

FLUOR CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS

(in thousands, except per share amounts)	Year Ended December 31,		
	2016	2015	2014
TOTAL REVENUE	\$19,036,525	\$18,114,048	\$21,531,577
TOTAL COST OF REVENUE	18,246,209	17,019,352	20,132,544
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	191,073	168,329	182,711
Interest expense	69,689	44,770	29,681
Interest income	(17,046)	(16,689)	(18,268)
Total cost and expenses	18,489,925	17,387,496	20,326,668
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	546,600	726,552	1,204,909
INCOME TAX EXPENSE	219,151	245,888	352,815
EARNINGS FROM CONTINUING OPERATIONS	327,449	480,664	852,094
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	—	(5,658)	(204,551)
NET EARNINGS	327,449	475,006	647,543
LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	46,048	62,494	136,634
NET EARNINGS ATTRIBUTABLE TO FLUOR CORPORATION	\$ 281,401	\$ 412,512	\$ 510,909
AMOUNTS ATTRIBUTABLE TO FLUOR CORPORATION			
Earnings from continuing operations	\$ 281,401	\$ 418,170	\$ 715,460
Loss from discontinued operations, net of tax	—	(5,658)	(204,551)
Net earnings	\$ 281,401	\$ 412,512	\$ 510,909
BASIC EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO FLUOR CORPORATION			
Earnings from continuing operations	\$ 2.02	\$ 2.89	\$ 4.54
Loss from discontinued operations, net of tax	—	(0.04)	(1.30)
Net earnings	\$ 2.02	\$ 2.85	\$ 3.24
DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO FLUOR CORPORATION			
Earnings from continuing operations	\$ 2.00	\$ 2.85	\$ 4.48
Loss from discontinued operations, net of tax	—	(0.04)	(1.28)
Net earnings	\$ 2.00	\$ 2.81	\$ 3.20
SHARES USED TO CALCULATE EARNINGS PER SHARE			
Basic	139,171	144,805	157,487
Diluted	140,912	146,722	159,616
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, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (\$439,942 and \$289,991 related to variable interest entities ("VIEs"))	\$1,850,436	\$1,949,886
Marketable securities, current (\$48,155 and \$70,176 related to VIEs)	111,037	197,092
Accounts and notes receivable, net (\$232,242 and \$186,833 related to VIEs)	1,700,224	1,203,024
Contract work in progress (\$124,677 and \$178,826 related to VIEs)	1,537,289	1,376,471
Other current assets (\$24,017 and \$27,362 related to VIEs)	411,284	378,927
Total current assets	5,610,270	5,105,400
PROPERTY, PLANT AND EQUIPMENT		
Land	77,985	72,244
Buildings and improvements	490,047	434,213
Machinery and equipment	1,364,231	1,252,615
Furniture and fixtures	157,104	135,701
Construction in progress	50,047	43,644
	2,139,414	1,938,417
Less accumulated depreciation	1,122,191	1,046,077
Net property, plant and equipment (\$53,728 and \$70,247 related to VIEs)	1,017,223	892,340
OTHER ASSETS		
Marketable securities, noncurrent	143,553	220,634
Goodwill	532,239	111,646
Investments	740,385	337,930
Deferred taxes	454,109	394,832
Deferred compensation trusts	348,487	360,725
Other (\$24,248 and \$24,141 related to VIEs)	370,151	201,899
Total other assets	2,588,924	1,627,666
TOTAL ASSETS	\$9,216,417	\$7,625,406
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade accounts payable (\$221,601 and \$178,139 related to VIEs)	\$1,590,506	\$1,266,509
Revolving credit facility and other borrowings	82,243	—
Advance billings on contracts (\$263,393 and \$188,484 related to VIEs)	763,774	754,037
Accrued salaries, wages and benefits (\$35,573 and \$47,526 related to VIEs)	734,649	669,592
Other accrued liabilities (\$32,015 and \$25,384 related to VIEs)	644,857	245,214
Total current liabilities	3,816,029	2,935,352
LONG-TERM DEBT DUE AFTER ONE YEAR	1,517,949	986,564
NONCURRENT LIABILITIES	639,608	589,991
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 — 139,258,483 and 139,018,309 shares in 2016 and 2015, respectively	1,393	1,390
Additional paid-in capital	38,317	—
Accumulated other comprehensive loss	(496,669)	(432,775)
Retained earnings	3,582,150	3,428,732
Total shareholders' equity	3,125,191	2,997,347
Noncontrolling interests	117,640	116,152
Total equity	3,242,831	3,113,499
TOTAL LIABILITIES AND EQUITY	\$9,216,417	\$7,625,406

