purchasing insurance. Our insurance is purchased from a number of the world's leading providers, often in layered insurance or quota share arrangements. If any of our third party insurers fail, abruptly cancel our coverage or otherwise cannot satisfy their insurance requirements to us, then our overall risk exposure and operational expenses could be increased and our business operations could be interrupted.

We may be affected by market or regulatory responses to climate change.

Growing concerns about climate change may result in the imposition of additional environmental regulations. Legislation, international protocols or treaties, regulation or other restrictions on emissions could affect our clients, including those who (a) are involved in the exploration, production or refining of fossil fuels such as our Oil & Gas segment clients, (b) emit greenhouse gases through the combustion of fossil fuels, including some of our Power segment clients or (c) emit greenhouse gases through the mining, manufacture, utilization or production of materials or goods. Such legislation or restrictions could increase the costs of projects for us and our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for our services which could in turn have a material adverse effect on our operations and financial condition. However, legislation and regulation regarding climate change could also increase the pace of development of carbon capture and storage projects, alternative transportation, alternative energy facilities, such as wind farms, or incentivize increased implementation of clean fuel projects which could positively impact the demand for our services. We cannot predict when or whether any of these various legislative and regulatory proposals may become law or what their effect will be on us and our customers.

In the event we make acquisitions using our stock as consideration, stockholders' ownership percentage would be diluted.

We intend to grow our business not only organically but also potentially through acquisitions. One method of paying for acquisitions or to otherwise fund our corporate initiatives is through the issuance of additional equity securities. If we do issue additional equity securities, the issuance would have the effect of diluting our earnings per share and stockholders' percentage ownership.

Delaware law and our charter documents may impede or discourage a takeover or change of control.

Fluor is a Delaware corporation. Various anti-takeover provisions under Delaware law impose impediments on the ability of others to acquire control of us, even if a change of control would be beneficial to our stockholders. In addition, certain provisions of our charters and bylaws may impede or discourage a takeover. For example:

stockholders may not act by written consent;

there are various restrictions on the ability of a stockholder to call a special meeting or to nominate a director for election;
and

our Board of Directors can authorize the issuance of preferred shares.

These types of provisions in our charters and bylaws could also make it more difficult for a third party to acquire control of us, even if the acquisition would be beneficial to our stockholders. Accordingly, stockholders may be limited in the ability to obtain a premium for their shares.

Table of Contents**Item 1B. Unresolved Staff Comments**

None.

Item 2. Properties**Major Facilities**

Operations of Fluor and its subsidiaries are conducted at both owned and leased properties in domestic and foreign locations totaling approximately 7.4 million rentable square feet. Our executive offices are located at 6700 Las Colinas Boulevard, Irving, Texas. As our business and the mix of structures are constantly changing, the extent of utilization of the facilities by particular segments cannot be accurately stated. In addition, certain owned or leased properties of Fluor and its subsidiaries are leased or subleased to third party tenants. While we have operations worldwide, the following table describes the location and general character of our more significant existing facilities:

Location	Interest
United States:	
Greenville, South Carolina	Owned and Leased
Houston (Sugar Land), Texas	Leased
Irving, Texas (Corporate Headquarters)	Owned
Southern California (Aliso Viejo, Irvine and Long Beach)	Leased
Canada:	
Calgary, Alberta	Owned and Leased
Vancouver, British Columbia	Leased
Latin America:	
Buenos Aires, Argentina	Leased
Mexico City, Mexico	Leased
Santiago, Chile	Owned and Leased
Europe, Africa and Middle East:	
Al Khobar, Saudi Arabia	Owned
Amsterdam, the Netherlands	Owned
Farnborough, England	Owned and Leased
Gliwice, Poland	Owned
Johannesburg, South Africa	Leased
Asia/Asia Pacific:	
Cebu, the Philippines	Leased
Manila, the Philippines	Owned and Leased
New Delhi, India	Leased
Perth, Australia	Leased
Shanghai, China	Leased

We also lease or own a number of sales, administrative and field construction offices, warehouses and equipment yards strategically located throughout the world. In addition, through various joint ventures, we fabricate in Mexico, Canada, the Philippines and Russia and, commencing in 2016, in China.

Item 3. 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.

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For information on legal proceedings and matters in dispute, see "14. Contingencies and Commitments" in the Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the New York Stock Exchange under the symbol "FLR." The following table sets forth for the quarters indicated the high and low sales prices of our common stock, as reported in the Consolidated Transactions Reporting System, and the cash dividends paid per share of common stock.

Common Stock

	Price Range		Dividends Per Share
	High	Low	
Year Ended December 31, 2015			
Fourth Quarter	\$ 50.91	\$ 40.61	\$ 0.21
Third Quarter	\$ 53.48	\$ 40.70	\$ 0.21
Second Quarter	\$ 62.26	\$ 52.72	\$ 0.21
First Quarter	\$ 61.06	\$ 51.80	\$ 0.21
Year Ended December 31, 2014			
Fourth Quarter	\$ 69.69	\$ 55.60	\$ 0.21
Third Quarter	\$ 79.20	\$ 66.52	\$ 0.21
Second Quarter	\$ 79.93	\$ 72.70	\$ 0.21
First Quarter	\$ 83.93	\$ 73.32	\$ 0.21

Any future cash dividends will depend upon our results of operations, financial condition, cash requirements, availability of surplus and such other factors as our Board of Directors may deem relevant. See "Item 1A. Risk Factors."

At February 11, 2016, there were 138,917,663 shares outstanding and 5,180 stockholders of record of the company's common stock. The company estimates there were an additional 188,534 stockholders whose shares were held by banks, brokers or other financial institutions at February 8, 2016.

Table of Contents**Issuer Purchases of Equity Securities**

The following table provides information as of the three months ended December 31, 2015 about purchases by the company of equity securities that are registered by the company pursuant to Section 12 of the Exchange Act.

Period	Total Number of Shares Purchased⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs⁽²⁾
October 1 - October 31, 2015	744,777	\$ 44.01	744,777	4,284,549
November 1 - November 30, 2015	773,500	48.31	773,500	3,511,049
December 1 - December 31, 2015	1,698,180	47.04	1,698,180	1,812,869
Total	3,216,457	\$ 46.65	3,216,457	

(1) Consists of 3,216,457 shares of company stock repurchased and canceled by the company under its stock repurchase program for total consideration of \$150 million.

(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. As of December 31, 2015, we had 1,812,869 shares remaining available for purchase. On February 4, 2016, the Board of Directors approved an increase of 10,000,000 shares to the program. 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.

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Item 6. Selected Financial Data

The following table presents selected financial data for the last five years. This selected financial data should be read in conjunction with the consolidated financial statements and related notes included in "Item 15. Exhibits and Financial Statement Schedules." Amounts are expressed in millions, except for per share and employee information:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
CONSOLIDATED OPERATING RESULTS					
Total revenue	\$ 18,114.0	\$ 21,531.6	\$ 27,351.6	\$ 27,577.1	\$ 23,381.4
Earnings from continuing operations before taxes	726.6	1,204.9	1,177.6	733.5	1,001.8
Amounts attributable to Fluor Corporation:					
Earnings from continuing operations ⁽¹⁾	\$ 418.2	715.5	\$ 667.7	\$ 456.3	\$ 593.7
Loss from discontinued operations, net of taxes	(5.7)	(204.6)			
Net earnings ⁽¹⁾	\$ 412.5	\$ 510.9	\$ 667.7	\$ 456.3	\$ 593.7
Basic earnings (loss) per share attributable to Fluor Corporation:					
Earnings from continuing operations ⁽¹⁾	\$ 2.89	\$ 4.54	\$ 4.11	\$ 2.73	\$ 3.44
Loss from discontinued operations, net of taxes	(0.04)	(1.30)			
Net earnings ⁽¹⁾	\$ 2.85	\$ 3.24	\$ 4.11	\$ 2.73	\$ 3.44
Diluted earnings (loss) per share attributable to Fluor Corporation:					
Earnings from continuing operations ⁽¹⁾	\$ 2.85	\$ 4.48	\$ 4.06	\$ 2.71	\$ 3.40
Loss from discontinued operations, net of taxes	(0.04)	(1.28)			
Net earnings ⁽¹⁾	\$ 2.81	\$ 3.20	\$ 4.06	\$ 2.71	\$ 3.40
Cash dividends per common share declared	\$ 0.84	\$ 0.84	\$ 0.64	\$ 0.64	\$ 0.50
Return on average shareholders' equity ⁽²⁾	13.6%	20.1%	18.6%	13.0%	17.4%
CONSOLIDATED FINANCIAL POSITION					
Current assets	\$ 5,278.3	\$ 5,758.0	\$ 6,003.7	\$ 6,094.1	\$ 5,878.7
Current liabilities	2,935.4	3,330.9	3,407.2	3,887.1	3,838.2
Working capital	2,342.9	2,427.1	2,596.5	2,207.0	2,040.5
Property, plant and equipment, net	892.3	980.3	967.0	951.3	921.6
Total assets	7,631.5	8,194.4	8,323.9	8,276.0	8,268.4
Capitalization					
3.375% Senior Notes	497.5	497.0	496.6	496.2	495.7
3.5% Senior Notes	495.2	494.6			
1.5% Convertible Senior Notes		18.3	18.4	18.5	19.5
Other debt obligations		10.4	11.4	26.3	17.8
Shareholders' equity	2,997.3	3,110.9	3,757.0	3,341.3	3,395.5
Total capitalization	3,990.0	4,131.2	4,283.4	3,882.3	3,928.5
Total debt as a percent of total capitalization	24.9%	24.7%	12.3%	13.9%	13.6%
Shareholders' equity per common share	\$ 21.56	\$ 20.93	\$ 23.29	\$ 20.58	\$ 20.09
Common shares outstanding at year end					

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139.0 148.6 161.3 162.4 169.0

OTHER DATA

New awards	\$ 21,846.2	\$ 28,831.1	\$ 25,085.6	\$ 27,129.2	\$ 26,896.1
Backlog at year end ⁽³⁾	44,726.1	42,481.5	34,907.1	38,199.4	39,483.7
Capital expenditures	240.2	324.7	288.5	254.7	338.2
Cash provided by operating activities	849.1	642.6	788.9	603.8	889.7
Cash utilized by investing activities	(66.5)	(199.1)	(234.6)	(13.7)	(436.4)
Cash utilized by financing activities	(728.2)	(666.4)	(369.6)	(616.6)	(395.8)
Employees at year end					
Salaried employees	27,195	27,643	29,425	32,592	33,252
Craft/hourly employees	11,563	9,865	8,704	8,601	9,835
Total employees	38,758	37,508	38,129	41,193	43,087

(1) Net earnings attributable to Fluor Corporation in 2015 included a pre-tax pension settlement charge of \$240 million (or \$1.04 per diluted share), a pre-tax loss of \$60 million (or \$0.26 per diluted share) (including the reversal of previously

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recognized profit) resulting from forecast revisions for a large gas-fired power plant in Brunswick County, Virginia, and a pre-tax gain of \$68 million (or \$0.30 per diluted share) related to the sale of 50 percent of the company's ownership interest in its principal operating subsidiary in Spain to facilitate the formation of an Oil & Gas joint venture. Net earnings attributable to Fluor Corporation in 2015 also included an after-tax loss from discontinued operations of \$6 million (or \$0.04 per diluted share) resulting from the settlement of lead exposure cases related to the previously divested lead business of St. Joe Minerals Corporation and The Doe Run Company in Herculaneum, Missouri and the payment of legal fees incurred in connection with a pending indemnification action against the buyer of the lead business for these settlements and others. The tax effect associated with this loss was \$3 million.

Net earnings attributable to Fluor Corporation in 2014 included an after-tax loss from discontinued operations of \$205 million (or \$1.28 per diluted share) in connection with the reassessment of estimated loss contingencies related to the divested lead business. The tax effect associated with this loss was \$112 million.

Net earnings attributable to Fluor Corporation in 2013 included pre-tax income of \$57 million (or \$0.22 per diluted share) resulting from the favorable resolution of various issues with the U.S. government related to 2001 - 2013. Of this amount, \$31 million was the result of resolving challenges as to the reimbursability of certain costs, \$11 million was the result of a favorable court ruling that resolved certain disputed items and \$15 million was related to the closeout and final disposition of other matters.

Net earnings attributable to Fluor Corporation in 2012 included pre-tax charges of \$416 million (or \$1.57 per diluted share) for the Greater Gabbard Offshore Wind Farm Project ("Greater Gabbard Project"), a pre-tax gain of \$43 million (or \$0.16 per diluted share) on the sale of the company's unconsolidated interest in a telecommunications company located in the United Kingdom and tax benefits of \$43 million (\$0.25 per diluted share) associated with the net reduction of tax reserves for various domestic and international disputed items and a U.S. Internal Revenue Service ("IRS") settlement.

Net earnings attributable to Fluor Corporation in 2011 included pre-tax charges of \$60 million (or \$0.21 per diluted share) for the Greater Gabbard Project.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 34 to 52 and Notes to Consolidated Financial Statements on pages F-8 to F-50 for additional information relating to significant items affecting the results of operations for 2013 - 2015.

(2)

Return on average shareholders' equity is calculated based on net earnings from continuing operations attributable to Fluor Corporation divided by the average shareholders' equity of the five most recent quarters.

(3)

The company began including the unfunded portion of multi-year government contract new awards in its backlog as of December 31, 2013 to be more comparable to industry practice. As a result of this change, total backlog included \$912 million, \$2.1 billion and \$983 million of unfunded government contracts as of December 31, 2015, 2014 and 2013, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion and analysis is provided to increase the understanding of, and should be read in conjunction with, the Consolidated Financial Statements and accompanying Notes. 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; other non-operating income and expense items; and loss from discontinued operations. For a reconciliation of total segment profit to earnings from continuing operations before taxes, see "16. Operations by Business Segment and Geographical Area" in the Notes to Consolidated Financial Statements.

Results of Operations

Consolidated revenue for 2015 was \$18.1 billion compared to \$21.5 billion for 2014. This decrease was principally due to a significant decline in project execution activities in the mining and metals and infrastructure business lines of the Industrial & Infrastructure segment and lower revenue from project execution activities for certain large upstream projects progressing to completion in the Oil & Gas segment.

Consolidated revenue for 2014 was \$21.5 billion compared to \$27.4 billion for 2013. This decrease was primarily due to reduced volume in the mining and metals business line of the Industrial & Infrastructure segment.

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Earnings from continuing operations before taxes for 2015 decreased 40 percent to \$727 million from \$1.2 billion in 2014 primarily due to a pre-tax pension settlement charge of \$240 million (discussed below). The decrease in earnings from continuing operations before taxes in 2015 also reflected reduced contributions from the mining and metals and infrastructure business lines of the Industrial & Infrastructure segment, as well as the Power and Global Services segments. These declines were partially offset by higher contributions from the Oil & Gas segment and a \$68 million pre-tax gain related to the sale of 50 percent of the company's ownership interest in its principal operating subsidiary in Spain to facilitate the formation of an Oil & Gas joint venture.

Earnings from continuing operations before taxes for 2014 of \$1.2 billion were up modestly compared to 2013. Improved contributions from the Oil & Gas segment during 2014 were offset by lower earnings in the Industrial & Infrastructure, Government and Global Services segments. Improvements in the Oil & Gas segment were primarily due to higher project execution activities on several petrochemical projects on the Gulf Coast of the United States and various international projects in the upstream market. These improvements were offset by a lower volume of project execution activities in the mining and metals business line; a reduction in project execution activities for the Logistics Civil Augmentation Program ("LOGCAP IV") for the U.S. Army in Afghanistan, and reduced contribution from the equipment business line.

During 2015, the company settled the remaining obligations associated with the U.S. defined benefit pension plan (the "U.S. plan"). Plan participants received vested benefits from the plan assets by electing either a lump-sum distribution, roll-over contribution to other defined contribution or individual retirement plans, or an annuity contract with a third-party provider. As a result of the settlement, the company was relieved of any further obligation. During 2015, the company recorded a pension settlement charge of \$240 million which consisted primarily of unrecognized actuarial losses included in accumulated other comprehensive loss.

As discussed in Note 2 of the Notes to Consolidated Financial Statements, the company recorded a loss from discontinued operations of \$205 million (net of taxes of \$112 million) during 2014 in connection with the reassessment of estimated loss contingencies related to the lead business of St. Joe Minerals Corporation ("St. Joe") and The Doe Run Company ("Doe Run") in Herculaneum, Missouri, which are discontinued operations. 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 indemnify the company for those liabilities. During 2015, the company recorded a loss from discontinued operations of \$6 million (net of taxes of \$3 million) resulting from the settlement of lead exposure cases related to the divested lead business and the payment of legal fees incurred in connection with a pending indemnification action against the buyer of the lead business for these settlements and others.

The effective tax rate on earnings from continuing operations was 33.8 percent, 29.3 percent and 30.1 percent for 2015, 2014 and 2013, respectively. The 2015 rate was impacted unfavorably by foreign losses without a tax benefit, partially offset by benefits resulting from an IRS settlement for tax years 2004 - 2005 and the conclusion of an IRS audit for tax years 2009 - 2011. The 2014 rate was impacted favorably by the release of previously unrecognized tax positions related to the conclusion of an IRS audit for tax years 2006 - 2008, the reversal of certain valuation allowances, and the domestic production activities deduction. The 2013 rate was impacted favorably by research tax credits and the domestic production activities deduction which were partially offset by a foreign loss without a tax benefit. Factors affecting the effective tax rates for 2013 - 2015 are discussed further under "Corporate, Tax and Other Matters" below.

Diluted earnings per share from continuing operations in 2015 were \$3.89, excluding the pension settlement charge of \$1.04 per diluted share. Diluted earnings per share from continuing operations in 2015 were \$2.85, including the pension settlement charge. Diluted earnings per share from continuing operations were \$4.48 and \$4.06 in 2014 and 2013, respectively. In addition to the pension settlement charge, the decrease in 2015 earnings was driven by the lower performance of the segments noted above in the discussion of earnings from continuing operations before taxes. The impact of having fewer

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outstanding shares due to the repurchase of common stock slightly offset the reduction in earnings. The principal reason for the 2014 increase was the improved performance of the segments noted above. Other contributing factors to the 2014 increase included reduced earnings attributable to noncontrolling interests in 2014 compared to 2013, a lower share count resulting from the repurchase of common stock and a more favorable effective tax rate in 2014.

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.

The company's margins, in some cases, 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 2015 and 2014, 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 prior years. Also during 2014, the Industrial & Infrastructure segment experienced higher segment profit margin because of a significantly lower content of customer-furnished materials compared to the prior year.

The Oil & Gas segment remains well positioned for new project activity in downstream and petrochemical markets; however, declining oil prices since the latter part of 2014 have affected the timing of new awards and the pace of execution on certain existing projects. 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 LOGCAP IV in Afghanistan.

In December 2015, the company signed an agreement with U.K.-based private equity firm Arle Capital Partners to acquire 100 percent of Stork Holding B.V. ("Stork"), based in the Netherlands, for €695 million (or approximately \$755 million), including the assumption of debt and other liabilities. Stork is a global provider of maintenance, modification and asset integrity services associated with large existing industrial facilities in the oil and gas, chemicals, petrochemicals, industrial and power markets. The acquisition is expected to close in the first half of 2016 and is subject to regulatory approvals and consultation procedures. The company intends to use existing sources of liquidity, including existing lines of credit to initially finance the transaction and expects to secure long-term financing through the issuance of debt in international markets.

Consolidated new awards for 2015 were \$21.8 billion compared to \$28.8 billion in 2014 and \$25.1 billion in 2013. The Oil & Gas and Power segments were the major contributors to the new award activity during 2015. The major contributors of new award activity during 2014 were the Oil & Gas and Government segments. The Oil & Gas and Industrial & Infrastructure segments were the significant drivers of new award activity during 2013. Approximately 48 percent of consolidated new awards for 2015 were for projects located outside of the United States compared to 71 percent for 2014.

Consolidated backlog was \$44.7 billion as of December 31, 2015, \$42.5 billion as of December 31, 2014, and \$34.9 billion as of December 31, 2013. The higher backlog at the end of 2015 was primarily due to significant new awards in the Power segment, partially offset by declines in backlog in the mining and metals business line of the Industrial & Infrastructure segment and the Government segment. Backlog was negatively impacted by approximately \$3.0 billion in 2015 due to a strengthening U.S. dollar compared to most major foreign currencies. The higher backlog at the end of 2014 was primarily due to significant new awards in the Oil & Gas and Government segments, partially offset by a decline in backlog in the mining and metals business line of the Industrial & Infrastructure segment. As of December 31, 2015, approximately 59 percent of consolidated backlog related to projects located outside of the United States compared to 66 percent as of December 31, 2014.

