

FLUOR CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS

(in thousands, except per share amounts)	Year Ended December 31,		
	2018	2017	2016
TOTAL REVENUE	\$19,166,599	\$19,520,970	\$19,036,525
TOTAL COST OF REVENUE	18,496,675	18,902,480	18,246,209
OTHER (INCOME) AND EXPENSES			
Corporate general and administrative expense	147,958	192,187	191,073
Interest expense	77,179	67,638	69,689
Interest income	(36,965)	(27,776)	(17,046)
Total cost and expenses	18,684,847	19,134,529	18,489,925
EARNINGS BEFORE TAXES	481,752	386,441	546,600
INCOME TAX EXPENSE	188,794	121,972	219,151
NET EARNINGS	292,958	264,469	327,449
LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	68,125	73,092	46,048
NET EARNINGS ATTRIBUTABLE TO FLUOR CORPORATION	\$ 224,833	\$ 191,377	\$ 281,401
BASIC EARNINGS PER SHARE	\$ 1.60	\$ 1.37	\$ 2.02
DILUTED EARNINGS PER SHARE	\$ 1.59	\$ 1.36	\$ 2.00
SHARES USED TO CALCULATE EARNINGS PER SHARE			
Basic	140,413	139,761	139,171
Diluted	141,272	140,893	140,912
DIVIDENDS DECLARED PER SHARE	\$ 0.84	\$ 0.84	\$ 0.84

See Notes to Consolidated Financial Statements.

FLUOR CORPORATION
CONSOLIDATED BALANCE SHEET

(in thousands, except share and per share amounts)	December 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (\$391,635 and \$516,046 related to variable interest entities ("VIEs"))	\$1,764,746	\$1,804,075
Marketable securities, current (\$202,481 and \$91,295 related to VIEs)	214,828	161,134
Accounts and notes receivable, net (\$214,339 and \$327,652 related to VIEs)	1,534,339	1,602,751
Contract assets (\$350,814 and \$132,500 related to VIEs)	1,544,981	1,458,533
Other current assets (\$15,660 and \$9,229 related to VIEs)	381,999	574,764
Total current assets	5,440,893	5,601,257
PROPERTY, PLANT AND EQUIPMENT		
Land	81,566	82,794
Buildings and improvements	508,120	493,704
Machinery and equipment	1,437,540	1,501,452
Furniture and fixtures	154,237	155,423
Construction in progress	53,071	62,237
	2,234,534	2,295,610
Less accumulated depreciation	1,220,802	1,201,929
Net property, plant and equipment (\$41,479 and \$44,004 related to VIEs)	1,013,732	1,093,681
OTHER ASSETS		
Marketable securities, noncurrent	—	113,622
Goodwill	533,585	564,683
Investments	938,490	878,863
Deferred taxes	342,126	316,472
Deferred compensation trusts	328,814	381,826
Other (\$26,578 and \$27,631 related to VIEs)	315,997	377,288
Total other assets	2,459,012	2,632,754
TOTAL ASSETS	\$8,913,637	\$9,327,692
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade accounts payable (\$475,018 and \$258,592 related to VIEs)	\$1,638,891	\$1,512,740
Short-term borrowings	26,887	27,361
Contracts liabilities (\$271,692 and \$361,701 related to VIEs)	855,948	874,036
Accrued salaries, wages and benefits (\$28,478 and \$32,678 related to VIEs)	649,486	706,520
Other accrued liabilities (\$49,997 and \$44,211 related to VIEs)	381,301	453,513
Total current liabilities	3,552,513	3,574,170
LONG-TERM DEBT DUE AFTER ONE YEAR	1,661,565	1,591,598
NONCURRENT LIABILITIES	581,509	669,525
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 — 139,653,824 and 139,918,324 shares in 2018 and 2017, respectively	1,396	1,399
Additional paid-in capital	82,106	88,222
Accumulated other comprehensive loss	(542,478)	(402,242)
Retained earnings	3,422,157	3,654,931
Total shareholders' equity	2,963,181	3,342,310
Noncontrolling interests	154,869	150,089
Total equity	3,118,050	3,492,399
TOTAL LIABILITIES AND EQUITY	\$8,913,637	\$9,327,692

See Notes to Consolidated Financial Statements.

FLUOR CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended December 31,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	\$ 292,958	\$ 264,469	\$ 327,449
Adjustments to reconcile net earnings to cash provided (utilized) by operating activities:			
Depreciation of fixed assets	197,585	206,113	211,095
Amortization of intangibles	19,071	19,156	14,818
(Earnings) loss from equity method investments, net of distributions	980	2,849	12,180
Gain on sale of joint venture interest	(124,942)	—	—
Gain on sale of property, plant and equipment	(22,132)	(22,746)	(21,604)
Amortization of stock-based awards	43,029	40,669	40,086
Deferred compensation trust	18,010	(49,539)	(22,332)
Deferred compensation obligation	(22,272)	52,615	29,323
Statute expirations and tax settlements	—	—	(13,280)
Deferred taxes	70,594	100,286	(7,912)
Net retirement plan accrual (contributions)	(16,472)	(8,846)	(1,756)
Changes in operating assets and liabilities	(297,722)	(11,899)	135,393
Other items	3,477	8,844	2,459
Cash provided by operating activities	162,164	601,971	705,919
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of marketable securities	(483,513)	(237,360)	(359,986)
Proceeds from the sales and maturities of marketable securities	541,104	216,436	522,094
Capital expenditures	(210,998)	(283,107)	(235,904)
Proceeds from disposal of property, plant and equipment	81,038	96,102	81,162
Proceeds from sale of joint venture interest	124,942	—	—
Investments in partnerships and joint ventures	(73,145)	(273,117)	(518,220)
Return of capital from partnerships and joint ventures	22,284	3,249	3,783
Acquisitions, net of cash acquired	—	—	(240,740)
Other items	(329)	(6,481)	6,460
Cash provided (utilized) by investing activities	1,383	(484,278)	(741,351)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of common stock	(50,022)	—	(9,718)
Dividends paid	(118,734)	(117,995)	(117,995)
Proceeds from issuance of Senior Notes	598,722	—	552,958
Repayment of 3.375% Senior Notes and Stork Notes	(503,285)	—	(333,654)
Borrowings under revolving lines of credit	—	—	882,142
Repayment of borrowings under revolving lines of credit	—	(53,455)	(917,027)
Debt issuance costs	(5,061)	—	(3,513)
Distributions paid to noncontrolling interests	(63,523)	(47,215)	(57,904)
Capital contributions by noncontrolling interests	5,128	6,397	9,072
Taxes paid on vested restricted stock	(5,686)	(6,186)	(7,007)
Stock options exercised	7,258	9,380	3,658
Other items	(5,288)	(6,428)	(11,362)
Cash utilized by financing activities	(140,491)	(215,502)	(10,350)
Effect of exchange rate changes on cash	(62,385)	51,448	(53,668)
Decrease in cash and cash equivalents	(39,329)	(46,361)	(99,450)
Cash and cash equivalents at beginning of year	1,804,075	1,850,436	1,949,886
Cash and cash equivalents at end of year	\$1,764,746	\$1,804,075	\$1,850,436

See Notes to Consolidated Financial Statements.