See Notes to Consolidated Financial Statements.

FLUOR CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended December 31,		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	\$ 327,449	\$ 475,006	\$ 647,543
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	211,095	188,700	191,701
Amortization of intangibles	14,818	1,038	893
Loss on sale of equity method investments	—	—	2,158
(Earnings) loss from equity method investments, net of distributions	12,180	(1,597)	1,295
Gain related to a partial sale of a subsidiary	—	(68,162)	—
Gain on sale of property, plant and equipment	(21,604)	(31,272)	(33,878)
Amortization of stock-based awards	40,086	61,053	48,232
Deferred compensation trust	(22,332)	44,298	(16,614)
Deferred compensation obligation	29,323	(6,854)	14,755
Statute expirations and tax settlements	(13,280)	(7,827)	(19,331)
Deferred taxes	(7,912)	4,675	62,084
Excess tax benefit from stock-based plans	—	—	(4,089)
Net retirement plan accrual (contributions)	(1,756)	(37,805)	(40,093)
Changes in operating assets and liabilities	135,393	303,896	(408,861)
Cash outflows from discontinued operations	—	(316,195)	(8,058)
Other items	2,459	(5,376)	286
Cash provided by operating activities	705,919	849,132	642,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of marketable securities	(359,986)	(386,021)	(410,508)
Proceeds from the sales and maturities of marketable securities	522,094	411,380	419,398
Capital expenditures	(235,904)	(240,220)	(324,704)
Proceeds from disposal of property, plant and equipment	81,162	94,323	105,872
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
Investments in partnerships and joint ventures	(518,220)	(91,078)	(38,687)
Acquisitions, net of cash acquired	(240,740)	—	—
Other items	10,243	17,461	5,514
Cash utilized by investing activities	(741,351)	(66,507)	(199,115)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of common stock	(9,718)	(509,658)	(906,083)
Dividends paid	(117,995)	(125,204)	(126,218)
Proceeds from issuance of 1.75% Senior Notes	552,958	—	—
Proceeds from issuance of 3.5% Senior Notes	—	—	494,595
Debt and credit facility issuance costs	(3,513)	—	(7,685)
Repayment of Stork Notes, convertible debt and other borrowings	(333,654)	(28,425)	(74)
Borrowings under revolving lines of credit	882,142	—	—
Repayment of borrowings under revolving lines of credit	(917,027)	—	—
Distributions paid to noncontrolling interests	(57,904)	(58,986)	(138,041)
Capital contributions by noncontrolling interests	9,072	5,254	3,336
Taxes paid on vested restricted stock	(7,007)	(8,400)	(11,475)
Stock options exercised	3,658	1,780	24,189
Excess tax benefit from stock-based plans	—	—	4,089
Other items	(11,362)	(4,591)	(3,049)
Cash utilized by financing activities	(10,350)	(728,230)	(666,416)
Effect of exchange rate changes on cash	(53,668)	(97,634)	(67,500)
Decrease in cash and cash equivalents	(99,450)	(43,239)	(290,457)
Cash and cash equivalents at beginning of year	1,949,886	1,993,125	2,283,582
Cash and cash equivalents at end of year	\$1,850,436	\$1,949,886	\$1,993,125

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