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For a more detailed discussion of operating performance of each business segment, corporate general and administrative expense and other items, see " Segment Operations" and " Corporate, Tax and Other Matters" below.

Non-GAAP Financial Measures "Results of Operations" contains a discussion of diluted earnings per share from continuing operations, excluding certain expenses relating to the settlement of the U.S. defined benefit pension plan, that would be deemed a non-GAAP financial measure. The company believes the exclusion of this unusual item allows investors to evaluate the company's ongoing earnings and make meaningful period-over-period comparisons.

Discussion of Critical Accounting Policies and Estimates

The company's discussion and analysis of its financial condition and results of operations is based upon its Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The company's significant accounting policies are described in the Notes to Consolidated Financial Statements. The preparation of the Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Estimates are based on information available through the date of the issuance of the financial statements and, accordingly, actual results in future periods could differ from these estimates. Significant judgments and estimates used in the preparation of the Consolidated Financial Statements apply to the following critical accounting policies:

Engineering and Construction Contracts Contract revenue is recognized on the percentage-of-completion method based on contract cost incurred to date compared to total estimated contract cost. Contracts are generally segmented between types of services, such as engineering and construction, and accordingly, gross margin related to each activity is recognized as those separate services are rendered. The percentage-of-completion method of revenue recognition requires the company to prepare estimates of cost to complete for contracts in progress. In making such estimates, judgments are required to evaluate contingencies such as potential variances in schedule and the cost of materials, labor cost and productivity, the impact of change orders, liability claims, contract disputes and achievement of contractual performance standards. Changes in total estimated contract cost and losses, if any, are recognized in the period they are determined. Pre-contract costs are expensed as incurred. The majority of the company's engineering and construction contracts provide for reimbursement on a cost-plus, fixed-fee or percentage-fee basis. As of December 31, 2015, 78 percent of the company's backlog was cost reimbursable while 22 percent was for fixed-price, lump-sum or guaranteed maximum contracts. In certain instances, the company provides guaranteed completion dates and/or achievement of other performance criteria. Failure to meet schedule or performance guarantees could result in unrealized incentive fees or liquidated damages. In addition, increases in contract cost can result in non-recoverable cost which could exceed revenue realized from the projects. The company generally provides limited warranties for work performed under its engineering and construction contracts. The warranty periods typically extend for a limited duration following substantial completion of the company's work on a project. Historically, warranty claims have not resulted in material costs incurred, and any estimated costs for warranties are included in the individual project cost estimates for purposes of accounting for long-term contracts.

The company has 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. Cost, but not profit, associated with unapproved change orders is accounted for in revenue when it is probable that the cost will be recovered through a change in the contract price. In circumstances where recovery is considered

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probable, but the revenue cannot be reliably estimated, cost attributable to change orders is deferred pending determination of the impact on contract price. If the requirements for recognizing revenue for claims or unapproved change orders are met, revenue is recorded only to the extent that costs associated with the claims or unapproved change orders have been incurred. The company periodically evaluates its position and the amounts recognized in revenue with respect to all its claims. As of December 31, 2015 and 2014, the company had recorded \$30 million and \$21 million, respectively, of claim revenue for costs incurred to date and such costs are included in contract work in progress. Additional costs are expected to be incurred in future periods. The company believes the ultimate recovery of incurred and future costs related to these claims is probable in accordance with ASC 605-35-25.

Backlog in the engineering and construction industry is a measure of the total dollar value of work to be performed on contracts awarded and in progress. Although backlog reflects business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. Backlog is adjusted to reflect any known project cancellations, revisions to project scope and cost, and deferrals, as appropriate.

Engineering and Construction Partnerships and Joint Ventures Certain contracts are executed jointly through partnership and joint venture arrangements with unrelated third parties. Generally, these arrangements are characterized by a 50 percent or less ownership interest that requires only a small initial investment. The arrangements are often formed for the single business purpose of executing a specific project and allow the company to share risks and secure specialty skills required for project execution.

The company evaluates each partnership and joint venture at inception to determine if it qualifies as a variable interest entity ("VIE") under ASC 810, "Consolidation." A variable interest entity is an entity used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors who are not required to provide sufficient financial resources for the entity to support its activities without additional subordinated financial support. 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. 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 company also evaluates whether it is the primary beneficiary of each VIE 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 whether it qualifies as the primary beneficiary. The company also considers all parties that have direct or implicit variable interests when determining whether it is the primary beneficiary. In most cases, the company does not qualify as the primary beneficiary. When the company is determined to be the primary beneficiary, the VIE is consolidated. As required by ASC 810, management's assessment of whether the company is the primary beneficiary of a VIE is continuously performed.

For partnerships and joint ventures in the construction industry, unless full consolidation is required, the company generally recognizes its proportionate share of revenue, cost and profit in its Consolidated Statement of Earnings and uses the one-line equity method of accounting in the Consolidated Balance Sheet, which is a common application of ASC 810-10-45-14 in the construction industry. The most significant application of the proportionate consolidation method is in the Oil & Gas, Industrial & Infrastructure and Government segments. 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. At times, the company also executes projects through collaborative arrangements for which the company recognizes its relative share of revenue and cost.

Deferred Taxes and Uncertain Tax Positions Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the company's financial statements or tax returns. As of December 31, 2015, the company had deferred tax assets of \$751 million

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which were partially offset by a valuation allowance of \$167 million and further reduced by deferred tax liabilities of \$189 million. The valuation allowance reduces certain deferred tax assets to amounts that are more likely than not to be realized. The allowance for 2015 primarily relates to the deferred tax assets on certain net operating loss carryforwards for U.S. and non-U.S. subsidiaries. The company evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in the company's effective tax rate on future earnings.

Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. Income tax positions that previously failed to meet the more-likely-than-not threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not threshold are derecognized in the first subsequent financial reporting period in which that threshold is no longer met. The company recognizes potential interest and penalties related to unrecognized tax benefits within its global operations in income tax expense.

Retirement Benefits The company accounts for its defined benefit pension plans in accordance with ASC 715-30, "Defined Benefit Plans Pension." As required by ASC 715-30, the unfunded or overfunded projected benefit obligation is recognized in the company's financial statements. Assumptions concerning discount rates, long-term rates of return on plan assets and rates of increase in compensation levels are determined based on the current economic environment in each host country at the end of each respective annual reporting period. The company evaluates the funded status of each of its retirement plans using these current assumptions and determines the appropriate funding level considering applicable regulatory requirements, tax deductibility, reporting considerations and other factors. Assuming no changes in current assumptions, the company expects to contribute up to \$15 million to its international plans in 2016, which is expected to be in excess of the minimum funding required. If the discount rates were reduced by 25 basis points, plan liabilities would increase by approximately \$48 million.

Segment Operations

The company provides professional services in the fields of engineering, procurement, construction, fabrication and modularization, commissioning and maintenance, as well as project management services, on a global basis and serves a diverse set of industries worldwide. The five principal business segments are: Oil & Gas, Industrial & Infrastructure, Government, Global Services and Power. For more information on the business segments see "Item 1. Business" above.

Oil & Gas

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

(in millions)	Year Ended December 31,		
	2015	2014	2013
Revenue	\$ 10,040.2	\$ 11,524.6	\$ 11,620.5
Segment profit	764.5	670.2	445.8

Revenue in 2015 decreased by 13 percent compared to 2014, primarily due to reduced volume of project execution activities for certain large upstream projects that were completed or nearing completion, including a coal bed methane project in Australia and two oil sands facilities in Canada. This revenue decline was partially offset by an increase in project execution activities for numerous petrochemical projects on the Gulf Coast of the United States and downstream projects across various regions. Revenue in 2014 was essentially level with 2013 due to an increase in project execution activities for several

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petrochemical projects on the Gulf Coast of the United States offset by a reduction in project execution activities for certain large projects that were completed or progressing to completion during 2014.

Segment profit in 2015 increased 14 percent compared to 2014, primarily due to higher contributions associated with the increase in project execution activities for numerous downstream projects across various regions, which more than offset the reduced contributions from the upstream projects that were completed or nearing completion. Segment profit in 2014 increased 50 percent compared to 2013 primarily due to higher project execution activities related to several petrochemical projects on the Gulf Coast of the United States and various international projects in the upstream market.

Segment profit margin was 7.6 percent in 2015, compared to 5.8 percent in 2014 and 3.8 percent in 2013. The current year improvement was largely attributable to the continued shift in the mix of work from lower margin construction activities to higher margin engineering activities and positive contributions from the upstream projects that were completed or nearing completion. Segment profit margin in 2015 further benefited from the company's cost optimization activities. The increase in segment profit margin in 2014 was predominantly due to increased contributions from certain upstream projects that were completed or progressing to completion during 2014 and 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 as compared to the prior years.

During 2015, the company recognized a \$68 million pre-tax non-operating gain related to the sale of 50 percent of the company's ownership interest in its principal operating subsidiary in Spain to facilitate the formation of an Oil & Gas joint venture, which was excluded from segment profit above.

New awards in the Oil & Gas segment were \$11.3 billion in 2015, \$19.7 billion in 2014 and \$13.1 billion in 2013. New awards in 2015 included a refinery project in Kuwait; a large, domestic natural gas transmission project; further production and chemical work in Canada; and additional refinery projects in Europe and the United States. New awards in 2014 included a significant amount of the engineering, procurement and construction value of a liquefied natural gas facility in Canada; refinery projects in Kuwait, Malaysia, Mexico and Argentina; an oil sands project in Canada; and a petrochemical complex on the Gulf Coast of the United States. New awards in 2013 included two petrochemical facilities in North America, an upstream project in Russia, a grassroots upgrader project in Canada and additional releases on a gas processing project in Kazakhstan.

Backlog for the Oil & Gas segment was \$28.8 billion as of December 31, 2015, \$28.5 billion as of December 31, 2014 and \$20.2 billion as of December 31, 2013. The growth in backlog during 2014 resulted from the higher levels of new award activity during 2014, as mentioned above. The segment remains well positioned for new project activity, particularly in downstream and petrochemical markets; however, the continued decline in oil prices since the latter part of 2014 have affected the timing of new awards and the pace of execution on certain existing projects.

Total assets in the segment were \$1.5 billion as of December 31, 2015 and \$1.7 billion as of December 31, 2014.

Industrial & Infrastructure

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

(in millions)	Year Ended December 31,		
	2015	2014	2013
Revenue	\$ 4,070.6	\$ 5,909.8	\$ 10,987.0
Segment profit	227.4	385.6	468.0

Revenue in 2015 decreased 31 percent compared to 2014, primarily due to the reduced project execution activities in the mining and metals business line, as well as declines in the infrastructure business line. Revenue in 2014 decreased 46 percent compared to 2013, primarily due to reduced volume in the mining and metals business line.

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Segment profit decreased 41 percent in 2015 compared to 2014 due to reduced contributions from the mining and metals and infrastructure business lines, partially offset by higher contributions from the industrial services business line. Segment profit decreased 18 percent in 2014 compared to 2013 primarily due to lower contributions related to the lower project execution activities in the mining and metals business line, which was partially offset by the favorable impact of the achievement of progress milestones for certain domestic transportation projects totaling \$76 million and project close-out activities for various mining projects totaling \$70 million.

Segment profit margin in 2015 was 5.6 percent compared to 6.5 percent in 2014. The reduction in segment profit margin was primarily due to the prior period benefiting favorably from the completion of a domestic transportation project. Segment profit margin increased to 6.5 percent in 2014 from 4.3 percent in 2013 because 2013 had a significantly higher content of customer-furnished materials, which are accounted for as pass-through costs.

New awards in the Industrial & Infrastructure segment were \$3.2 billion during 2015, \$3.3 billion during 2014 and \$6.5 billion during 2013. New awards in 2015 included awards in the industrial services, mining and metals and infrastructure business lines; and included a highway project in Texas. New awards in 2014 were primarily in the mining and metals and industrial services business lines and included a large manufacturing facility in the United States. New awards in 2013 included the Tappan Zee Bridge project in New York, a road project in Texas and a new award for the continued expansion of a large copper project in Peru. The decrease in new awards since 2013 is primarily due to reduced opportunities in the mining and metals business line. This decline is attributable to the deferral of major capital investment decisions by some mining customers due to project cost escalation, softening commodity demand and project-specific circumstances. The timing of when capital investment by these mining customers could resume is uncertain, and the weakened mining market conditions could be prolonged.

Ending backlog for the segment decreased to \$5.6 billion for 2015 from \$7.2 billion for 2014 and \$10.3 billion for 2013. 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.

Total assets in the Industrial & Infrastructure segment were \$766 million as of December 31, 2015 and \$848 million as of December 31, 2014.

Government

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

(in millions)	Year Ended December 31,		
	2015	2014	2013
Revenue	\$ 2,557.4	\$ 2,511.9	\$ 2,749.1
Segment profit	83.1	92.7	161.4

Revenue in 2015 increased 2 percent compared to 2014 primarily due to the increased project execution activities for a multi-year nuclear decommissioning project in the United Kingdom (the "Magnox RSRL Project"), the Paducah Gaseous Diffusion Plant Project and the Strategic Petroleum Reserve Project, all awarded in 2014. These increases were largely offset by a reduction in project execution activities associated with LOGCAP IV in Afghanistan. Revenue in 2014 decreased 9 percent compared to 2013, primarily due to the reduction in project execution activities associated with LOGCAP IV. Revenue in 2014 benefited from project execution activities for the projects mentioned above that were awarded during 2014. Revenue in 2014 also benefited from increased volume for the Savannah River Site Management and Operating Project in South Carolina (the "Savannah River Project"), which contributed lower revenue in 2013 as a result of the federal government's budget sequestration.

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Segment profit for 2015 decreased 10 percent compared to 2014, primarily due to the decline in project execution activities for LOGCAP IV. This decline was partially offset by higher contributions from increased project execution activities for the Magnox RSRL Project, the Paducah Gaseous Diffusion Plant Project and the Strategic Petroleum Reserve Project, as well as improved contributions from a base operations support services contract. Segment profit for 2014 decreased 43 percent compared to 2013, primarily due to the resolution in the prior year of several non-recurring matters with the U.S. government that favorably affected segment profit in 2013, as well as the reduction in project execution activities for LOGCAP IV.

Segment profit margin was 3.3 percent, 3.7 percent and 5.9 percent for the years ended December 31, 2015, 2014 and 2013, respectively. The decrease in 2015 was primarily attributable to lower margin contributions from contracts awarded during 2014 and the continued decline in project execution activity on the LOGCAP IV program. The decline in 2014 was primarily attributable to the aforementioned favorable resolution of certain non-recurring matters with the U.S. government in 2013, along with lower margin contributions from contracts awarded during 2014.

New awards were \$1.4 billion during 2015, \$4.7 billion during 2014 and \$4.1 billion during 2013. New awards during 2015, which included awards for the extension of LOGCAP IV programs, as well as awards for services construction and base operations support programs, declined in comparison to prior years due to the inclusion of large multi-year nuclear decommissioning projects in new awards during both 2014 and 2013. New awards increased during 2014 primarily due to new awards for the Magnox RSRL Project, the Strategic Petroleum Reserve Project and the Paducah Gaseous Diffusion Plant Project, offset by reduced new award activity for LOGCAP IV, the Savannah River Project and a gaseous diffusion plant project in Portsmouth, Ohio.

Backlog was \$3.6 billion as of December 31, 2015, \$4.7 billion as of December 31, 2014 and \$2.4 billion as of December 31, 2013. Total backlog included \$912 million, \$2.1 billion and \$983 million of unfunded government contracts as of December 31, 2015, 2014 and 2013, respectively. The decrease in backlog in 2015 resulted from continued project execution activities on several existing projects outpacing new award activity. The increase in backlog in 2014 was primarily attributable to the same factors above that contributed to the increase in new awards.

Total assets in the Government segment were \$495 million as of December 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:

(in millions)	Year Ended December 31,		
	2015	2014	2013
Revenue	\$ 499.1	\$ 581.2	\$ 605.8
Segment profit	45.2	82.6	123.0

Revenue in 2015 decreased 14 percent compared to 2014, primarily due to volume declines in the equipment business line's operations in Mexico, Africa and Afghanistan. Revenue in 2014 decreased modestly compared to 2013 principally due to the equipment business line's reduced activities supporting mining projects in Latin America and Africa, as well as reduced volume in Afghanistan. The 2014 decline was partially offset by revenue improvement in the equipment business line's U.S. and Mexico operations.

Segment profit in 2015 decreased 45 percent compared to the prior year, principally due to volume declines in the equipment business line's operations in Afghanistan and Africa, as well as lower contributions from equipment business line operations in Latin America. Segment profit in 2014 decreased 33 percent compared to 2013, primarily as the result of reduced contributions from the equipment business line in Latin America, Afghanistan and Africa, with the slowdown of mining activities and the completion of various projects. Segment profit in 2014 was further negatively impacted by certain equipment carrying

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costs, including depreciation, that were incurred after project completion, but before the equipment was sold. These decreases in segment profit more than offset an increase in contributions from the equipment business line's operations in the United States.

Segment profit margin was 9.1 percent, 14.2 percent and 20.3 percent for the years ended December 31, 2015, 2014 and 2013, respectively. The decline in segment profit margin in 2015 was primarily attributable to the same factors discussed above that affected segment profit. The decrease in segment profit margin in 2014 was substantially due to the same factors that affected segment revenue and profit, as well as the impact of a favorable resolution of disputed amounts in the equipment and temporary staffing business line in 2013. 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 \$688 million as of December 31, 2015 and \$782 million as of December 31, 2014.

Power

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

(in millions)	Year Ended December 31,		
	2015	2014	2013
Revenue	\$ 946.7	\$ 1,004.1	\$ 1,389.2
Segment profit (loss)	(88.0)	31.3	11.7

Revenue in 2015 decreased 6 percent compared to 2014, principally due to a decrease in project execution activities for a solar energy project in California and a large gas-fired plant in Brunswick County, Virginia. The overall revenue decline was partially offset by increased project execution activities for several projects in the early stages of project execution, including a gas-fired power plant in Greensville County, Virginia and two large gas-fired power plants in South Carolina and Florida. Revenue in 2014 was 28 percent lower compared to 2013, primarily due to a decrease in project execution activities on two solar power projects in the western United States and a gas-fired power plant in Texas, all of which reached substantial completion during 2014. The overall revenue decline in 2014 was partially offset by a significant increase in project execution activities for the gas-fired power plant in Brunswick County, Virginia.

Segment profit for 2015 decreased significantly compared to 2014. Segment profit in 2015 included a loss of \$60 million (including the reversal of previously recognized profit) resulting from forecast revisions for the gas-fired power plant in Brunswick County, Virginia, and an increase in NuScale expenses, net of qualified reimbursable expenditures. The overall decline in segment profit was partially offset by increased contributions from several projects in the early stages of project execution, as mentioned above. Segment profit for 2014 increased significantly compared to 2013 principally due to greater contributions from an increase in project execution activities for the gas-fired power plant in Virginia and from the substantial completion of the gas-fired power plant in Texas, as well as reduced NuScale expenses, net of qualified reimbursable expenditures, as discussed below. The overall increase was partially offset by reduced contributions from various projects that were completed or progressing to completion during 2014, including the two solar power projects in the western United States.

Segment profit margin in 2015 decreased over 2014 due to the same factors that drove the decrease in segment profit during 2015. Segment profit margin improved during 2014 primarily due to increased contributions resulting from the substantial completion of the two solar projects and the Texas gas-fired power plant noted above and reduced NuScale expenses, net of qualified reimbursable expenditures.

The Power segment includes the operations of NuScale, which are primarily research and development activities. 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

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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 recognizes the cost-sharing award as a reduction of "Total cost of revenue" in the 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 \$80 million, \$46 million and \$53 million for 2015, 2014 and 2013, respectively.

New awards were \$6.0 billion in 2015, including a \$5.0 billion award from Westinghouse Electric Company to manage the construction workforce at two Westinghouse nuclear power plants projects in Georgia and South Carolina on a cost-plus, fixed-fee basis and a gas-fired power plant in Florida. New awards of \$1.1 billion in 2014 included a nuclear power plant maintenance project in California and a gas-fired power plant project in South Carolina. New awards of \$1.5 billion in 2013 included a natural gas-fired power plant project in Virginia. Backlog was \$6.8 billion as of December 31, 2015, \$2.1 billion as of December 31, 2014 and \$2.0 billion as of December 31, 2013.

Total assets in the Power segment were \$208 million as of December 31, 2015 and \$179 million as of December 31, 2014.

Corporate, Tax and Other Matters

Corporate For the three years ended December 31, 2015, 2014 and 2013, corporate general and administrative expenses were \$168 million, \$183 million and \$175 million, respectively. The decline in 2015 resulted primarily from reductions in stock price-driven compensation expense and organizational realignment expenses as compared to 2014. For 2014, organizational realignment expenses more than offset lower compensation expense.

Net interest expense was \$28 million, \$11 million and \$12 million for the years ended December 31, 2015, 2014 and 2013, respectively. Interest expense increased in 2015 due to the issuance of \$500 million of 3.5% Senior Notes in November 2014.

Tax The effective tax rate on earnings from continuing operations was 33.8 percent, 29.3 percent and 30.1 percent for 2015, 2014 and 2013, respectively. The 2015 rate was impacted unfavorably by foreign losses without a tax benefit, partially offset by benefits resulting from an IRS settlement for tax years 2004 - 2005 and the conclusion of an IRS audit for tax years 2009 - 2011. The 2014 rate was impacted favorably by the release of previously unrecognized tax positions related to the conclusion of an IRS audit for tax years 2006 - 2008, the reversal of certain valuation allowances, and the domestic production activities deduction. The 2013 rate was impacted favorably by research tax credits and the domestic production activities deduction which were partially offset by a foreign loss without a tax benefit.

Litigation and Matters in Dispute Resolution

See "14. Contingencies and Commitments" below in the Notes to 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 \$5.8 billion, which may be used for revolving loans and letters of credit. The company believes that for at least the next 12 months, cash generated from operations, along with its unused credit capacity of \$4.1 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 December 31, 2015, the company was in compliance with all

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its covenants related to its debt agreements. The company's total debt to total capitalization ("debt-to-capital") ratio as of December 31, 2015 was 24.9 percent compared to 24.7 percent as of December 31, 2014.

Cash Flows

Cash and cash equivalents were \$1.9 billion as of December 31, 2015 compared to \$2.0 billion as of December 31, 2014. Cash and cash equivalents combined with current and noncurrent marketable securities were \$2.4 billion as of both December 31, 2015 and 2014. Cash and cash equivalents are held in numerous accounts throughout the world to fund the company's global project execution activities. Non-U.S. cash and cash equivalents amounted to \$1.3 billion and \$1.1 billion as of December 31, 2015 and 2014, respectively. Non-U.S. cash and cash equivalents exclude deposits of U.S. legal entities that are either swept into overnight, offshore accounts or invested in offshore, short-term time deposits, to which there is unrestricted access.

In evaluating its liquidity needs, the company considers cash and cash equivalents held by its consolidated VIEs (joint ventures and partnerships). These amounts (which totaled \$290 million and \$353 million as of December 31, 2015 and 2014, respectively, as reflected in the 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 \$754 million and \$569 million as of December 31, 2015 and 2014, respectively, as reflected in the 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 financially efficient to move cash and cash equivalents between countries due to statutory dividend limitations and/or adverse tax consequences. The company did not consider any cash to be permanently reinvested overseas as of December 31, 2015 and 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 year to year 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. 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 2015, working capital decreased primarily due to a decrease in accounts receivable and contract work in progress and an increase in advance billings partially offset by an increase in prepaid income taxes. Specific factors related to these drivers include:

A decrease in accounts receivable in the Oil & Gas segment, primarily related to collections for a coal bed methane gas project in Australia.

A decrease in contract work in progress in the Oil & Gas and Industrial & Infrastructure segments that resulted primarily from normal project execution activities. A significant contributor to the

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decrease in contract work in progress in the Oil & Gas segment was a major mine replacement project in Canada.

An increase in advance billings in the Oil & Gas segment which was the result of normal project execution activities for several projects including an upstream project in Russia.

During 2014, working capital increased primarily due to an increase in accounts receivable and decreases in accounts payable and advance billings partially offset by a decrease in contract work in progress. Significant drivers of these fluctuations were:

An increase in accounts receivable in the Oil & Gas segment. The higher accounts receivable balance in 2014 resulted primarily from normal billing activities for various projects and was not indicative of any significant collection or liquidity issues.

A decrease in accounts payable in the Oil & Gas segment. The lower accounts payable balance in 2014 resulted primarily from normal invoicing and payment activities. A significant contributor to the decrease in accounts payable in the Oil & Gas segment was a major mine replacement project in Canada.

Decreases in advance billings in both the Industrial & Infrastructure and Government segments which were the result of normal project execution activities for several projects including a gaseous diffusion plant project in Portsmouth, Ohio.

A decrease in contract work in progress in the Oil & Gas segment that resulted primarily from normal project execution activities. A significant contributor to the decrease in contract work in progress in the Oil & Gas segment was a coal bed methane gas project in Australia.

During 2013, working capital increased primarily due to a decrease in accounts payable, partially offset by a decrease in contract work in progress. Significant drivers of these fluctuations were:

Decreases in accounts payable in the Oil & Gas and Government segments that were partially offset by an increase in the Industrial & Infrastructure segment. The lower accounts payable balance in 2013 resulted primarily from normal invoicing and payment activities. A significant contributor to the decrease in accounts payable in the Oil & Gas segment was an oil sands facility project in Canada. A significant contributor to the decrease in accounts payable in the Government segment was the LOGCAP IV project.

Decreases in contract work in progress in the Oil & Gas and Government segments that were partially offset by an increase in the Industrial & Infrastructure segment. These fluctuations primarily resulted from normal project execution activities. A significant contributor to the decrease in contract work in progress in the Oil & Gas segment was the oil sands facility project in Canada, and a significant contributor to the decrease in contract work in progress in the Government segment was the LOGCAP IV project. The increase in contract work in progress in the Industrial & Infrastructure segment was primarily due to the timing of billing activities for certain projects.

Cash provided by operating activities was \$849 million, \$643 million and \$789 million in 2015, 2014 and 2013, respectively. The improvement in cash flows from operating activities in 2015 resulted from favorable year-over-year changes in working capital, partially offset by cash outflows totaling \$316 million associated with discontinued operations as discussed below. The decrease in cash flows from operating activities in 2014 was primarily attributable to a significantly larger net increase in working capital in 2014 compared to 2013, with the largest contributor being a decrease in contract work in progress for LOGCAP IV in the Government segment during 2013.

Income tax payments were \$250 million, \$228 million and \$269 million in 2015, 2014 and 2013, respectively.

Cash from operating activities is used to provide contributions to the company's defined contribution and defined benefit pension plans. Contributions into the defined contribution plans during 2015, 2014 and 2013 were \$146 million, \$150 million and \$151 million, respectively. The company contributed

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approximately \$58 million, \$63 million and \$13 million into its defined benefit pension plans during 2015, 2014 and 2013, respectively. Company contributions to defined benefit pension plans during 2015 primarily related to additional funding to settle the U.S. plan. Company contributions to defined benefit pension plans were higher during 2014 in order to achieve targeted funding levels. Assuming no changes in current assumptions, the company expects to contribute up to \$15 million in 2016 to international defined benefit pension plans, which is expected to be in excess of the minimum funding required. The accumulated benefit obligation exceeded plan assets for the Netherlands plan as of December 31, 2015. Plan assets exceeded the accumulated benefit obligation for each of the other non-U.S. plans as of December 31, 2015. The accumulated benefit obligation exceeded plan assets for the U.S. plan as of December 31, 2014. Plan assets exceeded the accumulated benefit obligation for each of the company's non-U.S. plans as of December 31, 2014.

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 14 of the Notes to Consolidated Financial Statements for further discussion of this matter.

Investing Activities

Cash utilized by investing activities amounted to \$67 million, \$199 million and \$235 million during 2015, 2014 and 2013, respectively. The primary investing activities included purchases, sales and maturities of marketable securities; capital expenditures; disposals of property, plant and equipment; business acquisitions; and investments in and sales of partnerships and joint ventures. Investing activities in 2013 also included the consolidation of a VIE that had previously been accounted for using the proportionate consolidation method in which cash for this VIE was not required to be consolidated.

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 2015 and 2014, proceeds from sales and maturities of marketable securities exceeded purchases of such securities by \$25 million and \$9 million, respectively. During 2013, purchases of marketable securities exceeded proceeds from sales and maturities of such securities by \$10 million. The company held combined current and noncurrent marketable securities of \$418 million and \$449 million as of December 31, 2015 and 2014, respectively.

Capital expenditures of \$240 million, \$325 million and \$288 million during 2015, 2014 and 2013, respectively, primarily related to construction equipment associated with equipment operations in the Global Services segment, as well as expenditures for land and facilities and investments in information technology. Proceeds from the disposal of property, plant and equipment of \$94 million, \$106 million and \$74 million during 2015, 2014 and 2013, respectively, primarily related to the disposal of construction equipment associated with the equipment operations in the Global Services segment.

During 2015, the company sold two office buildings located in California for net proceeds of \$82 million and subsequently entered into a twelve year lease with the purchaser. The resulting gain on the sale of the property was approximately \$58 million, of which \$7 million was recognized during the fourth quarter of 2015 and included in corporate general and administrative expense in the Consolidated

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Statement of Earnings. The remaining gain of approximately \$51 million was deferred and will be amortized over the life of the lease on a straight-line basis.

During 2015, the company sold 50% of its ownership of Fluor S.A., its principal Spanish operating subsidiary, to Sacyr Industrial, S.L.U. for a cash purchase price of approximately \$46 million, subject to certain purchase price adjustments. The company deconsolidated the subsidiary and recorded a pre-tax non-operating gain of \$68 million during 2015, which was determined based on the proceeds received on the sale and the estimated fair value of the company's retained 50% noncontrolling interests, less the carrying value of the net assets associated with the former subsidiary.

During 2014, the company sold its interest in two joint ventures in the Industrial & Infrastructure segment for \$44 million. The company had a 10 percent interest in both joint ventures and accounted for these investments using the equity method.

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 \$91 million, \$39 million and \$27 million in 2015, 2014 and 2013, respectively.

In August 2015, the company entered into an agreement to form COOEC Fluor Heavy Industries Co., Ltd. ("CFHI"), a joint venture in which the company will have a 49% ownership interest and Offshore Oil Engineering Co., Ltd., a subsidiary of China National Offshore Oil Corporation, will have a 51% ownership interest. Through CFHI, the two companies will own, operate and manage the Zhuhai Fabrication Yard in China's Guangdong province. Under the agreement, the company has committed to make an initial cash investment of \$350 million after all necessary approvals are received, which is targeted for early 2016, with a \$140 million additional investment targeted for the third quarter of 2016.

In December 2015, the company signed an agreement with U.K.-based private equity firm Arle Capital Partners to acquire 100 percent of Stork Holding B.V. ("Stork"), based in the Netherlands, for €695 million (or approximately \$755 million), including the assumption of debt and other liabilities. Stork is a global provider of maintenance, modification and asset integrity services associated with large existing industrial facilities in the oil and gas, chemicals, petrochemicals, industrial and power markets. The acquisition is expected to close in the first half of 2016 and is subject to regulatory approvals and consultation procedures. The company intends to use existing sources of liquidity, including existing lines of credit to initially finance the transaction and expects to secure long-term financing through the issuance of debt in international markets.

Financing Activities

Cash utilized by financing activities during 2015, 2014 and 2013 of \$728 million, \$666 million and \$370 million, respectively, included company stock repurchases, company dividend payments to stockholders, proceeds from the issuance of senior notes, repayments of debt and distributions paid to holders of noncontrolling interests.

The company has a common stock repurchase program, authorized by the Board of Directors, to purchase shares in open market or privately negotiated transactions at the company's discretion. The company repurchased 10,104,988 shares, 13,331,402 shares and 2,591,557 shares of common stock under its current and previously authorized stock repurchase programs resulting in cash outflows of \$510 million, \$906 million and \$200 million in 2015, 2014 and 2013, respectively. As of December 31, 2015, approximately 1,812,869 shares could still be purchased under the existing stock repurchase program. On February 4, 2016, the Board of Directors approved an increase of 10,000,000 shares to the program.

During 2014, the company's Board of Directors authorized the payment of quarterly dividends of \$0.21 per share (compared to quarterly dividends of \$0.16 per share in 2013). Quarterly cash dividends are typically paid during the month following the quarter in which they are declared. The payment and level of future cash dividends is subject to the discretion of the company's Board of Directors. Dividends of \$125 million, \$126 million and \$79 million, were paid during 2015, 2014 and 2013, respectively.

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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, and began 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 were convertible if a specified trading price of the company's common stock (the "trigger price") was achieved and maintained for a specified period. The trigger price condition was satisfied during the year ended December 31, 2014, and the 2004 Notes were therefore classified as short-term debt as of December 31, 2014. During 2014, holders converted less than \$0.1 million of the 2004 Notes in exchange for the principal balance owed in cash plus 1,750 shares of the company's common stock. During the first half of 2015, holders converted \$8 million of the 2004 Notes in exchange for the principal balance owed in cash plus 167,674 shares of the company's common stock at a conversion rate of 37.0997 shares per each \$1,000 principal amount of the 2004 Notes. On May 7, 2015, the company redeemed the remaining \$10 million of outstanding 2004 Notes at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest up to (but excluding) May 7, 2015.

In the first quarter of 2013, the company redeemed its 5.625% Municipal Bonds for \$18 million, or 100% of their principal amount, and also paid \$9 million on the remaining balances of various notes payable that were assumed in connection with the 2012 acquisition of an equipment company.

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 \$59 million, \$138 million and \$125 million in 2015, 2014 and 2013, respectively. Distributions in 2015 primarily related to two transportation joint venture projects in the United States and an iron ore joint venture project in Australia. Distributions in 2014 primarily related to two transportation joint venture projects in the United States and a mining joint venture project in Argentina. Distributions in 2013 primarily related to the iron ore joint venture project in Australia. Capital contributions by joint venture partners were \$5 million, \$3 million and \$2 million in 2015, 2014 and 2013, respectively.

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 2015, 2014 and 2013, most major foreign currencies weakened against the U.S. dollar resulting in unrealized translation losses of \$166 million, \$197 million and \$75 million, respectively, of which

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\$98 million, \$68 million and \$56 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

As of December 31, 2015, the company had a combination of committed and uncommitted lines of credit that totaled \$5.8 billion. These lines may be used for revolving loans and letters of credit. 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 loans, which may be used for acquisitions and/or general purposes. 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 December 31, 2015, letters of credit and borrowings totaling \$1.7 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.

Guarantees, Inflation and Variable Interest Entities

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 \$19.3 billion as of December 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 December 31, 2015 and 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.

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Although inflation and cost trends affect the company, its engineering and construction operations are generally protected by the ability to fix the company's cost at the time of bidding or to recover cost increases in cost reimbursable contracts. The company has taken actions to reduce its dependence on external economic conditions; however, management is unable to predict with certainty the amount and mix of future business.

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 "Discussion of Critical Accounting Policies and Estimates" above and Note 15 to the Consolidated Financial Statements.

Contractual Obligations

Contractual obligations as of December 31, 2015 are summarized as follows:

Contractual Obligations	Total	Payments Due by Period			
		1 year or less	2 3 years	4 5 years	Over 5 years
(in millions)					
Debt:					
3.375% Senior Notes	\$ 497	\$	\$	\$	\$ 497
3.5% Senior Notes	495				495
Interest on debt obligations ⁽¹⁾	253	34	69	69	81
Operating leases ⁽²⁾	280	64	87	53	76
Capital leases	7	4	3		
Uncertain tax positions ⁽³⁾	21				21
Joint venture contributions ⁽⁴⁾	505	490	15		
Pension minimum funding ⁽⁵⁾	56	13	21	22	
Other post-employment benefits	19	4	6	4	5
Other compensation-related obligations ⁽⁶⁾	426	61	97	69	199
Total	\$ 2,559	\$ 670	\$ 298	\$ 217	\$ 1,374

(1) Interest is based on the borrowings that are presently outstanding and the timing of payments indicated in the above table.

(2) Operating leases are primarily for engineering and project execution office facilities in Texas, California, the United Kingdom and various other U.S and international locations, equipment used in connection with long-term construction contracts and other personal property.

(3) Uncertain tax positions taken or expected to be taken on an income tax return may result in additional payments to tax authorities. The total amount of the accrual for uncertain tax positions related to the company's effective tax rate is included in the "Over 5 years" column as the company is not able to reasonably estimate the timing of potential future payments. If a tax authority agrees with the tax position taken or expected to be taken or the applicable statute of limitations expires, then additional payments would not be necessary.

(4) In August 2015, the company entered into an agreement to form COOEC Fluor Heavy Industries Co., Ltd. ("CFHI"), a joint venture in which the company will have a 49% ownership interest and Offshore Oil Engineering Co., Ltd., a subsidiary of China National

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Offshore Oil Corporation, will have a 51% ownership interest. Through CFHI, the two companies will own, operate and manage the Zhuhai Fabrication Yard in China's Guangdong province. Under the agreement, the company has committed to make an initial cash investment of \$350 million after all necessary approvals are received, which is targeted for early 2016, with a \$140 million additional investment targeted for the third quarter of 2016.

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- (5) The company generally provides funding to its international pension plans to at least the minimum required by applicable regulations. In determining the minimum required funding, the company utilizes current actuarial assumptions and exchange rates to forecast estimates of amounts that may be payable for up to five years in the future. In management's judgment, minimum funding estimates beyond a five-year time horizon cannot be reliably estimated. Where minimum funding as determined for each individual plan would not achieve a funded status to the level of accumulated benefit obligations, additional discretionary funding may be provided from available cash resources. As discussed in Note 5 of the Notes to Consolidated Financial Statements, the U.S. pension plan was settled in 2015.
- (6) Principally deferred executive compensation.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Cash and marketable securities are deposited with major banks throughout the world. Such deposits are placed with high quality institutions and the amounts invested in any single institution are limited to the extent possible in order to minimize concentration of counterparty credit risk. Marketable securities consist of time deposits, registered money market funds, U.S. agency securities, U.S. Treasury securities, commercial paper, international government securities and corporate debt securities. The company has not incurred any credit risk losses related to deposits in cash and marketable securities.

Certain of the company's contracts are subject to foreign currency risk. 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 currency in which cost is incurred. As a result, the company generally does not need to hedge foreign currency cash flows for contract work performed. However, in cases where revenue and expenses are not denominated in the same currency, the company may hedge its exposure, if material and if an efficient market exists, as discussed below.

The company utilizes derivative instruments to mitigate certain financial exposures, including 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. As of December 31, 2015, the company had total gross notional amounts of \$793 million of foreign currency contracts of less than four years duration and total gross notional amounts of \$9 million of commodity contracts of less than two years duration. The company's historical gains and losses associated with derivative instruments have typically been immaterial, and have largely mitigated the exposures being hedged. The company does not enter into derivative transactions for speculative purposes.

The company's results reported by foreign subsidiaries with non-U.S. dollar functional currencies are also 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.

The company's long-term debt obligations typically carry a fixed-rate coupon, and therefore, its exposure to interest rate risk is not material.

Item 8. *Financial Statements and Supplementary Data*

The information required by this Item is submitted as a separate section of this Form 10-K. See "Item 15. Exhibits and Financial Statement Schedules" below.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

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Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of December 31, 2015, which is the end of the period covered by this annual report on Form 10-K, 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 as required by paragraph (b) of Rule 13a-15 or Rule 15d-15 of the Exchange Act.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. The company's internal control over financial reporting is a process designed, as defined in Rule 13a-15(f) under the Exchange Act, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles in the United States.

In connection with the preparation of the company's annual consolidated financial statements, management of the company has undertaken an assessment of the effectiveness of the company's internal control over financial reporting based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the 2013 COSO framework). Management's assessment included an evaluation of the design of the company's internal control over financial reporting and testing of the operational effectiveness of the company's internal control over financial reporting. Based on this assessment, management has concluded that the company's internal control over financial reporting was effective as of December 31, 2015.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP, the independent registered public accounting firm that audited the company's consolidated financial statements included in this annual report on Form 10-K, has issued an attestation report on the effectiveness of the company's internal control over financial reporting which appears below.

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Attestation Report of the Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Fluor Corporation

We have audited Fluor Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Fluor Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Fluor Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Fluor Corporation as of December 31, 2015 and 2014, and the related consolidated statements of earnings, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2015 of Fluor Corporation and our report dated February 18, 2016 expressed an unqualified opinion thereon.

/s/Ernst & Young LLP

Dallas, Texas
February 18, 2016

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Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of the fiscal year ending December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors, Executive Officers, Promoters and Control Persons

The information required by Paragraph (a), and Paragraphs (c) through (g) of Item 401 of Regulation S-K (except for information required by Paragraphs (d) (f) of that Item to the extent the required information pertains to our executive officers) and Item 405 of Regulation S-K is set forth in the section entitled "Election of Directors Biographical Information, including Experience, Qualifications, Attributes and Skills" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year and is incorporated herein by reference. The information required by Paragraph (b) of Item 401 of Regulation S-K, as well as the information required by Paragraphs (d) (f) of that Item to the extent the required information pertains to our executive officers, is set forth in Part I, Item 1 of this Annual Report on Form 10-K under the heading "Executive Officers of the Registrant."

Code of Ethics

We have long maintained and enforced a *Code of Business Conduct and Ethics* that applies to our chief executive officer, chief financial officer, and principal accounting officer and controller. A copy of our Code of Business Conduct and Ethics, as amended, has been posted on the "Sustainability" "Ethics and Compliance" portion of our website www.fluor.com.

We have disclosed and intend to continue to disclose any changes or amendments to our code of ethics or waivers from our code of ethics applicable to our chief executive officer, chief financial officer, and principal accounting officer and controller by posting such changes or waivers to our website.

Corporate Governance

We have adopted Corporate Governance Guidelines, which are available on our website at www.fluor.com under the "Sustainability" portion of our website under the heading "Corporate Governance Documents" filed under "Governance." Information regarding the Audit Committee is hereby incorporated by reference from the information contained in the section entitled "Corporate Governance Board of Directors Meetings and Committees Audit Committee" in our Proxy Statement.

Item 11. Executive Compensation

Information required by this item is included in the following sections of our Proxy Statement for our 2016 annual meeting of stockholders: "Organization and Compensation Committee Report," "Compensation Committee Interlocks and Insider Participation," "Executive Compensation" and "Director Compensation," as well as the related pages containing compensation tables and information, which information is incorporated herein by reference.

Table of Contents**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters****Equity Compensation Plan Information**

The following table provides information as of December 31, 2015 with respect to the shares of common stock that may be issued under the company's equity compensation plans:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities available for future issuance under equity compensation plans (excluding securities listed in column (a))
Equity compensation plans approved by stockholders ⁽¹⁾	3,971,526	\$ 62.25	8,813,005
Equity compensation plans not approved by stockholders			
Total	3,971,526	\$ 62.25	8,813,005

(1) Consists of the 2014 Restricted Stock Plan for Non-Employee Directors, under which no securities are currently issuable upon exercise of outstanding options, warrants or rights, but under which 465,211 shares remain available for future issuance; the 2003 Executive Performance Incentive Plan (the "2003 Plan"), under which 339,433 shares are currently issuable upon exercise of outstanding options, warrants and rights, but under which no shares remain available for future issuance; and the Amended and Restated 2008 Executive Performance Incentive Plan, under which 3,632,093 shares are currently issuable upon exercise of outstanding options, warrants and rights, and under which 8,347,794 shares remain available for issuance.

The additional information required by this item is included in the "Stock Ownership and Stock-Based Holdings of Executive Officers and Directors" and "Stock Ownership of Certain Beneficial Owners" sections of our Proxy Statement for our 2016 annual meeting of stockholders, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item is included in the "Certain Relationships and Related Transactions" and "Board Independence" sections of the "Corporate Governance" portion of our Proxy Statement for our 2016 annual meeting of stockholders, which information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by this item is included in the "Ratification of Appointment of Independent Registered Public Accounting Firm" section of our Proxy Statement, which information is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this annual report on Form 10-K:

1. *Financial Statements:*

Our consolidated financial statements at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 and the notes thereto, together with the report of the independent registered public accounting firm on those consolidated financial statements are hereby filed as part of this annual report on Form 10-K, beginning on page F-1.

2. *Financial Statement Schedules:*

No financial statement schedules are presented since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

3. *Exhibits:*

EXHIBIT INDEX

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on May 8, 2012).
3.2	Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed on February 9, 2016).
4.1	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).
4.2	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).
4.3	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 Form S-3ASR filed on June 22, 2012).
4.4	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).
10.1	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).
10.2	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).
10.3	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).

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Exhibit	Description
10.4	Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on May 3, 2013).
10.5	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).
10.6	Form of Option Agreement under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.26 to the registrant's Quarterly Report on Form 10-Q filed on April 30, 2015).
10.7	Form of Value Driver Incentive Award Agreement (for the senior team) under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.24 to the registrant's Quarterly Report on Form 10-Q filed on April 30, 2015).
10.8	Form of Value Driver Incentive Award Agreement (for non-senior executives) under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.25 to the registrant's Quarterly Report on Form 10-Q filed on April 30, 2015).
10.9	Form of Restricted Stock Unit Agreement under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.27 to the registrant's Quarterly Report on Form 10-Q filed on April 30, 2015).
10.10	Form of Non-U.S. Stock Growth Incentive Award 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 April 30, 2015).
10.11	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).
10.12	Fluor 409A Executive Deferred Compensation Program, as amended and restated effective January 1, 2014 (incorporated by reference to Exhibit 10.13 to the registrant's Annual Report on Form 10-K filed on February 18, 2014).
10.13	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).
10.14	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).
10.15	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).
10.16	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).
10.17	Form of Restricted Stock Unit Agreement under the Fluor Corporation 2014 Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on July 30, 2015).

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Exhibit	Description
10.18	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).
10.19	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).
10.20	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).
10.21	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).
10.22	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).
10.23	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 20, 2013).
10.24	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 10.24 to the registrant's Quarterly Report on Form 10-Q filed on July 31, 2014).
10.25	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 10.2 to the registrant's Current Report on Form 8-K filed on December 1, 2014).
10.26	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).
10.27	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).

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Exhibit	Description
10.28	Offer of Employment Letter from Fluor Corporation to Biggs C. Porter (incorporated by reference to Exhibit 10.38 to the registrant's Quarterly Report on Form 10-Q filed on May 3, 2012).
10.29	Retention Award granted to David R. Dunning on September 26, 2013 (incorporated by reference to Exhibit 10.36 to the registrant's Annual Report on Form 10-K filed on February 18, 2014).
10.30	Consulting Agreement between Fluor Corporation and David R. Dunning (incorporated by reference to Exhibit 10.31 to the registrant's Quarterly Report on Form 10-Q filed on April 30, 2015).
21.1	Subsidiaries of the registrant.*
23.1	Consent of Independent Registered Public Accounting Firm.*
31.1	Certification of Chief Executive Officer of Fluor Corporation.*
31.2	Certification of Chief Financial Officer of Fluor Corporation.*
32.1	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.*
32.2	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.*
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*

*

New exhibit filed with this report.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statement of Earnings for the years ended December 31, 2015, 2014 and 2013, (ii) the Consolidated Balance Sheet at December 31, 2015 and December 31, 2014, (iii) the Consolidated Statement of Cash Flows for the years ended December 31, 2015, 2014 and 2013 and (iv) the Consolidated Statement of Equity for the years ended December 31, 2015, 2014 and 2013.

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Deborah D. McWhinney

/s/ ARMANDO J. OLIVERA

February 18, 2016

Director

Armando J. Olivera

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Signature	Title	Date
<u>/s/ JOSEPH W. PRUEHER</u> Joseph W. Prueher	Director	February 18, 2016
<u>/s/ MATTHEW K. ROSE</u> Matthew K. Rose	Director	February 18, 2016
<u>/s/ NADER H. SULTAN</u> Nader H. Sultan	Director	February 18, 2016
<u>/s/ LYNN C. SWANN</u> Lynn C. Swann	Director	February 18, 2016

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FLUOR CORPORATION
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Fluor Corporation

We have audited the accompanying consolidated balance sheets of Fluor Corporation as of December 31, 2015 and 2014, and the related consolidated statements of earnings, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fluor Corporation at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Fluor Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 18, 2016 expressed an unqualified opinion thereon.

/s/Ernst & Young LLP

Dallas, Texas
February 18, 2016

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FLUOR CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS

(in thousands, except per share amounts)	Year Ended December 31,		
	2015	2014	2013
TOTAL REVENUE	\$ 18,114,048	\$ 21,531,577	\$ 27,351,573
TOTAL COST OF REVENUE	17,019,352	20,132,544	25,986,382
OTHER (INCOME) AND EXPENSES			
Gain related to a partial sale of a subsidiary	(68,162)		
Pension settlement charge	239,896		
Corporate general and administrative expense	168,329	182,711	175,148
Interest expense	44,770	29,681	26,887
Interest income	(16,689)	(18,268)	(14,443)
Total cost and expenses	17,387,496	20,326,668	26,173,974
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	726,552	1,204,909	1,177,599
INCOME TAX EXPENSE	245,888	352,815	354,573
EARNINGS FROM CONTINUING OPERATIONS	480,664	852,094	823,026
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	(5,658)	(204,551)	
NET EARNINGS	475,006	647,543	823,026
LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	62,494	136,634	155,315
NET EARNINGS ATTRIBUTABLE TO FLUOR CORPORATION	\$ 412,512	\$ 510,909	\$ 667,711
AMOUNTS ATTRIBUTABLE TO FLUOR CORPORATION			
Earnings from continuing operations	\$ 418,170	\$ 715,460	\$ 667,711
Loss from discontinued operations, net of tax	(5,658)	(204,551)	
Net earnings	\$ 412,512	\$ 510,909	\$ 667,711
BASIC EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO FLUOR CORPORATION			
Earnings from continuing operations	\$ 2.89	\$ 4.54	\$ 4.11
Loss from discontinued operations, net of tax	(0.04)	(1.30)	
Net earnings	\$ 2.85	\$ 3.24	\$ 4.11
DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO FLUOR CORPORATION			
Earnings from continuing operations	\$ 2.85	\$ 4.48	\$ 4.06
Loss from discontinued operations, net of tax	(0.04)	(1.28)	

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Net earnings	\$	2.81	\$	3.20	\$	4.06
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SHARES USED TO CALCULATE EARNINGS PER SHARE

Basic		144,805		157,487		162,566
Diluted		146,722		159,616		164,354

DIVIDENDS DECLARED PER SHARE	\$	0.84	\$	0.84	\$	0.64
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See Notes to Consolidated Financial Statements.

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FLUOR CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands)	Year Ended December 31,		
	2015	2014	2013
NET EARNINGS	\$ 475,006	\$ 647,543	\$ 823,026
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Foreign currency translation adjustment	(104,595)	(125,809)	(46,901)
Ownership share of equity method investees' other comprehensive income (loss)	(7,513)	1,838	10,745
Defined benefit pension and postretirement plan adjustments	162,615	(66,848)	(5,573)
Unrealized gain (loss) on derivative contracts	(126)	(2,064)	1,384
Unrealized loss on available-for-sale securities	(211)	(437)	(778)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	50,170	(193,320)	(41,123)
COMPREHENSIVE INCOME	525,176	454,223	781,903
LESS: COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	61,227	129,325	154,543
COMPREHENSIVE INCOME ATTRIBUTABLE TO FLUOR CORPORATION	\$ 463,949	\$ 324,898	\$ 627,360

See Notes to Consolidated Financial Statements.

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FLUOR CORPORATION
CONSOLIDATED BALANCE SHEET

(in thousands, except share and per share amounts)	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (\$289,991 and \$352,996 related to variable interest entities ("VIEs"))	\$ 1,949,886	\$ 1,993,125
Marketable securities, current (\$70,176 and \$14,082 related to VIEs)	197,092	105,131
Accounts and notes receivable, net (\$186,833 and \$193,565 related to VIEs)	1,203,024	1,471,705
Contract work in progress (\$178,826 and \$166,334 related to VIEs)	1,376,471	1,587,275
Deferred taxes	172,887	340,223
Other current assets (\$27,362 and \$38,848 related to VIEs)	378,927	260,588
Total current assets	5,278,287	5,758,047
PROPERTY, PLANT AND EQUIPMENT		
Land	72,244	84,274
Buildings and improvements	434,213	454,641
Machinery and equipment	1,252,615	1,305,623
Furniture and fixtures	135,701	142,961
Construction in progress	43,644	73,962
	1,938,417	2,061,461
Less accumulated depreciation	1,046,077	1,081,198
Net property, plant and equipment (\$70,247 and \$77,579 related to VIEs)	892,340	980,263
OTHER ASSETS		
Marketable securities, noncurrent	220,634	343,644
Goodwill	111,646	112,952
Investments	337,930	189,805
Deferred taxes	221,945	201,004
Deferred compensation trusts	360,725	405,022
Other (\$24,141 and \$24,003 related to VIEs)	207,999	203,692
Total other assets	1,460,879	1,456,119
TOTAL ASSETS	\$ 7,631,506	\$ 8,194,429

LIABILITIES AND EQUITY

CURRENT LIABILITIES		
Trade accounts payable (\$178,139 and \$213,837 related to VIEs)	\$ 1,266,509	\$ 1,422,084
Convertible senior notes and other borrowings		28,742
Advance billings on contracts (\$188,484 and \$151,321 related to VIEs)	754,037	569,418
Accrued salaries, wages and benefits (\$47,526 and \$51,749 related to VIEs)	669,592	725,586
Other accrued liabilities (\$25,384 and \$21,709 related to VIEs)	245,214	585,023
Total current liabilities	2,935,352	3,330,853

LONG-TERM DEBT DUE AFTER ONE YEAR	992,664	991,685
NONCURRENT LIABILITIES	589,991	648,061
CONTINGENCIES AND COMMITMENTS		
EQUITY		
Shareholders' equity		
Capital stock		
Preferred authorized 20,000,000 shares (\$0.01 par value), none issued		
Common authorized 375,000,000 shares (\$0.01 par value); issued and outstanding 139,018,309 and 148,633,640 shares in 2015 and 2014, respectively	1,390	1,486
Additional paid-in capital		
Accumulated other comprehensive loss	(432,775)	(484,212)
Retained earnings	3,428,732	3,593,597
Total shareholders' equity	2,997,347	3,110,871
Noncontrolling interests	116,152	112,959
Total equity	3,113,499	3,223,830
TOTAL LIABILITIES AND EQUITY	\$ 7,631,506	\$ 8,194,429

See Notes to Consolidated Financial Statements.

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FLUOR CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	\$ 475,006	\$ 647,543	\$ 823,026
Adjustments to reconcile net earnings to cash provided (utilized) by operating activities:			
Loss from discontinued operations, net of taxes	5,658	204,551	
Pension settlement charge	239,896		
Depreciation of fixed assets	188,700	191,701	206,331
Amortization of intangibles	1,038	893	767
Loss (gain) on sale of equity method investments		2,158	(2,370)
(Earnings) loss from equity method investments, net of distributions	(1,597)	1,295	15,030
Gain related to a partial sale of a subsidiary	(68,162)		
Gain on sale of property, plant and equipment	(31,272)	(33,878)	(24,509)
Amortization of stock-based awards	61,053	48,232	42,909
Deferred compensation trust	44,298	(16,614)	(55,504)
Deferred compensation obligation	(6,854)	14,755	56,550
Statute expirations and tax settlements	(7,827)	(19,331)	
Deferred taxes	4,675	62,084	(29,708)
Excess tax benefit from stock-based plans		(4,089)	(6,668)
Net retirement plan accrual (contributions)	(37,805)	(40,093)	10,586
Changes in operating assets and liabilities	303,896	(408,861)	(261,596)
Cash outflows from discontinued operations	(316,195)	(8,058)	
Other items	(5,376)	286	14,062
Cash provided by operating activities	849,132	642,574	788,906
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of marketable securities	(386,021)	(410,508)	(492,633)
Proceeds from the sales and maturities of marketable securities	411,380	419,398	482,376
Capital expenditures	(240,220)	(324,704)	(288,487)
Proceeds from disposal of property, plant and equipment	94,323	105,872	74,028
Proceeds from sale of buildings	82,082		
Proceeds from a partial sale of a subsidiary	45,566		
Proceeds from sales of equity method investments		44,000	3,005
Investments in partnerships and joint ventures	(91,078)	(38,687)	(27,057)
Consolidation of a variable interest entity			24,675
Acquisitions			(23,075)
Other items	17,461	5,514	12,558
Cash utilized by investing activities	(66,507)	(199,115)	(234,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of common stock	(509,658)	(906,083)	(200,052)
Dividends paid	(125,204)	(126,218)	(78,716)
Proceeds from issuance of 3.5% Senior Notes		494,595	

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Debt and credit facility issuance costs		(7,685)	
Repayment of 5.625% Municipal Bonds			(17,795)
Repayment of convertible debt and other borrowings	(28,425)	(74)	(8,640)
Distributions paid to noncontrolling interests	(58,986)	(138,041)	(124,853)
Capital contributions by noncontrolling interests	5,254	3,336	1,697
Taxes paid on vested restricted stock	(8,400)	(11,475)	(11,404)
Stock options exercised	1,780	24,189	52,838
Excess tax benefit from stock-based plans		4,089	6,668
Other items	(4,591)	(3,049)	10,688
Cash utilized by financing activities	(728,230)	(666,416)	(369,569)
Effect of exchange rate changes on cash	(97,634)	(67,500)	(55,686)
Increase (decrease) in cash and cash equivalents	(43,239)	(290,457)	129,041
Cash and cash equivalents at beginning of year	1,993,125	2,283,582	2,154,541
Cash and cash equivalents at end of year	\$ 1,949,886	\$ 1,993,125	\$ 2,283,582

See Notes to Consolidated Financial Statements.

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FLUOR CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands, except per share amounts)	Common Stock		Accumulated Other Comprehensive Income		Retained Earnings	Total Shareholders' Noncontrolling Interests		Total Equity
	Shares	Amount	Paid-In Capital	(Loss)		Equity	Interests	
<i>BALANCE AS OF</i> <i>DECEMBER 31, 2012</i>	162,360	\$ 1,624	\$	\$ (257,850)	\$ 3,597,521	\$ 3,341,295	\$ 85,799	\$ 3,427,094
Net earnings					667,711	667,711	155,315	823,026
Other comprehensive loss				(40,351)		(40,351)	(772)	(41,123)
Dividends (\$0.64 per share)					(104,488)	(104,488)		(104,488)
Distributions to noncontrolling interests							(124,853)	(124,853)
Capital contributions by noncontrolling interests							1,697	1,697
Other noncontrolling interest transactions			(975)			(975)	6,650	5,675
Stock-based plan activity	1,518	15	93,832			93,847		93,847
Repurchase of common stock	(2,592)	(26)	(79,946)		(120,080)	(200,052)		(200,052)
Debt conversions	2							
<i>BALANCE AS OF</i> <i>DECEMBER 31, 2013</i>	161,288	\$ 1,613	\$ 12,911	\$ (298,201)	\$ 4,040,664	\$ 3,756,987	\$ 123,836	\$ 3,880,823
Net earnings					510,909	510,909	136,634	647,543
Other comprehensive loss				(186,011)		(186,011)	(7,309)	(193,320)
Dividends (\$0.84 per share)					(132,608)	(132,608)		(132,608)
Distributions to noncontrolling interests							(138,041)	(138,041)
Capital contributions by noncontrolling interests							3,336	3,336
Other noncontrolling interest transactions			751			751	(5,497)	(4,746)
Stock-based plan activity	675	6	66,919			66,925		66,925
Repurchase of common stock	(13,331)	(133)	(80,581)		(825,369)	(906,083)		(906,083)
Debt conversions	2				1	1		1
<i>BALANCE AS OF</i> <i>DECEMBER 31, 2014</i>	148,634	\$ 1,486	\$	\$ (484,212)	\$ 3,593,597	\$ 3,110,871	\$ 112,959	\$ 3,223,830
Net earnings					412,512	412,512	62,494	475,006
Other comprehensive income (loss)				51,437		51,437	(1,267)	50,170
Dividends (\$0.84 per share)					(122,609)	(122,609)		(122,609)
Distributions to noncontrolling interests							(58,986)	(58,986)
Capital contributions by noncontrolling interests							5,254	5,254
Other noncontrolling interest transactions			334			334	(4,302)	(3,968)
Stock-based plan activity	321	5	54,656			54,661		54,661
Repurchase of common stock	(10,105)	(101)	(54,789)		(454,768)	(509,658)		(509,658)
Debt conversions	168		(201)			(201)		(201)
<i>BALANCE AS OF</i> <i>DECEMBER 31, 2015</i>	139,018	\$ 1,390	\$	\$ (432,775)	\$ 3,428,732	\$ 2,997,347	\$ 116,152	\$ 3,113,499

See Notes to Consolidated Financial Statements.

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Major Accounting Policies

Principles of Consolidation

The financial statements include the accounts of Fluor Corporation and its subsidiaries ("the company"). The company frequently forms joint ventures or partnerships with unrelated third parties for the execution of single contracts or projects. The company assesses its joint ventures and partnerships at inception to determine if any meet the qualifications of a variable interest entity ("VIE") in accordance with Accounting Standards Codification ("ASC") 810, "Consolidation." If a joint venture or partnership is a VIE and the company is the primary beneficiary, the joint venture or partnership is fully consolidated (see "15. Partnerships and Joint Ventures" below). For partnerships and joint ventures in the construction industry, unless full consolidation is required, the company generally recognizes its proportionate share of revenue, cost and profit in its Consolidated Statement of Earnings and uses the one-line equity method of accounting in the 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. At times, the company also executes projects through collaborative arrangements for which the company recognizes its relative share of revenue and cost.

All significant intercompany transactions of consolidated subsidiaries are eliminated. Certain amounts in 2014 and 2013 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 annual report on Form 10-K.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available through the date of the issuance of the financial statements. Therefore, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include securities with maturities of three months or less at the date of purchase. Securities with maturities beyond three months are classified as marketable securities within current and noncurrent assets.

Marketable Securities

Marketable securities consist of time deposits placed with investment grade banks with original maturities greater than three months, which by their nature are typically held to maturity, and are classified as such because the company has the intent and ability to hold them to maturity. Held-to-maturity securities are carried at amortized cost. The company also has investments in debt securities which are classified as available-for-sale because the investments may be sold prior to their maturity date. Available-for-sale securities are carried at fair value. The cost of securities sold is determined by using the specific identification method. Marketable securities are assessed for other-than-temporary impairment.

Engineering and Construction Contracts

The company recognizes engineering and construction contract revenue using the percentage-of-completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. Cost of revenue includes an allocation of depreciation and amortization. Customer-furnished materials, labor and equipment and, in certain cases, subcontractor materials, labor

Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

and equipment, are included in revenue and cost of revenue when management believes that the company is responsible for the ultimate acceptability of the project. Contracts are generally segmented between types of services, such as engineering and construction, and accordingly, gross margin related to each activity is recognized as those separate services are rendered. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined. Pre-contract costs are expensed as incurred. Revenue recognized in excess of amounts billed is classified as a current asset under contract work in progress. Advances that are payments on account of contract work in progress of \$343 million and \$471 million as of December 31, 2015 and 2014, respectively, have been deducted from contract work in progress. Amounts billed to clients in excess of revenue recognized to date are classified as a current liability under advance billings on contracts. The company anticipates that substantially all incurred cost associated with contract work in progress as of December 31, 2015 will be billed and collected in 2016. The company recognizes revenue, but not profit, for certain significant 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 cost is probable and the amounts can be reliably estimated. Under ASC 605-35-25, these requirements are satisfied when the contract or other evidence provides a legal basis for the claim, additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the company's performance, claim-related costs are identifiable and considered reasonable in view of the work performed, and evidence supporting the claim is objective and verifiable. Cost, but not profit, associated with unapproved change orders is accounted for in revenue when it is probable that the cost will be recovered through a change in the contract price. In circumstances where recovery is considered probable but the revenue cannot be reliably estimated, cost attributable to change orders is deferred pending determination of the impact on contract price. If the requirements for recognizing revenue for claims or unapproved change orders are met, revenue is recorded only to the extent that costs associated with the claims or unapproved change orders have been incurred. The company generally provides limited warranties for work performed under its engineering and construction contracts. The warranty periods typically extend for a limited duration following substantial completion of the company's work on a project. Historically, warranty claims have not resulted in material costs incurred, and any estimated costs for warranties are included in the individual project cost estimates for purposes of accounting for long-term contracts.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Leasehold improvements are amortized over the shorter of their economic lives or the lease terms. Depreciation is calculated using the straight-line method over the following ranges of estimated useful service lives, in years:

(cost in thousands)	December 31,		Estimated Useful Service Lives	
	2015	2014		
Buildings	\$ 276,161	\$ 281,852	20	40
Building and leasehold improvements	158,052	172,789	6	20
Machinery and equipment	1,252,615	1,305,623	2	10
Furniture and fixtures	135,701	142,961	2	10

Goodwill and Intangible Assets

Goodwill is not amortized but is subject to annual impairment tests. Interim testing for impairment is performed if indicators of potential impairment exist. For purposes of impairment testing, goodwill is allocated to the applicable reporting units based on the current reporting structure. When testing goodwill for impairment quantitatively, the company first compares the fair value of each reporting unit with its

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

carrying amount. If the carrying amount of a reporting unit exceeds its fair value, a second step is performed to measure the amount of potential impairment. In the second step, the company compares the implied fair value of reporting unit goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized. During 2015, the company completed its annual goodwill impairment test in the first quarter and quantitatively determined that none of the goodwill was impaired. Goodwill for each of the company's segments is shown in "16. Operations by Business Segment and Geographical Area."

The company had intangible assets with a carrying value of \$24 million and \$23 million as of December 31, 2015 and 2014, respectively. Intangible assets with indefinite lives are not amortized but are subject to annual impairment tests. Interim testing for impairment is also performed if indicators of potential impairment exist. An intangible asset with an indefinite life is impaired if its carrying value exceeds its fair value. As of December 31, 2015, none of the company's intangible assets with indefinite lives were impaired. Intangible assets with finite lives are amortized on a straight-line basis over the useful lives of those assets, ranging from one year to ten years.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the company's financial statements or tax returns. The company evaluates the realizability of its deferred tax assets and maintains a valuation allowance, if necessary, to reduce certain deferred tax assets to amounts that are more likely than not to be realized. The factors used to assess the likelihood of realization are the company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in the company's effective tax rate on future earnings.

Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. Income tax positions that previously failed to meet the more-likely-than-not threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not threshold are derecognized in the first subsequent financial reporting period in which that threshold is no longer met. The company recognizes potential interest and penalties related to unrecognized tax benefits within its global operations in income tax expense.

Judgment is required in determining the consolidated provision for income taxes as the company considers its worldwide taxable earnings and the impact of the continuing audit process conducted by various tax authorities. The final outcome of these audits by foreign jurisdictions, the Internal Revenue Service and various state governments could differ materially from that which is reflected in the Consolidated Financial Statements.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 accumulated other comprehensive income (loss) ("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. Under ASC 815, in certain limited circumstances, foreign currency payment provisions could be deemed embedded derivatives. If an embedded foreign currency derivative is identified, the derivative is bifurcated from the host contract and the change in fair value is recognized through earnings.

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.

Concentrations of Credit Risk

Accounts receivable and all contract work in progress are from clients in various industries and locations throughout the world. Most contracts require payments as the projects progress or, in certain cases, advance payments. The company generally does not require collateral, but in most cases can place liens against the property, plant or equipment constructed or terminate the contract, if a material default occurs. 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.

Cash and marketable securities are deposited with major banks throughout the world. Such deposits are placed with high quality institutions and the amounts invested in any single institution are limited to the extent possible in order to minimize concentration of counterparty credit risk.

The company's counterparties for derivative contracts are large financial institutions selected based on profitability, strength of balance sheet, credit ratings and capacity for timely payment of financial commitments. There are no significant concentrations of credit risk with any individual counterparty related to our derivative contracts.

The company monitors the credit quality of its counterparties and has not incurred any significant credit risk losses related to its deposits or derivative contracts.

Stock-Based Plans

The company applies the provisions of ASC 718, "Compensation - Stock Compensation," in its accounting and reporting for stock-based compensation. ASC 718 requires all stock-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. All unvested options outstanding under the company's option plans have grant prices equal to the market price of the company's stock on the dates of grant. Compensation cost for restricted stock and restricted stock units is determined based on the fair market value of the company's stock at the date of grant. Compensation cost for stock appreciation rights is determined based on the change in the fair market value of the company's stock during the period. Stock-based compensation expense is generally recognized over the required service period, or over a shorter period when employee retirement eligibility

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is a factor. Certain awards that may be settled in cash or company stock are classified as liabilities and remeasured at fair value at the end of each reporting period until the awards are settled.

Other Comprehensive Income (Loss)

ASC 220, "Comprehensive Income," establishes standards for reporting and displaying comprehensive income and its components in the consolidated financial statements. The company reports the cumulative foreign currency translation adjustments, unrealized gains and losses on available-for-sale securities and derivative contracts, ownership share of equity method investees' other comprehensive income (loss), and adjustments related to defined benefit pension and postretirement plans, as components of accumulated other comprehensive income (loss).

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

(in thousands)	Year Ended December 31,								
	2015			2014			2013		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Other comprehensive income (loss):									
Foreign currency translation adjustment	\$ (166,487)	\$ 61,892	\$ (104,595)	\$ (197,361)	\$ 71,552	\$ (125,809)	\$ (74,538)	\$ 27,637	\$ (46,901)
Ownership share of equity method investees' other comprehensive income (loss)	(12,226)	4,713	(7,513)	5,892	(4,054)	1,838	13,117	(2,372)	10,745
Defined benefit pension and postretirement plan adjustments	257,414	(94,799)	162,615	(106,957)	40,109	(66,848)	(8,917)	3,344	(5,573)
Unrealized gain (loss) on derivative contracts	(302)	176	(126)	(2,837)	773	(2,064)	2,171	(787)	1,384
Unrealized loss on available-for-sale securities	(337)	126	(211)	(700)	263	(437)	(1,244)	466	(778)
Total other comprehensive income (loss)	78,062	(27,892)	50,170	(301,963)	108,643	(193,320)	(69,411)	28,288	(41,123)
Less: Other comprehensive loss attributable to noncontrolling interests	(1,267)		(1,267)	(7,309)		(7,309)	(772)		(772)
Other comprehensive income (loss) attributable to Fluor Corporation	\$ 79,329	\$ (27,892)	\$ 51,437	\$ (294,654)	\$ 108,643	\$ (186,011)	\$ (68,639)	\$ 28,288	\$ (40,351)

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The changes in AOCI balances by component (after-tax) for the year ended December 31, 2015 are as follows:

(in thousands)	Foreign Currency Translation	Ownership Share of Equity Method Investees' Other Comprehensive Income (Loss)	Defined Benefit Pension and Postretirement Plans	Unrealized Gain (Loss) on Derivative Contracts	Unrealized Gain (Loss) on Available- for-Sale Securities	Accumulated Other Comprehensive Income (Loss), Net
Attributable to Fluor Corporation:						
Balance as of December 31, 2014	\$ (119,416)	\$ (30,436)	\$ (325,145)	\$ (8,954)	\$ (261)	\$ (484,212)
Other comprehensive loss before reclassifications	(109,361)	(9,000)	(5,382)	(3,260)	(116)	(127,119)
Amount reclassified from AOCI	6,208	1,487	167,997	2,959	(95)	178,556
Net other comprehensive income (loss)	(103,153)	(7,513)	162,615	(301)	(211)	51,437
Balance as of December 31, 2015	\$ (222,569)	\$ (37,949)	\$ (162,530)	\$ (9,255)	\$ (472)	\$ (432,775)
Attributable to Noncontrolling Interests:						
Balance as of December 31, 2014	\$ 1,328	\$	\$	\$ (685)	\$	\$ 643
Other comprehensive loss before reclassifications	(1,442)			(101)		(1,543)
Amount reclassified from AOCI				276		276
Net other comprehensive income (loss)	(1,442)			175		(1,267)
Balance as of December 31, 2015	\$ (114)	\$	\$	\$ (510)	\$	\$ (624)

The changes in AOCI balances by component (after-tax) for the year ended December 31, 2014 are as follows:

(in thousands)	Foreign Currency Translation	Ownership Share of Equity Method Investees' Other Comprehensive Income (Loss)	Defined Benefit Pension and Postretirement Plans	Unrealized Gain (Loss) on Derivative Contracts	Unrealized Gain (Loss) on Available- for-Sale Securities	Accumulated Other Comprehensive Income (Loss), Net
Attributable to Fluor Corporation:						
Balance as of December 31, 2013	\$ (164)	\$ (32,274)	\$ (258,297)	\$ (7,642)	\$ 176	\$ (298,201)
Other comprehensive loss before reclassifications	(119,252)	(7,958)	(74,924)	(2,151)	(349)	(204,634)
Amount reclassified from AOCI		9,796	8,076	839	(88)	18,623
	(119,252)	1,838	(66,848)	(1,312)	(437)	(186,011)

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Net other comprehensive income (loss)						
Balance as of December 31, 2014	\$	(119,416)	\$	(30,436)	\$	(325,145)
					\$	(8,954)
					\$	(261)
						(484,212)
Attributable to Noncontrolling Interests:						
Balance as of December 31, 2013	\$	7,885	\$		\$	67
					\$	7,952
Other comprehensive loss before reclassifications		(6,557)				(795)
						(7,352)
Amount reclassified from AOCI						43
						43
Net other comprehensive loss		(6,557)				(752)
						(7,309)
Balance as of December 31, 2014	\$	1,328	\$		\$	(685)
					\$	643

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The changes in AOCI balances by component (after-tax) for the year ended December 31, 2013 are as follows:

(in thousands)	Foreign Currency Translation	Ownership Share of Equity Method Investees' Other Comprehensive Income (Loss)	Defined Benefit Pension and Postretirement Plans	Unrealized Gain (Loss) on Derivative Contracts	Unrealized Gain (Loss) on Available- for-Sale Securities	Accumulated Other Comprehensive Income (Loss), Net
Attributable to Fluor Corporation:						
Balance as of December 31, 2012	\$ 45,899	\$ (43,019)	\$ (252,724)	\$ (8,960)	\$ 954	\$ (257,850)
Other comprehensive income (loss) before reclassifications	(46,063)	10,745	(13,655)	(2,536)	(652)	(52,161)
Amount reclassified from AOCI			8,082	3,854	(126)	11,810
Net other comprehensive income (loss)	(46,063)	10,745	(5,573)	1,318	(778)	(40,351)
Balance as of December 31, 2013	\$ (164)	\$ (32,274)	\$ (258,297)	\$ (7,642)	\$ 176	\$ (298,201)
Attributable to Noncontrolling Interests:						
Balance as of December 31, 2012	\$ 8,723	\$	\$	\$ 1	\$	\$ 8,724
Other comprehensive income (loss) before reclassifications	(838)			62		(776)
Amount reclassified from AOCI				4		4
Net other comprehensive income (loss)	(838)			66		(772)
Balance as of December 31, 2013	\$ 7,885	\$	\$	\$ 67	\$	\$ 7,952

During 2015, 2014 and 2013, functional currency exchange rates for most of the company's international operations weakened against the U.S. dollar, resulting in unrealized translation losses.

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The significant items reclassified out of AOCI and the corresponding location and impact on the Consolidated Statement of Earnings are as follows:

(in thousands)	Location in Consolidated Statements of Earnings	Year Ended December 31,		
		2015	2014	2013
Component of AOCI:				
Foreign currency translation adjustment	Gain related to a partial sale of a subsidiary	\$ (9,932)	\$	\$
Income tax benefit	Income tax expense	3,724		
Net of tax		\$ (6,208)	\$	\$
Ownership share of equity method investees' other comprehensive loss	Total cost of revenue	\$ (1,487)	\$ (15,662)	\$
Income tax benefit	Income tax expense		5,866	
Net of tax		\$ (1,487)	\$ (9,796)	\$
Defined benefit pension plan adjustments	Various accounts ⁽¹⁾	\$ (268,795)	\$ (12,922)	\$ (12,931)
Income tax benefit	Income tax expense	100,798	4,846	4,849
Net of tax		\$ (167,997)	\$ (8,076)	\$ (8,082)
Unrealized gain (loss) on derivative contracts:				
Commodity and foreign currency contracts	Total cost of revenue	\$ (3,490)	\$ 255	\$ (4,502)
Interest rate contracts	Interest expense	(1,678)	(1,678)	(1,678)
Income tax benefit (net)	Income tax expense	1,933	541	2,322
Net of tax:		(3,235)	(882)	(3,858)
Less: Noncontrolling interests	Net earnings attributable to noncontrolling interests	(276)	(43)	(4)
Net of tax and noncontrolling interests		\$ (2,959)	\$ (839)	\$ (3,854)
Unrealized gain on available-for-sale securities	Corporate general and administrative expense	\$ 152	\$ 140	\$ 202
Income tax expense	Income tax expense	(57)	(52)	(76)
Net of tax		\$ 95	\$ 88	\$ 126

(1) Defined benefit pension plan adjustments were reclassified primarily to total cost of revenue, corporate general and administrative expense and pension settlement charge.

Recent Accounting Pronouncements

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

In the second quarter of 2015, the company adopted Accounting Standards Update ("ASU") 2015-08, "Pushdown Accounting: Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115," which provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon acquisition. The adoption of ASU 2015-08 did not have an impact on the company's financial position, results of operations or cash flows.

In the first quarter of 2015, the company adopted ASU 2014-11, "Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures," which makes limited amendments to the guidance in 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. ASU 2014-08 applies to disposals that occur after December 31, 2014. For transactions that have been classified as discontinued operations for periods prior to the adoption of ASU 2014-08, the company will continue to present the operating results as discontinued operations in the Consolidated Statements of Earnings. 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 January 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-01, "Financial Instruments Overall Recognition and Measurement of Financial Assets and Financial Liabilities." This ASU requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for a practicability exception. ASU 2016-01 is effective for interim and annual reporting periods beginning after December 15, 2017. Management does not expect the adoption of ASU 2016-01 to have a material impact on the company's financial position, results of operations or cash flows.

In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes." This ASU requires entities to classify all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent. ASU 2015-17 is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of an interim or annual reporting period. The company plans to adopt ASU 2015-17 during the first quarter of 2016. Management does not expect the adoption of ASU 2015-17 to have a material impact on the company's financial position, results of operations or cash flows.

In September 2015, the FASB issued ASU 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments." This ASU requires an acquirer in a business combination to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. ASU 2015-16 is effective for interim and annual reporting periods beginning after December 15, 2015, and should be applied prospectively to adjustments to provisional amounts that occur after the effective date. Management does not expect the adoption of ASU 2015-16 to have a material impact on the company's financial position, results of operations or cash flows.

In August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements Amendments to SEC Paragraphs

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pursuant to Staff Announcement at June 18, 2015 EITF Meeting (SEC Update)," which clarifies the presentation and measurement of debt issuance costs incurred in connection with line of credit arrangements. The SEC staff has indicated that they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line of credit arrangement. ASU 2015-15 is effective upon adoption of ASU 2015-03. Management does not expect the adoption of ASU 2015-15 to have a material impact on the company's financial position, results of operations or cash flows.

In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers – Deferral of the Effective Date" which deferred the effective date of ASU 2014-09 by one year. ASU 2014-09, "Revenue from Contracts with Customers," 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. The company will now be required to adopt ASU 2014-09 for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted as of interim and annual reporting periods beginning after December 15, 2016. ASU 2014-09 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.

In April 2015, the 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, results 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

2. Discontinued Operations

During 2014, the company recorded an after-tax loss from discontinued operations of \$205 million in connection with the reassessment of estimated loss contingencies related to the lead business of St. Joe Minerals Corporation and The Doe Run Company in Herculaneum, Missouri, which the company sold in 1994. The tax effect associated with this loss was \$112 million. During 2015, the company recorded an after-tax loss from discontinued operations of \$6 million resulting from the settlement of lead exposure cases related to the divested lead business and the payment of legal fees incurred in connection with a pending indemnification action against the buyer of the lead business for these settlements and others. The tax effect associated with this loss was \$3 million.

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The changes in operating assets and liabilities as shown in the Consolidated Statement of Cash Flows are comprised of:

(in thousands)	Year Ended December 31,		
	2015	2014	2013
(Increase) decrease in:			
Accounts and notes receivable, net	\$ 190,141	\$ (336,109)	\$ (98,744)
Contract work in progress	80,742	50,570	101,158
Other current assets	(13,191)	28,482	102,417
Other assets	(62,396)	44,580	(26,204)
Increase (decrease) in:			
Trade accounts payable	(57,317)	(153,515)	(274,418)
Advance billings on contracts	243,996	(63,594)	(29,043)
Accrued liabilities	(38,529)	31,697	(83,613)
Other liabilities	(39,550)	(10,972)	46,851
Increase (decrease) in cash due to changes in operating assets and liabilities	\$ 303,896	\$ (408,861)	\$ (261,596)
Cash paid during the year for:			
Interest	\$ 40,585	\$ 23,509	\$ 22,585
Income taxes (net of refunds)	249,921	228,471	268,889

4. Income Taxes

The income tax expense (benefit) included in the Consolidated Statement of Earnings from continuing operations is as follows:

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Current:			
Federal	\$ 22,465	\$ 126,490	\$ 200,608
Foreign	203,125	151,240	168,894
State and local	15,623	13,001	14,779
Total current	241,213	290,731	384,281
Deferred:			
Federal	8,867	74,037	(29,873)
Foreign	(5,630)	(10,353)	2,054
State and local	1,438	(1,600)	(1,889)
Total deferred	4,675	62,084	(29,708)
Total income tax expense	\$ 245,888	\$ 352,815	\$ 354,573

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A reconciliation of U.S. statutory federal income tax expense to income tax expense is as follows:

(in thousands)	Year Ended December 31,		
	2015	2014	2013
U.S. statutory federal tax expense	\$ 254,293	\$ 421,718	\$ 412,159
Increase (decrease) in taxes resulting from:			
State and local income taxes	11,518	7,670	7,802
Other permanent items, net	(5,828)	(9,378)	(17,517)
Noncontrolling interests	(21,873)	(47,822)	(54,359)
Foreign losses, net	55,796	27,660	(18,568)
Valuation allowance, net	(41,545)	(36,523)	15,305
Statute expirations and tax authority settlements	(7,827)	(19,331)	
Other changes to unrecognized tax positions	491	5,574	9,261
Other, net	863	3,247	490
Total income tax expense	\$ 245,888	\$ 352,815	\$ 354,573

Deferred taxes reflect the tax effects of differences between the amounts recorded as assets and liabilities for financial reporting purposes and the amounts recorded for income tax purposes. The tax effects of significant temporary differences giving rise to deferred tax assets and liabilities are as follows:

(in thousands)	December 31,	
	2015	2014
Deferred tax assets:		
Accrued liabilities not currently deductible:		
Employee compensation and benefits	\$ 124,300	\$ 53,672
Employee time-off accrual	92,507	92,901
Project and non-project reserves	22,270	27,520
Accrual for discontinued operations	2,389	110,714
Workers' compensation insurance accruals	12,083	13,122
Revenue recognition		36,890
Net operating loss carryforward	184,475	236,138
Other comprehensive loss	258,618	288,494
Other	54,896	47,977
Total deferred tax assets	751,538	907,428
Valuation allowance for deferred tax assets	(167,360)	(208,905)
Deferred tax assets, net	\$ 584,178	\$ 698,523
Deferred tax liabilities:		
Book basis of property, equipment and other capital costs in excess of tax basis	(45,611)	(53,750)
Residual U.S. tax on unremitted non-U.S. earnings	(95,823)	(85,669)
Revenue recognition	(17,518)	
Other	(30,394)	(17,877)

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Total deferred tax liabilities	(189,346)	(157,296)
Deferred tax assets, net of deferred tax liabilities	\$ 394,832	\$ 541,227

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Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The company had non-U.S. net operating loss carryforwards, related to various jurisdictions, of approximately \$890 million as of December 31, 2015. Of the total losses, \$840 million can be carried forward indefinitely and \$50 million will begin to expire in various jurisdictions starting in 2016.

The company maintains a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized. The valuation allowance for 2015 and 2014 is primarily due to the deferred tax assets established for certain net operating loss carryforwards and certain reserves on investments. The net decrease in the valuation allowance during 2015 was primarily due to realization of deferred tax assets as a result of utilization of net operating losses carryforwards in the current year.

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 a 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 2012.

During 2015, the company reached a settlement on certain issues with the U.S. Internal Revenue Service ("IRS") for tax years 2004 - 2005 and concluded an audit with the IRS for tax years 2009 - 2011, which resulted in a net reduction in tax expense of \$8 million. During 2014, the company concluded an audit with the IRS for tax years 2006 - 2008. This resulted in a net reduction in tax expense of \$19 million.

The unrecognized tax benefits as of December 31, 2015 and 2014 were \$42 million and \$34 million, of which \$21 million and \$25 million, if recognized, would have favorably impacted the effective tax rates at the end of 2015 and 2014, respectively. The company does not anticipate any significant changes to the unrecognized tax benefits within the next twelve months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits including interest and penalties is as follows:

(in thousands)	2015	2014
Balance at beginning of year	\$ 33,972	\$ 54,054
Change in tax positions of prior years	18,860	6,727
Change in tax positions of current year		3,600
Reduction in tax positions for statute expirations	(539)	(2,275)
Reduction in tax positions for audit settlements	(10,090)	(28,134)
Balance at end of year	\$ 42,203	\$ 33,972

The company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The company had \$8 million of accrued interest and penalties as of each December 31, 2015 and 2014.

U.S. and foreign earnings from continuing operations before taxes are as follows:

(in thousands)	Year Ended December 31,		
	2015	2014	2013
United States	\$ 12,520	\$ 332,497	\$ 303,070
Foreign	714,032	872,412	874,529
Total	\$ 726,552	\$ 1,204,909	\$ 1,177,599

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Earnings from continuing operations before taxes in the United States decreased in 2015 compared to 2014 primarily due to a pre-tax pension settlement charge of \$240 million (discussed in Note 5 below). Earnings from continuing operations before taxes in foreign jurisdictions decreased in 2015 compared to 2014 primarily due to lower contributions from the mining and metals business line of the Industrial & Infrastructure segment. Earnings from continuing operations before taxes in the United States increased in 2014 compared to 2013 primarily due to higher contributions from the Oil & Gas segment. Earnings from continuing operations before taxes in foreign jurisdictions decreased modestly in 2014 compared to 2013 primarily due to lower contributions from the mining and metals business line of the Industrial & Infrastructure segment.

5. Retirement Benefits

The company sponsors contributory and non-contributory defined contribution retirement and defined benefit pension plans for eligible employees worldwide. Domestic and international defined contribution retirement plans are available to eligible salaried and craft employees. Contributions to defined contribution retirement plans are based on a percentage of the employee's eligible compensation. The company recognized expense of \$146 million, \$150 million and \$151 million associated with contributions to its defined contribution retirement plans during 2015, 2014 and 2013, respectively. Certain defined benefit pension plans are available to eligible international salaried employees. A defined benefit pension plan was previously available to U.S. salaried and craft employees; however, the U.S. defined benefit pension plan (the "U.S. plan") was terminated on December 31, 2014 (see further discussion below). Contributions to defined benefit pension plans are at least the minimum amounts required by applicable regulations. Benefit payments under these plans are generally based upon length of service and/or a percentage of qualifying compensation.

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. In December 2015, the company settled the remaining obligations associated with the U.S. plan. Plan participants received vested benefits from the plan assets by electing either a lump-sum distribution, roll-over contribution to other defined contribution or individual retirement plans, or an annuity contract with a third-party provider. As a result of the settlement, the company was relieved of any further obligation. During 2015, the company recorded a pension settlement charge of \$251 million, of which \$11 million was reimbursable and included in "Total cost of revenue" and \$240 million was recorded as "Pension settlement charge" in the Consolidated Statement of Earnings. The settlement charge consisted primarily of unrecognized actuarial losses included in AOCI. The settlement of the plan obligations did not have a material impact on the company's cash position.

The company's defined benefit pension plan in the Netherlands was closed to new participants on December 31, 2013. This change did not have a material impact on the pension obligation or the accumulated other comprehensive income balance of the plan. The company previously approved an amendment to freeze the accrual of future service-related benefits for eligible participants of the U.K. pension plan as of April 1, 2011.

Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

(in thousands)	U.S. Pension Plan			Non-U.S. Pension Plans		
	Year Ended December 31,			Year Ended December 31,		
	2015	2014	2013	2015	2014	2013
Service cost	\$ 6,800	\$ 3,800	\$ 6,453	\$ 20,517	\$ 16,217	\$ 15,390
Interest cost	16,116	31,675	29,100	26,511	34,536	32,176
Expected return on assets	(19,711)	(30,105)	(30,975)	(49,066)	(48,077)	(46,420)
Amortization of prior service cost/(credits)	867	750	103	(814)		
Recognized net actuarial loss	9,714	4,435	6,039	7,681	7,738	6,788
Loss on settlement/(gain on curtailment)	250,946		(309)	390		
Net periodic pension expense	\$ 264,732	\$ 10,555	\$ 10,411	\$ 5,219	\$ 10,414	\$ 7,934

The ranges of assumptions indicated below cover defined benefit pension plans in the United States, the Netherlands, the United Kingdom, Australia and the Philippines and are based on the economic environment in each host country at the end of each respective annual reporting period. The discount rate for the U.S. plan was determined based on assumptions which reflected the intended settlement of the plan in 2015. Benefits that were assumed to be settled as lump-sum payments to plan participants were estimated using interest rates prescribed by law. Benefits that were assumed to be settled through an annuity purchase were estimated using a blend of U.S. Treasury and high-quality corporate bond discount rates. The discount rates for the non-U.S. defined benefit pension plans were determined primarily based on a hypothetical yield curve developed from the yields on high quality corporate and government bonds with durations consistent with the pension obligations in those countries. The expected long-term rate of return on asset assumptions utilizing historical returns, correlations and investment manager forecasts are established for each major asset category including public U.S. and international equities, U.S. private equities and debt securities.

	U.S. Pension Plan			Non-U.S. Pension Plans		
	December 31,			December 31,		
	2015	2014	2013	2015	2014	2013
For determining projected benefit obligation at year-end:						
Discount rates	N/A	1.95%	4.95%	2.35-5.50%	2.20-5.00%	3.55-5.50%
Rates of increase in compensation levels	N/A	N/A	N/A	2.25-7.00%	2.25-8.00%	2.25-9.00%
For determining net periodic cost for the year:						
Discount rates	1.95%	4.95%	4.05%	2.20-5.00%	3.55-5.00%	3.60-6.00%
Rates of increase in compensation levels	N/A	N/A	N/A	2.25-8.00%	2.25-9.00%	2.25-9.00%
Expected long-term rates of return on assets	2.95%	4.55%	4.25%	4.90-7.00%	4.75-7.00%	5.00-7.00%

The company evaluates the funded status of each of its retirement plans using the above assumptions and determines the appropriate funding level considering applicable regulatory requirements, tax deductibility, reporting considerations and other factors. The funding status of the plans is sensitive to

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changes in long-term interest rates and returns on plan assets, and funding obligations could increase substantially if interest rates fall dramatically or returns on plan assets are below expectations. Assuming no changes in current assumptions, the company expects to contribute up to \$15 million to international plans in 2016, which is expected to be in excess of the minimum funding required. If the discount rates were reduced by 25 basis points, plan liabilities for the non-U.S. plans would increase by approximately \$48 million.

The following table sets forth the target allocations and the weighted average actual allocations of plan assets:

	Target Allocation	U.S. Plan Assets December 31,		Target Allocation	Non-U.S. Plan Assets December 31,	
		2015	2014		2015	2014
Asset category:						
Debt securities	95% - 100%	N/A	93%	65% - 75%	70%	71%
Equity securities	0% - 5%	N/A	2%	20% - 30%	27%	25%
Other	0% - 5%	N/A	5%	0% - 10%	3%	4%
Total		N/A	100%		100%	100%

The company's investment strategy is to maintain asset allocations that appropriately address risk within the context of seeking adequate returns. Investment allocations are determined by each plan's investment committee and/or trustees. In the case of certain non-U.S. plans, asset allocations may be affected by local regulations. Long-term allocation guidelines are set and expressed in terms of a target range allocation for each asset class to provide portfolio management flexibility. Short-term deviations from these allocations may exist from time to time for tactical investment or strategic implementation purposes.

Investments in debt securities are used to provide stable investment returns while protecting the funding status of the plans. Investments in equity securities are utilized to generate long-term capital appreciation to mitigate the effects of increases in benefit obligations resulting from inflation, longer life expectancy and salary growth. While most of the company's plans are not prohibited from investing in the company's common stock or debt securities, there are no such direct investments at the present time.

Plan assets included investments in common or collective trusts, which offer efficient access to diversified investments across various asset categories. The estimated fair value of the investments in the common or collective trusts represents the net asset value of the shares or units of such funds as determined by the issuer. A redemption notice period of no more than 30 days is required for the plans to redeem certain investments in common or collective trusts. At the present time, there are no other restrictions on how the plans may redeem their investments.

Debt securities are comprised of corporate bonds, government securities and common or collective trusts, with underlying investments in corporate bonds, government and asset backed securities and interest rate swaps. Corporate bonds primarily consist of investment-grade rated bonds and notes, of which no significant concentration exists in any one rating category or industry. Government securities include international government bonds, some of which are inflation-indexed. Corporate bonds and government securities 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. As of December 31, 2014, debt securities held by the U.S. plan consisted entirely of common or collective trusts, with underlying investments in corporate bonds and government securities.

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Equity securities are diversified across various industries and are comprised of common stocks of international companies as well as common or collective trusts with underlying investments in common and preferred stocks. Publicly traded corporate equity securities are valued based on the last trade or official close of an active market or exchange on the last business day of the plan's year. Securities not traded on the last business day are valued at the last reported bid price. As of both December 31, 2015 and 2014, direct investments in equity securities, excluding common or collective trusts, were concentrated primarily in international securities held by the company's non-U.S. pension plans.

The U.S. plan held investments in limited partnerships as of December 31, 2014. Limited partnerships were valued at the plan's proportionate share of the estimated fair value of the underlying net assets as determined by the general partners. The limited partnerships were classified as Level 3 investments, as defined below. In anticipation of the plan settlement, the company purchased \$10 million in investments in limited partnerships from the U.S. plan during the third quarter of 2015, as allowed under a prohibited transaction exemption with the U.S. Department of Labor. The purchase price approximated the fair value of the investments as of September 30, 2015. The company's investments in the limited partnerships are accounted for as cost method investments.

Other is primarily comprised of common or collective trusts, short-term investment funds and foreign currency contracts. Common or collective trusts hold underlying investments in commodities, foreign currency contracts and real estate (2014 only). Common or collective trusts with underlying investments in real estate were classified as Level 3 investments as of December 31, 2014 and subsequently sold during 2015. The estimated fair value of foreign currency contracts is determined from broker quotes.

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:

quoted prices in active markets for identical assets and liabilities

Level 1

inputs other than quoted prices in active markets for identical assets and liabilities that are observable, either directly or indirectly

Level 2

unobservable inputs

Level 3

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.

Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table presents, for each of the fair value hierarchy levels required under ASC 820-10, the plan assets and liabilities of the company's U.S. and non-U.S. defined benefit pension plans that are measured at fair value on a recurring basis as of December 31, 2015 and 2014:

U.S. Pension Plan

(in thousands)	December 31, 2015				December 31, 2014			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Equity securities:								
Common stock	\$	\$	\$	\$	\$ 19	\$ 19	\$	\$
Limited Partnerships					12,393			12,393
Debt securities:								
Common or collective trusts					698,193		698,193	
Other:								
Common or collective trusts money market funds					40,640		40,640	
Plan assets measured at fair value, net	\$	\$	\$	\$	\$ 751,245	\$ 19	\$ 738,833	\$ 12,393
Plan assets not measured at fair value, net					23			
Total plan assets, net	\$				\$ 751,268			

Non-U.S. Pension Plans

(in thousands)	December 31, 2015				December 31, 2014			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Equity securities:								
Common stock	\$ 2,150	\$ 2,150	\$	\$	\$ 54,890	\$ 54,890	\$	\$
Common or collective trusts	242,028		242,028		200,701		200,701	
Debt securities:								
Common or collective trusts	318,103		318,103		378,569		378,569	
Corporate bonds	147,559		147,559		149,152		149,152	
Government securities	169,433		169,433		195,305		195,305	
Other:								
Common or collective trusts	29,265		29,265		37,092		30,441	6,651
Other assets	16,489		16,489		13,006		13,006	
Liabilities:								
	(19,211)		(19,211)		(11,038)		(11,038)	

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Foreign currency
contracts and other

Plan assets measured at fair value, net	\$ 905,816	\$ 2,150	\$ 903,666	\$	\$ 1,017,677	\$ 54,890	\$ 956,136	\$ 6,651
Plan assets not measured at fair value, net	14,661				14,456			

Total plan assets, net	\$ 920,477				\$ 1,032,133			
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The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3):

(in thousands)	U.S. Pension Plan		Non-U.S. Pension Plans	
	2015	2014	2015	2014
Balance at beginning of year	\$ 12,393	\$ 17,546	\$ 6,651	\$ 7,742
Actual return on plan assets:				
Assets still held at reporting date		(2,454)		(886)
Assets sold during the period	136	124	(344)	3
Purchases				
Sales	(12,529)	(2,823)	(6,307)	(208)
Settlements				
Balance at end of year	\$ 12,393	\$ 12,393	\$ 6,651	\$ 6,651

The following table presents expected benefit payments for the non-U.S. defined benefit pension plans:

(in thousands)	Non-U.S. Pension Plans
<u>Year Ended December 31,</u>	
2016	\$ 30,892
2017	31,897
2018	32,511
2019	34,491
2020	36,390
2021 - 2025	193,659

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Measurement dates for the company's U.S. and non-U.S. defined benefit pension plans are December 31. The following table sets forth the change in projected benefit obligation, plan assets and funded status of the U.S. and non-U.S. plans:

(in thousands)	U.S. Pension Plan		Non-U.S. Pension Plans	
	December 31,		December 31,	
	2015	2014	2015	2014
Change in projected benefit obligation				
Benefit obligation at beginning of year	\$ 815,368	\$ 686,977	\$ 1,005,138	\$ 908,530
Service cost	6,800	3,800	20,517	16,217
Interest cost	16,116	31,675	26,511	34,536
Employee contributions				4,448
Currency translation			(76,801)	(110,188)
Actuarial (gain) loss	(40,050)	146,643	(32,104)	196,021
Plan amendments		2,236		(17,921)
Benefits paid	(22,068)	(52,199)	(31,711)	(26,505)
Settlements	(768,185)			
Other	(7,981)	(3,764)		
Projected benefit obligation at end of year		815,368	911,550	1,005,138
Change in plan assets				
Plan assets at beginning of year	751,268	708,730	1,032,133	945,837
Actual return on plan assets	(8,034)	62,501	(8,349)	191,929
Company contributions	55,000	36,000	3,446	26,816
Employee contributions				4,448
Currency translation			(75,042)	(110,392)
Benefits paid	(22,068)	(52,199)	(31,711)	(26,505)
Settlements	(768,185)			
Other	(7,981)	(3,764)		
Plan assets at end of year		751,268	920,477	1,032,133
Funded Status (Under)/overfunded	\$	\$ (64,100)	\$ 8,927	\$ 26,995
Amounts recognized in the Consolidated Balance Sheet				
Pension assets included in other assets	\$	\$	\$ 84,328	\$ 82,820
Pension liabilities included in noncurrent liabilities		(64,100)	(75,401)	(55,825)
Accumulated other comprehensive loss (pre-tax)	\$	\$ 273,832	\$ 247,541	\$ 250,399

During 2016, approximately \$8 million of the amount of accumulated other comprehensive loss shown above is expected to be recognized as components of net periodic pension expense for the non-U.S. plans.

For the defined benefit pension plans in the Netherlands and the Philippines, the projected benefit obligations exceeded the plan assets. In the aggregate, these plans had projected benefit obligations of \$580 million and plan assets with a fair value of \$505 million.

The total accumulated benefit obligation for the non-U.S. plans as of December 31, 2015 was \$863 million. The total accumulated benefit obligation for the U.S. and non-U.S. plans as of December 31, 2014 was \$815 million and \$937 million, respectively. The accumulated benefit obligation exceeded plan assets for the Netherlands plan as of December 31, 2015. Plan assets exceeded the accumulated benefit obligation for each of the other non-U.S. plans as of December 31, 2015. The accumulated benefit

Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

obligation exceeded plan assets for the U.S. plan as of December 31, 2014. Plan assets exceeded the accumulated benefit obligation for each of the company's non-U.S. plans as of December 31, 2014.

In addition to the company's U.S. defined benefit pension plan, the company and certain of its subsidiaries provide health care and life insurance benefits for certain retired U.S. employees. The health care and life insurance plans are generally contributory, with retiree contributions adjusted annually. The accumulated postretirement benefit obligation as of December 31, 2015 and 2014 was determined in accordance with the current terms of the company's health care plans, together with relevant actuarial assumptions and health care cost trend rates projected at annual rates ranging from 7.25% in 2016 down to 5% in 2025 and beyond. The effect of a one percent annual increase in these assumed cost trend rates would increase the accumulated postretirement benefit obligation and interest cost by approximately \$0.3 million and less than \$0.1 million, respectively. The effect of a one percent annual decrease in these assumed cost trend rates would decrease the accumulated postretirement benefit obligation and interest cost by approximately \$0.2 million and less than \$0.1 million, respectively.

Net periodic postretirement benefit cost included the following components:

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Service cost	\$	\$	\$
Interest cost	335	388	351
Expected return on assets			
Amortization of prior service cost			
Recognized net actuarial loss	40	151	341
Net periodic postretirement benefit cost	\$ 375	\$ 539	\$ 692

The following table sets forth the change in the accumulated postretirement benefit obligation:

(in thousands)	Year Ended December 31,	
	2015	2014
Change in accumulated postretirement benefit obligation		
Benefit obligation at beginning of year	\$ 11,310	\$ 12,629
Service cost		
Interest cost	335	388
Employee contributions	543	356
Actuarial (gain) loss	(1,722)	(252)
Benefits paid	(1,735)	(1,811)
Benefit obligation at end of year	\$ 8,731	\$ 11,310
Funded status (Under)/overfunded	\$ (8,731)	\$ (11,310)

Unrecognized net actuarial gains totaling \$1 million as of December 31, 2015 and unrecognized net actuarial losses totaling \$1 million as of December 31, 2014 were classified in accumulated other comprehensive loss. The accumulated postretirement benefit obligation classified in current liabilities was approximately \$2 million as of both December 31, 2015 and 2014. The remaining balance of the accumulated postretirement benefit obligation was classified in noncurrent liabilities for both years.

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The discount rate used in determining the accumulated postretirement benefit obligation was 3.45% as of December 31, 2015 and 3.25% as of December 31, 2014. The discount rate used for the accumulated postretirement obligation was determined by discounting the expected future benefit payments using yields based on a portfolio of high quality corporate bonds having maturities that are consistent with the expected timing of future payments to plan participants. Benefit payments, as offset by retiree contributions, are not expected to change significantly in the future.

The preceding information does not include amounts related to benefit plans applicable to employees associated with certain contracts with the U.S. Department of Energy ("DOE") because the company is not responsible for the current or future funded status of these plans.

In addition to the company's defined benefit pension plans discussed above, the company participates in multiemployer pension plans for its union construction and maintenance craft employees. Contributions are based on the hours worked by employees covered under various collective bargaining agreements. Company contributions to these multiemployer pension plans were \$22 million, \$23 million and \$19 million during 2015, 2014 and 2013, respectively. The company does not have any significant future obligations or funding requirements related to these plans other than the ongoing contributions that are paid as hours are worked by plan participants. None of these multiemployer pension plans are individually significant to the company.

6. 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:

quoted prices in active markets for identical assets and liabilities

Level 1

inputs other than quoted prices in active markets for identical assets and liabilities that are observable, either directly or indirectly

Level 2

unobservable inputs

Level 3

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.

Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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 December 31, 2015 and 2014:

(in thousands)	December 31, 2015				December 31, 2014			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents ⁽¹⁾	\$ 19,161	\$ 19,161	\$	\$	\$ 14,419	\$ 14,419	\$	\$
Marketable securities, current ⁽²⁾	87,763		87,763		80,706		80,706	
Deferred compensation trusts ⁽³⁾	60,003	60,003			94,893	94,893		
Marketable securities, noncurrent ⁽⁴⁾	220,634		220,634		343,644		343,644	
Derivative assets⁽⁵⁾								
Commodity contracts	341		341		561		561	
Foreign currency contracts	8,439		8,439		180		180	
Liabilities:								
Derivative liabilities⁽⁵⁾								
Commodity contracts	\$ 2,510	\$	\$ 2,510	\$	\$ 2,290	\$	\$ 2,290	\$
Foreign currency contracts	14,138		14,138		4,392		4,392	

(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 "7. Derivatives and Hedging" for the classification of commodity and foreign currency contracts in the 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

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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 December 31, 2015: money market funds of \$19 million, U.S. agency securities of \$18 million, U.S. Treasury securities of \$102 million and corporate debt securities of \$189 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 2015, 2014 and 2013, proceeds from sales and maturities of available-for-sale securities were \$336 million, \$274 million and \$346 million, respectively.

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Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In addition to assets and liabilities that are measured at fair value on a recurring basis, the company is required to measure certain assets and liabilities at fair value on a nonrecurring basis. See Note 17 for further discussion of a nonrecurring fair value measurement related to a partial sale of a subsidiary.

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 Consolidated Balance Sheet are as follows:

(in thousands)	Fair Value Hierarchy	December 31, 2015		December 31, 2014	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:					
Cash ⁽¹⁾	Level 1	\$ 1,073,756	\$ 1,073,756	\$ 1,224,834	\$ 1,224,834
Cash equivalents ⁽²⁾	Level 2	856,969	856,969	753,872	753,872
Marketable securities, current ⁽³⁾	Level 2	109,329	109,329	24,425	24,425
Notes receivable, including noncurrent portion ⁽⁴⁾	Level 3	19,182	19,182	19,284	19,284
Liabilities:					
3.375% Senior Notes ⁽⁵⁾	Level 2	\$ 497,486	\$ 506,466	\$ 497,045	\$ 510,465
3.5% Senior Notes ⁽⁵⁾	Level 2	495,178	499,402	494,640	498,914
1.5% Convertible Senior Notes ⁽⁵⁾	Level 2			18,324	40,826
Other borrowings ⁽⁶⁾	Level 2			10,418	10,418

(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 as of December 31, 2014 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.

7. Derivatives and Hedging

As of December 31, 2015, the company had total gross notional amounts of \$793 million of foreign currency contracts and \$9 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 2019. The commodity contracts are of varying duration, none of which extend beyond

Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

December 2017. The impact to earnings due to hedge ineffectiveness was immaterial for the years ended December 31, 2015, 2014 and 2013.

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

(in thousands)	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	December 31, 2015	December 31, 2014	Balance Sheet Location	December 31, 2015	December 31, 2014
Commodity contracts	Other current assets	\$ 326	\$ 365	Other accrued liabilities	\$ 2,195	\$ 1,362
Foreign currency contracts	Other current assets	6,865	128	Other accrued liabilities	12,381	3,721
Commodity contracts	Other assets	15	196	Noncurrent liabilities	315	928
Foreign currency contracts	Other assets	1,574	52	Noncurrent liabilities	1,757	671
Total		\$ 8,780	\$ 741		\$ 16,648	\$ 6,682

The pre-tax net gains (losses) recognized in earnings associated with the hedging instruments designated as fair value hedges for the years ended December 31, 2015, 2014 and 2013 were as follows:

Fair Value Hedges (in thousands)	Location of Gain (Loss)	2015	2014	2013
Foreign currency contracts	Corporate general and administrative expense	\$ (5,191)	\$ (3,322)	\$ 2,885

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 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 years ended December 31, 2015, 2014 and 2013 was as follows:

Cash Flow Hedges (in thousands)	After-Tax Amount of Gain (Loss) Recognized in OCI			Location of Gain (Loss)	After-Tax Amount of Gain (Loss) Reclassified from AOCI into Earnings		
	2015	2014	2013		2015	2014	2013
Commodity contracts	\$ (728)	\$ (881)	\$ 265	Total cost of revenue	\$ (385)	\$ (59)	\$ 50
Foreign currency contracts	(2,532)	(1,270)	(2,801)	Total cost of revenue	(1,525)	269	(2,855)
Interest rate contracts				Interest expense	(1,049)	(1,049)	(1,049)
Total	\$ (3,260)	\$ (2,151)	\$ (2,536)		\$ (2,959)	\$ (839)	\$ (3,854)

8. Financing Arrangements

As of December 31, 2015, the company had a combination of committed and uncommitted lines of credit that totaled \$5.8 billion. These lines may be used for revolving loans and letters of credit. The committed lines of credit consist of a \$1.7 billion Revolving Loan and Letter of

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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 loans, which may be used for acquisitions and/or general purposes. 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.

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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 December 31, 2015, letters of credit and borrowings totaling \$1.7 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.

Consolidated debt consisted of the following:

(in thousands)	December 31,	
	2015	2014
Current:		
1.5% Convertible Senior Notes	\$	\$ 18,324
Other borrowings		10,418
Long-Term:		
3.375% Senior Notes	\$ 497,486	\$ 497,045
3.5% Senior Notes	495,178	494,640

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, and began 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 were convertible if a specified trading price of the company's common stock (the "trigger price") was achieved and maintained for a specified period. The trigger price condition was satisfied during the year ended December 31, 2014, and the 2004 Notes were therefore classified as short-term debt as of December 31, 2014. During 2014, holders converted less than \$0.1 million of the 2004 Notes in exchange for the principal balance owed in cash plus 1,750 shares of the company's common stock. During the first half of 2015, holders converted \$8 million of the 2004 Notes in exchange for the principal balance owed in cash plus 167,674 shares of the company's common stock at a conversion rate of 37.0997 shares per each \$1,000 principal amount of the 2004 Notes. On May 7, 2015, the company redeemed the remaining \$10 million of outstanding 2004 Notes at a redemption price equal to 100 percent of the principal amount plus accrued and unpaid interest up to (but excluding) May 7, 2015.

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During 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 \$10 million as of December 31, 2014. All borrowings under the facility were repaid during 2015; therefore, no borrowings were outstanding under the credit facility as of December 31, 2015.

As of December 31, 2015, the company was in compliance with all of the financial covenants related to its debt agreements.

9. Other Noncurrent Liabilities

The company has deferred compensation and retirement arrangements for certain key executives which generally provide for payments upon retirement, death or termination of employment. The deferrals can earn either market-based fixed or variable rates of return, at the option of the participants. As of December 31, 2015 and 2014, \$372 million and \$428 million, respectively, of obligations related to these plans were included in noncurrent liabilities. To fund these obligations, the company has established non-qualified trusts, which are classified as noncurrent assets. These trusts primarily hold company-owned life insurance policies, reported at cash surrender value, and marketable equity securities, reported at fair value. These trusts were valued at \$361 million and \$405 million as of December 31, 2015 and 2014, respectively. Periodic changes in value of these trust investments, most of which are unrealized, are recognized in earnings, and serve to mitigate changes to obligations included in noncurrent liabilities which are also reflected in earnings.

The company maintains appropriate levels of insurance for business risks, including workers compensation and general liability. Insurance coverages contain various retention amounts for which the company provides accruals based on the aggregate of the liability for reported claims and an actuarially determined estimated liability for claims incurred but not reported. Other noncurrent liabilities included \$26 million and \$27 million as of December 31, 2015 and 2014, respectively, relating to these liabilities. For certain professional liability risks the company's retention amount under its claims-made insurance policies does not include an accrual for claims incurred but not reported because there is insufficient claims history or other reliable basis to support an estimated liability. The company believes that retained professional liability amounts are manageable risks and are not expected to have a material adverse impact on results of operations or financial position.

10. Stock-Based Plans

The company's executive stock-based plans provide for grants of nonqualified or incentive stock options, restricted stock awards or units, stock appreciation rights and performance-based Value Driver Incentive ("VDI") units. All executive stock-based plans are administered by the Organization and Compensation Committee of the Board of Directors ("Committee") comprised of outside directors, none of whom are eligible to participate in the executive plans. Recorded compensation cost for stock-based payment arrangements, which is generally recognized on a straight-line basis, totaled \$36 million, \$45 million and \$54 million for the years ended December 31, 2015, 2014 and 2013, respectively, net of recognized tax benefits of \$21 million, \$27 million and \$32 million for the years ended 2015, 2014 and 2013, respectively.

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes restricted stock, restricted stock unit and stock option activity:

	Restricted Stock or Restricted Stock Units		Stock Options	
	Number	Weighted Average Grant Date Fair Value Per Share	Number	Weighted Average Exercise Price Per Share
Outstanding as of December 31, 2012	1,070,176	\$ 51.96	3,233,025	\$ 53.64
Granted	482,959	61.62	884,574	61.45
Expired or canceled	(11,104)	62.35	(15,607)	65.46
Vested/exercised	(564,265)	50.65	(1,137,285)	46.53
Outstanding as of December 31, 2013	977,766	\$ 57.36	2,964,707	\$ 58.63
Granted	370,014	79.06	684,486	79.19
Expired or canceled	(30,032)	69.17	(58,215)	73.33
Vested/exercised	(449,227)	57.08	(417,970)	57.67
Outstanding as of December 31, 2014	868,521	\$ 66.35	3,173,008	\$ 62.92
Granted	556,323	58.85	963,288	59.05
Expired or canceled	(30,484)	64.74	(118,356)	63.60
Vested/exercised	(456,052)	62.92	(46,414)	38.25
Outstanding as of December 31, 2015	938,308	\$ 63.62	3,971,526	\$ 62.25
Options exercisable as of December 31, 2015			2,331,002	\$ 60.53
Remaining unvested options outstanding and expected to vest			1,591,308	\$ 64.70

As of December 31, 2015, there were a maximum of 8,813,005 shares available for future grant under the company's various stock-based plans. Shares available for future grant included shares which may be granted by the Committee as either stock options, on a share-for-share basis, or restricted stock awards, restricted stock units and VDI units on the basis of one share for each 2.25 available shares.

Restricted stock units and restricted shares issued under the plans provide that shares awarded may not be sold or otherwise transferred until service-based restrictions have lapsed and any performance objectives have been attained as established by the Committee. Restricted stock units are rights to receive shares subject to certain service and performance conditions as established by the Committee. Generally, upon termination of employment, restricted stock units and restricted shares which have not vested are forfeited. For the company's executives, the restricted units granted in 2015, 2014 and 2013 generally vest ratably over three years. For the company's directors, the restricted units and shares granted in 2015, 2014 and 2013 vest or vested on the first anniversary of the grant. For the years 2015, 2014 and 2013, recognized compensation expense of \$31 million, \$31 million and \$28 million, respectively, is included in corporate general and administrative expense related to restricted stock

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awards and units. The fair value of restricted stock that vested during 2015, 2014 and 2013 was \$26 million, \$35 million and \$36 million, respectively. The balance of unamortized restricted stock expense as of December 31, 2015 was \$15 million, which is expected to be recognized over a weighted-average period of 1.3 years.

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Option grant amounts and award dates are established by the Committee. Option grant prices are the fair value of the company's common stock at such date of grant. Options normally extend for 10 years and become exercisable over a vesting period determined by the Committee. The options granted in 2015, 2014 and 2013 vest ratably over three years. The aggregate intrinsic value, representing the difference between market value on the date of exercise and the option price, of stock options exercised during 2015, 2014 and 2013 was \$1 million, \$8 million and \$29 million, respectively. The balance of unamortized stock option expense as of December 31, 2015 was \$6 million, which is expected to be recognized over a weighted-average period of 1.2 years. Expense associated with stock options for the years ended December 31, 2015, 2014 and 2013, which is included in corporate general and administrative expense in the accompanying Consolidated Statement of Earnings, totaled \$15 million, \$17 million and \$15 million, respectively.

The fair value of options on the grant date and the significant assumptions used in the Black-Scholes option-pricing model are as follows:

	December 31,	
	2015	2014
Weighted average grant date fair value	\$ 16.72	\$ 23.04
Expected life of options (in years)	5.9	5.8
Risk-free interest rate	1.7%	1.8%
Expected volatility	32.1%	31.6%
Expected annual dividend per share	\$ 0.84	\$ 0.84

The computation of the expected volatility assumption used in the Black-Scholes calculations is based on a 50/50 blend of historical and implied volatility.

Information related to options outstanding as of December 31, 2015 is summarized below:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life (In Years)	Weighted Average Exercise Price Per Share	Number Exercisable	Weighted Average Remaining Contractual Life (In Years)	Weighted Average Exercise Price Per Share
\$30.46 - \$41.77	152,128	3.2	\$ 30.46	152,128	3.2	\$ 30.46
\$42.11 - \$62.50	2,595,955	7.1	58.20	1,381,995	5.7	56.95
\$68.36 - \$80.12	1,223,443	6.3	74.81	796,879	5.3	72.47
	3,971,526	6.7	\$ 62.25	2,331,002	5.4	\$ 60.53

As of December 31, 2015, options outstanding and options exercisable both had an aggregate intrinsic value of approximately \$4 million.

Performance-based VDI units issued under the plans are based on target award values. The number of units awarded is determined by dividing the applicable target award value by the closing price of the company's common stock on the date of grant. 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, 2014 and 2013 vest after a period of approximately three years. 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 and 2013 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 and 2013 are classified as liabilities and remeasured at fair value at the end of each reporting period until the awards are settled. Compensation expense of \$11 million, \$24 million and \$43 million related to all VDI units is included in corporate general and administrative expense in 2015, 2014 and 2013, respectively, of which \$14 million was paid in 2015. The balance of unamortized compensation expense

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associated with VDI units as of December 31, 2015 was \$11 million, which is expected to be recognized over a weighted-average period of 1.9 years.

11. Earnings Per Share

Basic EPS is calculated by dividing net earnings attributable to Fluor Corporation by the weighted average number of common shares outstanding during the period. Potentially dilutive securities include employee stock options, restricted stock units and shares, VDI units and the 1.5% Convertible Senior Notes (see "8. Financing Arrangements" above for information about the Convertible Senior Notes). Diluted 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 years ended December 31, 2015, 2014 and 2013 under the treasury stock method are presented below:

(in thousands, except per share amounts)	Year Ended December 31,		
	2015	2014	2013
Amounts attributable to Fluor Corporation:			
Earnings from continuing operations	\$ 418,170	\$ 715,460	\$ 667,711
Loss from discontinued operations, net of taxes	(5,658)	(204,551)	
Net earnings	\$ 412,512	\$ 510,909	\$ 667,711
Basic EPS attributable to Fluor Corporation:			
Weighted average common shares outstanding	144,805	157,487	162,566
Earnings from continuing operations	\$ 2.89	\$ 4.54	\$ 4.11
Loss from discontinued operations, net of taxes	(0.04)	(1.30)	
Net earnings	\$ 2.85	\$ 3.24	\$ 4.11
Diluted EPS attributable to Fluor Corporation:			
Weighted average common shares outstanding	144,805	157,487	162,566
Diluted effect:			
Employee stock options, restricted stock units and shares and VDI units	1,827	1,719	1,383
Conversion equivalent of dilutive convertible debt	90	410	405
Weighted average diluted shares outstanding	146,722	159,616	164,354
Earnings from continuing operations	\$ 2.85	\$ 4.48	\$ 4.06
Loss from discontinued operations, net of taxes	(0.04)	(1.28)	
Net earnings	\$ 2.81	\$ 3.20	\$ 4.06
Anti-dilutive securities not included above	3,408	769	1,436

During the years ended December 31, 2015, 2014 and 2013, the company repurchased and canceled 10,104,988; 13,331,402; and 2,591,557 shares of its common stock, respectively, under its stock repurchase program for \$510 million, \$906 million, and \$200 million, respectively.

12. Lease Obligations

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Net rental expense amounted to approximately \$169 million, \$218 million and \$206 million in the years ended December 31, 2015, 2014 and 2013, respectively. The company's lease obligations relate primarily to office facilities, equipment used in connection with long-term construction contracts and other

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personal property. Net rental expense in 2015 was lower compared to 2014, primarily due to a decrease in rental equipment and facilities required to support project execution activities in the mining and metals business line of the Industrial & Infrastructure segment as well as the Oil & Gas and Government segments. Net rental expense in 2014 was higher compared to 2013, primarily due to an increase in rental equipment required to support project execution activities in the Oil & Gas segment.

The company's obligations for minimum rentals under non-cancelable operating leases are as follows:

Year Ended December 31,	(in thousands)
2016	\$ 64,300
2017	51,100
2018	35,700
2019	28,900
2020	24,600
Thereafter	75,600

In November 2015, the company sold two office buildings located in California and subsequently entered into a twelve year lease with the purchaser. The resulting gain on the sale of the property was approximately \$58 million, of which \$7 million was recognized during the fourth quarter of 2015 and included in corporate general and administrative expense in the Consolidated Statement of Earnings. The remaining gain of approximately \$51 million was deferred and will be amortized over the life of the lease on a straight-line basis.

13. 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 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 years ended December 31, 2015, 2014 and 2013, net earnings attributable to noncontrolling interests were \$62 million, \$137 million and \$155 million, respectively. Income taxes associated with earnings attributable to noncontrolling interests were immaterial in all periods presented. Distributions paid to noncontrolling interests were \$59 million, \$138 million and \$125 million for the years ended December 31, 2015, 2014 and 2013, respectively. Capital contributions by noncontrolling interests were \$5 million, \$3 million and \$2 million for the years ended December 31, 2015, 2014 and 2013, respectively.

14. Contingencies and Commitments

The company and certain of its subsidiaries are subject to litigation, claims, performance guarantees, and other commitments and contingencies arising in the ordinary course of business. Although the asserted value of these matters may be significant, 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.

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 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 and The Doe Run Company in Herculaneum, Missouri, which the company sold in 1994. Until December 2010, substantially all of the lawsuits were settled and paid by the buyer of the business, who had agreed to indemnify the company for all such liabilities; in all of these cases the company was fully released. Since December 2010, the company has made payments to settle several other lawsuits relating to the lead business, including a \$306 million payment in January 2015. The company has filed suit against the buyer seeking indemnification for all liabilities arising from the post-December 2010 lead exposures cases, including the January 2015 payment.

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 \$19.3 billion as of December 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 December 31, 2015 and 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.

Other Matters

The company has 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. As

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FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of December 31, 2015 and 2014, the company had recorded \$30 million and \$21 million, respectively, of claim revenue for costs incurred to date and such costs are included in contract work in progress. Additional costs are expected to be incurred in future periods. The company believes the ultimate recovery of incurred and future costs related to these claims is probable in accordance with ASC 605-35-25.

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.

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

In August 2015, the company entered into an agreement to form COOEC Fluor Heavy Industries Co., Ltd. ("CFHI"), a joint venture in which the company will have a 49% ownership interest and Offshore Oil Engineering Co., Ltd., a subsidiary of China National Offshore Oil Corporation, will have a 51% ownership interest. Through CFHI, the two companies will own, operate and manage the Zhuhai Fabrication Yard in China's Guangdong province. Under the agreement, the company has committed to make an initial cash investment of \$350 million after all necessary approvals are received, which is targeted for early 2016, with a \$140 million additional investment targeted for the third quarter of 2016.

15. Partnerships and Joint Ventures

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. Receivables related to work performed for unconsolidated partnerships and joint ventures included in "Accounts and notes receivable, net" in the Consolidated Balance Sheet were \$132 million and \$113 million as of December 31, 2015 and 2014, respectively.

For unconsolidated partnerships and joint ventures in the construction industry, the company generally recognizes its proportionate share of revenue, cost and profit in its Consolidated Statement of Earnings and uses the one-line equity method of accounting in the Consolidated Balance Sheet, which is a common application of ASC 810-10-45-14 in the construction industry. The equity method of accounting is also used for other investments in entities where the company has significant influence. The company's investments in unconsolidated partnerships and joint ventures accounted for under these methods amounted to \$292 million and \$172 million for the years ended December 31, 2015 and 2014, respectively, and were classified under "Investments" and "Other accrued liabilities" in the Consolidated Balance Sheet. The following is a summary of aggregate, unaudited balance sheet data for these unconsolidated partnerships and joint ventures where the company's investment is presented as a one-line equity method investment: As of December 31, 2015, current assets of \$3.2 billion, noncurrent assets of \$444 million, current liabilities of \$2.5 billion and noncurrent liabilities of \$445 million; as of December 31, 2014, current assets of \$2.8 billion, noncurrent assets of \$716 million, current liabilities of \$2.4 billion and noncurrent

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

liabilities of \$741 million. Additionally, the following is a summary of aggregate, unaudited income statement data for unconsolidated partnerships and joint ventures where the equity method of accounting is used to recognize the company's share of net earnings or losses of investees: Revenue of \$961 million, \$879 million and \$778 million for 2015, 2014 and 2013, respectively; cost of revenue of \$926 million, \$822 million and \$796 million for 2015, 2014 and 2013, respectively; net earnings of \$14 million for 2015, net loss of \$8 million for 2014 and net loss of \$69 million for 2013.

In accordance with ASC 810, "Consolidation," 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.

The net carrying value of the unconsolidated VIEs classified under "Investments" and "Other accrued liabilities" in the Consolidated Balance Sheet was a net asset of \$208 million and \$107 million as of December 31, 2015 and 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 December 31, 2015 for the unconsolidated VIEs were \$15 million.

In some cases, the company is required to consolidate certain VIEs. As of December 31, 2015, the carrying values of the assets and liabilities associated with the operations of the consolidated VIEs were \$863 million and \$443 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 "14. Contingencies and Commitments" for a further discussion of such agreements. Below is a discussion of some of the company's more significant or unique VIEs and related accounting considerations.

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Interstate 95 High-Occupancy Toll ("HOT") Lanes Project

In August 2012, the company was awarded the \$925 million Interstate 95 HOT Lanes Project in Virginia through a public-private partnership between the Virginia Department of Transportation ("VDOT") and 95 Express Lanes, LLC, a joint venture in which the company had a 10 percent interest and Transurban (USA) Inc. had a 90 percent interest. In 2014, the company sold its interest in 95 Express Lanes, LLC to Transurban (USA) Inc. The company previously accounted for its ownership interest in 95 Express Lanes, LLC under the equity method of accounting.

VDOT owns and oversees the addition and extension of HOT lanes, interchange improvements and construction of commuter parking lots on 29 miles of I-95 in northern Virginia. As concessionaire, Transurban (USA) Inc. is responsible for developing, designing, financing, constructing, maintaining and operating the improvements and HOT lanes under a 75-year concession agreement. The construction is being financed primarily through grant funding from VDOT, private activity bonds, a non-recourse loan from the federal Transportation Infrastructure Finance Innovation Act ("TIFIA"), which is administered by the U.S. Department of Transportation, and equity contributions from the joint venture members.

The construction of the improvements and HOT lanes is being performed by a construction joint venture in which the company has a 65 percent interest and Lane Construction has a 35 percent interest ("Fluor-Lane 95"). The company has evaluated its interest in Fluor-Lane 95 and has determined that it is the primary beneficiary. Accordingly, the company consolidates the accounts of Fluor-Lane 95. The company's results of operations included revenue of \$84 million and \$268 million from 95 Express Lanes, LLC during the 2014 and 2013 periods in which the company had an equity interest in 95 Express Lanes, LLC. As of December 31, 2015, the company's financial statements included assets of \$49 million and liabilities of \$26 million for Fluor-Lane 95. As of December 31, 2014, the company's financial statements included assets of \$82 million and liabilities of \$64 million for Fluor-Lane 95.

Eagle P3 Commuter Rail Project

In August 2010, the company was awarded its \$1.7 billion share of the Eagle P3 Commuter Rail Project in the Denver metropolitan area. The project is a public-private partnership between the Regional Transportation District in Denver, Colorado ("RTD") and Denver Transit Partners ("DTP"), a wholly-owned subsidiary of Denver Transit Holdings LLC ("DTH"), a joint venture in which the company has a 10 percent interest, with two additional partners each owning a 45 percent interest. Under the agreement, RTD owns and oversees the addition of railways, facilities and rolling stock for three new commuter and light rail corridors in the Denver metropolitan area. RTD is funding the construction of the railways and facilities through the issuance of \$398 million of private activity bonds, as well as from various other sources, including federal grants. RTD advanced the proceeds of the private activity bonds to DTP as a loan that is non-recourse to the company and will be repaid to RTD over the life of the concession agreement. DTP, as concessionaire, will design, build, finance, operate and maintain the railways, facilities and rolling stock under a 35-year concession agreement. The company has determined that DTH is a VIE for which the company is not the primary beneficiary. DTH is accounted for under the equity method of accounting. The company's maximum exposure to loss relating to its investments in DTH is limited to the carrying value of its investment of \$7 million.

The construction of the railways and facilities is being performed through subcontract arrangements by Denver Transit Systems ("DTS") and Denver Transit Constructors ("DTC"), construction joint ventures in which the company has an ownership interest of 50 percent and 40 percent, respectively. The company has determined that DTS and DTC are VIEs for which the company is the primary beneficiary. Therefore, the company consolidates the accounts of DTS and DTC in its financial statements. For the years ended December 31, 2015, 2014 and 2013, the company's results of operations included revenue of \$251 million, \$361 million and \$333 million, respectively, from DTH. As of December 31, 2015, the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

combined carrying values of the assets and liabilities of DTS and DTC were \$96 million and \$42 million, respectively. As of December 31, 2014, the combined carrying values of the assets and liabilities of DTS and DTC were \$108 million and \$49 million, respectively. The company has provided certain performance guarantees on behalf of DTS.

16. Operations by Business Segment and Geographic Area

The company provides professional services in the fields of engineering, procurement, construction, fabrication and modularization, commissioning and maintenance, as well as project management services, on a global basis and serves a diverse set of industries worldwide. The five principal business segments are: Oil & Gas, Industrial & Infrastructure, Government, Global Services and Power, as discussed further below.

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 and 2013 has been recast to reflect these organizational changes.

The Oil & Gas segment provides design, engineering, procurement, construction, fabrication and project management services for chemicals and petrochemicals, downstream refining, pipelines, upstream oil and gas production, liquefied natural gas and offshore production markets. The revenue of a single customer and its affiliates of the Oil & Gas segment amounted to 11 percent, 15 percent and 12 percent of the company's consolidated revenue during the years ended December 31, 2015, 2014 and 2013, respectively.

The Industrial & Infrastructure segment provides design, engineering, procurement, construction, operations and maintenance and project management services to the transportation, commercial and institutional, manufacturing, life sciences, mining and metals, telecommunications, microelectronics and water sectors.

The Government segment provides engineering, construction, logistics, base and facilities operations and maintenance, contingency response and environmental and nuclear services to the U.S. government and governments abroad. The percentage of the company's consolidated revenue from work performed for various agencies of the U.S. government was 12 percent, 11 percent and 10 percent during the years ended December 31, 2015, 2014 and 2013, respectively.

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. The Global Services segment includes site equipment and tool services and industrial fleet services. In addition, Global Services provides temporary staffing of technical, professional and administrative personnel for projects in all segments.

The Power segment provides engineering, procurement, construction, program management, start-up and commissioning, operations and maintenance and technical services to the gas fueled, solid fueled, environmental compliance, renewables, nuclear and power services markets. The Power segment includes the operations of NuScale Power, LLC, the Oregon-based designer of small modular nuclear reactors, which is managed as a separate operating segment within the Power segment.

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The reportable segments follow the same accounting policies as those described in Major Accounting Policies. Management evaluates a segment's performance based upon segment profit. The company incurs cost and expenses and holds certain assets at the corporate level which relate to its business as a whole. Certain of these amounts have been charged to the company's business segments by various methods, largely on the basis of usage. Total assets not allocated to segments and held in "Corporate and other" primarily include cash, marketable securities, income-tax related assets, pension assets, deferred compensation trust assets and corporate property, plant and equipment.

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Operating Information by Segment

(in millions)	Year Ended December 31,		
	2015	2014	2013
External revenue			
Oil & Gas	\$ 10,040.2	\$ 11,524.6	\$ 11,620.5
Industrial & Infrastructure	4,070.6	5,909.8	10,987.0
Government	2,557.4	2,511.9	2,749.1
Global Services	499.1	581.2	605.8
Power	946.7	1,004.1	1,389.2
Total external revenue	\$ 18,114.0	\$ 21,531.6	\$ 27,351.6
Segment profit (loss)			
Oil & Gas	\$ 764.5	\$ 670.2	\$ 445.8
Industrial & Infrastructure	227.4	385.6	468.0
Government	83.1	92.7	161.4
Global Services	45.2	82.6	123.0
Power	(88.0)	31.3	11.7
Total segment profit	\$ 1,032.2	\$ 1,262.4	\$ 1,209.9
Depreciation and amortization of fixed assets			
Oil & Gas	\$	\$	\$
Industrial & Infrastructure	1.5	2.6	1.5
Government	3.2	5.4	9.5
Global Services	113.4	111.8	117.7
Power	2.5	1.6	1.1
Corporate and other	68.1	70.3	76.5
Total depreciation and amortization of fixed assets	\$ 188.7	\$ 191.7	\$ 206.3
Capital expenditures			
Oil & Gas	\$	\$	\$
Industrial & Infrastructure		8.3	2.9
Government	3.9	2.2	4.1
Global Services	158.9	224.0	145.3
Power	6.1	2.1	1.3
Corporate and other	71.3	88.1	134.9
Total capital expenditures	\$ 240.2	\$ 324.7	\$ 288.5
Total assets			
Oil & Gas	\$ 1,533.9	\$ 1,745.3	
Industrial & Infrastructure	766.2	848.2	
Government	495.4	540.1	

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Global Services	688.3	781.9
Power	207.6	178.6
Corporate and other	3,940.1	4,100.3

Total assets \$ 7,631.5 \$ 8,194.4

Goodwill

Oil & Gas	\$ 7.1	\$ 7.1
Industrial & Infrastructure	15.6	16.9
Government	58.0	58.0
Global Services	20.3	20.4
Power	10.6	10.6

Total goodwill \$ 111.6 \$ 113.0

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FLUOR CORPORATION

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Government. Segment profit in 2013 included pre-tax income of \$57 million resulting from the favorable resolution of various issues with the U.S. government related to 2001 - 2013. Of this amount, \$31 million was the result of resolving challenges as to the reimbursability of certain costs, \$11 million was the result of a favorable court ruling that resolved certain disputed items and \$15 million was related to the closeout and final disposition of other matters.

Global Services. During 2015, 2014 and 2013, intercompany revenue for the Global Services segment, excluded from the amounts shown above, was \$439 million, \$531 million and \$505 million, respectively.

Power. Segment profit for 2015 included a loss of \$60 million (including the reversal of previously recognized profit) resulting from forecast revisions for a large gas-fired power plant in Brunswick County, Virginia. Segment profit for 2015, 2014 and 2013 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 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 \$80 million, \$46 million and \$53 million during 2015, 2014 and 2013, respectively. NuScale expenses for 2015 and 2014 were reported net of qualified reimbursable expenses of \$65 million and \$38 million, respectively. The company recognizes the cost-sharing award with the DOE, when earned, as a reduction of "Total cost of revenue" in the 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.

Reconciliation of Total Segment Profit to Earnings from Continuing Operations Before Taxes

(in millions)	Year Ended December 31,		
	2015	2014	2013
Total segment profit	\$ 1,032.2	\$ 1,262.4	\$ 1,209.9
Gain related to a partial sale of a subsidiary	68.2		
Pension settlement charge	(239.9)		
Corporate general and administrative expense	(168.3)	(182.7)	(175.1)
Interest income (expense), net	(28.1)	(11.4)	(12.5)
Earnings attributable to noncontrolling interests	62.5	136.6	155.3
Earnings from continuing operations before taxes	\$ 726.6	\$ 1,204.9	\$ 1,177.6

Table of Contents**FLUOR CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Operating Information by Geographic Area**

Engineering services for international projects are often performed within the United States or a country other than where the project is located. Revenue associated with these services has been classified within the geographic area where the work was performed.

(in millions)	External Revenue Year Ended December 31,			Total Assets As of December 31,	
	2015	2014	2013	2015	2014
United States	\$ 7,857.3	\$ 7,466.2	\$ 7,295.0	\$ 4,312.1	\$ 4,598.4
Canada	2,459.3	4,133.3	6,275.8	800.9	900.4
Asia Pacific (includes Australia)	870.4	2,568.0	4,503.4	541.2	724.7
Europe	2,509.2	2,070.1	2,096.3	1,364.6	1,178.0
Central and South America	2,560.4	2,494.8	3,509.7	251.7	371.7
Middle East and Africa	1,857.4	2,799.2	3,671.4	361.0	421.2
Total	\$ 18,114.0	\$ 21,531.6	\$ 27,351.6	\$ 7,631.5	\$ 8,194.4

Non-Operating (Income) Expense

Non-operating income of \$7 million was included in corporate general and administrative expense in 2015. Non-operating expense of \$2 million was included in corporate general and administrative expense in 2013. There were no non-operating expenses during 2014.

17. Acquisitions and Divestitures

On September 30, 2015, the company sold 50% of its ownership of Fluor S.A., its principal Spanish operating subsidiary, to Sacyr Industrial, S.L.U. for a cash purchase price of approximately \$46 million, subject to certain purchase price adjustments. The company deconsolidated the subsidiary and recorded a pre-tax non-operating gain of \$68 million during the third quarter of 2015, which was determined based on the sum of the proceeds received on the sale and the estimated fair value of the company's retained 50% noncontrolling interest, less the carrying value of the net assets associated with the former subsidiary. The estimated fair value of the company's retained noncontrolling interest was \$44 million as of the transaction date. The fair value was estimated using a combination of income-based and market-based valuation approaches utilizing unobservable Level 3 inputs, including significant management assumptions such as forecasted revenue and operating margins, weighted average cost of capital and earnings multiples. Observable inputs, such as the cash consideration received for the divested share of the entity, were also considered.

In December 2015, the company signed an agreement with U.K.-based private equity firm Arle Capital Partners to acquire 100 percent of Stork Holding B.V. ("Stork"), based in the Netherlands, for €695 million (or approximately \$755 million), including the assumption of debt and other liabilities. Stork is a global provider of maintenance, modification and asset integrity services associated with large existing industrial facilities in the oil and gas, chemicals, petrochemicals, industrial and power markets. The acquisition is expected to close in the first half of 2016 and is subject to regulatory approvals and consultation procedures. The company intends to use existing sources of liquidity, including existing lines of credit to initially finance the transaction and expects to secure long-term financing through the issuance of debt in international markets.

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The following is a summary of the quarterly results of operations:

(in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended December 31, 2015				
Revenue	\$ 4,548.6	\$ 4,810.1	\$ 4,384.6	\$ 4,370.7
Cost of revenue	4,251.2	4,516.1	4,133.8	4,118.3
Earnings (loss) from continuing operations before taxes	248.9	238.8	278.2	(39.3)
Earnings (loss) from continuing operations	165.6	160.7	186.8	(32.4)
Loss from discontinued operations, net of taxes			(5.1)	(0.6)
Net earnings (loss)	165.6	160.7	181.7	(33.0)
Net earnings (loss) attributable to Fluor Corporation	144.1	148.5	171.3	(51.4)
Basic earnings (loss) per share attributable to Fluor Corporation:				
Earnings (loss) from continuing operations	\$ 0.98	\$ 1.02	\$ 1.22	\$ (0.36)
Loss from discontinued operations, net of taxes			(0.03)	
Net earnings (loss)	0.98	1.02	1.19	(0.36)
Diluted earnings (loss) per share attributable to Fluor Corporation:				
Earnings (loss) from continuing operations	0.96	1.00	1.21	(0.36)
Loss from discontinued operations, net of taxes			(0.04)	
Net earnings (loss)	0.96	1.00	1.17	(0.36)
Year ended December 31, 2014				
Revenue	\$ 5,384.6	\$ 5,251.7	\$ 5,440.1	\$ 5,455.2
Cost of revenue	5,072.3	4,906.4	5,060.0	5,093.8
Earnings from continuing operations before taxes	271.5	285.3	343.4	304.7
Earnings from continuing operations	193.3	195.2	228.7	234.9
Loss from discontinued operations, net of taxes		(85.2)	(113.8)	(5.6)
Net earnings	193.3	110.0	114.9	229.3
Net earnings attributable to Fluor Corporation	149.1	77.8	69.5	214.5
Basic earnings (loss) per share attributable to Fluor Corporation:				
Earnings from continuing operations	\$ 0.93	\$ 1.03	\$ 1.17	\$ 1.43
Loss from discontinued operations, net of taxes		(0.54)	(0.73)	(0.04)
Net earnings	0.93	0.49	0.44	1.39
Diluted earnings (loss) per share attributable to Fluor Corporation:				
Earnings from continuing operations	0.92	1.02	1.15	1.41
Loss from discontinued operations, net of taxes		(0.54)	(0.71)	(0.04)
Net earnings	0.92	0.48	0.44	1.37

Net earnings in the third quarter of 2015 included a pre-tax gain of \$68 million (or \$0.30 per diluted share) related to the sale of 50 percent of the company's ownership interest in its principal operating

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subsidiary in Spain to facilitate the formation of an Oil & Gas joint venture. Net earnings in the third and fourth quarters of 2015 included a pre-tax loss of \$21 million (or \$0.09 per diluted share) and \$31 million (or \$0.14 per diluted share), respectively, resulting from forecast revisions for a large gas-fired power plant in Brunswick County, Virginia. Net earnings in the third and fourth quarters of 2015 included pre-tax pension settlement charges of \$9 million (or \$0.04 per diluted share) and \$231 million (or \$1.04 per diluted share), respectively.

Net earnings in 2014 and 2015 included losses from discontinued operations related to the previously divested lead business of St. Joe Minerals Corporation and The Doe Run Company in Herculaneum, Missouri. The 2014 losses from discontinued operations resulted from the reassessment of estimated loss contingencies. The 2015 losses from discontinued operations resulted from the settlement of lead exposure cases and the payment of legal fees incurred in connection with a pending indemnification action against the buyer of the lead business for these settlements and others.