FLUOR CORP
Form 10-K
February 22, 2012

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

Form 10-K

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

For the fiscal year ended December 31, 2011

or

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

For the transition period from to
Commission file number: 1-16129

FLUOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**33-0927079**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
6700 Las Colinas Boulevard Irving, Texas	**75039**
(Address of principal executive offices)	*(Zip Code)*

469-398-7000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

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

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 o No þ

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 þ No o

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 þ No o

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. o

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 þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

As of June 30, 2011, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $11.2 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 16, 2012
Common Stock, $.01 par value per share	169,003,400 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 3, 2012 (Proxy Statement)	Part III

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FLUOR CORPORATION

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For the Fiscal Year Ended December 31, 2011

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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 amounts or incurrence of liabilities in excess of amounts previously recognized could result in a charge against future earnings. As a result, the reader is cautioned to recognize and consider the inherently uncertain nature of forward-looking statements and not to place undue reliance on them.

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.

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 that separated us from our coal business which previously operated as Massey Energy Company prior to its acquisition by Alpha Natural Resources in June 2011. However, through our predecessors, we have been in business for 100 years and will celebrate our 100th anniversary in April 2012. Our principal executive offices are located at 6700 Las Colinas Boulevard, Irving, Texas 75039, telephone number (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 and maintenance as well as project management services on a global basis. We serve 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 primary service provider to the U.S. federal government; and we perform operations and maintenance activities for major industrial clients.

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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-44 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 provider of engineering, procurement, construction, maintenance and project management services, we believe that our business model allows us the opportunity to bring to our clients compelling 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 and manage complex projects often in geographically challenging locations gives us a distinct competitive advantage. We strive to complete our projects on schedule while meeting or exceeding all client specifications. In an increasingly competitive environment, we are also continually emphasizing cost controls so that our clients achieve not only their performance requirements but also their budgetary needs.

Financial Strength We believe that we are among the most financially sound companies in our sector. 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. Both for us and our clients, the maintenance of a safe workplace is a key business driver. 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 estimation, a safe job site decreases risks on a project site, assures a proper environment for our employees and enhances their morale, reduces project cost and exposure 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 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 better on opportunities near these locations. It also provides comfort to our larger internationally-based clients that we know and understand the markets where they may elect to use our services and allows us to mobilize quickly to those locations where projects arise.

Market Diversity The company serves multiple markets across a broad spectrum of industries. We feel that our market diversity is a key strength of our company that helps to mitigate the impact of the cyclicality 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 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.

Long-Term Client Relationships While we aggressively work towards pursuing and serving new clients, we also believe that the long-term relationships we have built with our major clients, often after decades of work with many of them, allow us to better understand and be more responsive to their requirements. These types of relationships also facilitate a better understanding of many of the risks that we might face with a project or a client, thereby allowing us to better anticipate risks, solve problems and manage our risk. We have worked towards an alliance-like relationship with many of these clients and, in doing so, we better understand their business needs.

Risk Management We believe that our ability to assess, understand and gauge project risk, especially in difficult locations or circumstances or in a lump-sum contracting environment, gives us the ability to selectively enter into markets or accept projects where we feel we can best perform. We have an experienced management team, particularly in risk management and project execution, which helps us to better anticipate and understand potential risks and, therefore, how to manage them. Our risk management capabilities allow us to better control costs and ensure timely performance, which in turn leads to clients who are satisfied with the delivered product.

General Operations

Our services fall into five broad categories: engineering, procurement, construction, 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, total-responsibility, design-build 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 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, logistics and export control.

In construction, we mobilize, execute, commission and demobilize projects on a self-perform or subcontracted basis or through construction management as the owner's agent. 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 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.

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 and turnaround and outage services, 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 can also include routine and outage/turnaround maintenance services, general maintenance and asset management, and restorative, repair, predictive and prevention services.

Project management is required on every project, with the primary responsibility of managing all aspects of the effort to deliver projects on schedule and within budget. 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 the chemical and petro-chemical industries, as an integrated service provider offering a full range of design, engineering, procurement, construction and project management services to a broad spectrum of energy-related industries. We serve a number of specific industries including upstream oil and gas production, downstream refining, offshore production, chemicals and petrochemicals. 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 reach 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 and experience. Moreover, as many of our clients continue to recognize that they need to invest and expend resources to meet oil, gas and chemicals demands, we believe that the company has been and will continue to be extremely well-positioned to capitalize on these opportunities.

As the global economy becomes increasingly more cost-competitive, clients are placing an increasing emphasis on lower cost project execution. We also are seeing that in many of the countries where we work, clients are requiring more local content in their projects through the use of in-country talent. As a result, we continue to emphasize a dispersed execution model that allows resources from multiple offices to work on projects; we are emphasizing local training programs; and we are increasing our use of global execution centers such as our offices in Manila, Delhi and Cebu where we can continue to provide superior services but on a more cost-efficient basis. Another way in which we are addressing local content requirements is our increasing use of strategic alliances with local partners, such as in Russia and China, where we can tie together our global expertise with an existing local presence.

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 labor, materials, equipment and subcontractors. We have the capacity to design and construct new facilities, upgrade and revamp existing facilities, rebuild facilities following fires and explosions, and expand refineries, processing plants, (petro)chemical facilities and pipeline and offshore facility installations. 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 major new fields, as well as liquefied natural gas (LNG) projects. We are also involved in offshore production facilities and also see additional opportunities in the Canadian oil sands market.

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, both domestically and internationally, where an increasing number of countries are implementing stronger environmental policies. As heavier feedstocks become more viable to refine, we employ our strength in technologies to pursue opportunities that facilitate the removal of sulfur from this heavier crude.

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In the chemicals and petrochemicals market, we have been very active for several years with major projects involving the expansion of ethylene based derivatives as well as in the production of polysilicon. The most active markets have been in the Middle East, as well as in China where there is significant demand for chemical products. In addition, we have started to get involved in the front end activities of several chemical facilities in the United States, driven by the availability of low cost (shale) gas.

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.

Industrial & Infrastructure

The Industrial & Infrastructure segment provides design, engineering, procurement and construction services to the transportation, wind power, mining and metals, life sciences, manufacturing, commercial and institutional, telecommunications, microelectronics and healthcare sectors. These projects often require state-of-the-art application of our clients' processes and intellectual knowledge. We focus on providing our clients with solutions to reduce and contain cost and to compress delivery schedules. By doing so, we are able to complete our clients' projects on a quicker, more cost efficient basis.

In transportation, as the global population continues to grow, especially in emerging countries, and existing infrastructure continues to age in developed countries, we have won and will continue to pursue transportation projects on a global basis, promoting our business model of pursuing large complex projects. We provide a broad range of services including consulting, design, planning, financial structuring, engineering and construction, domestically and internationally. Our service offerings include transportation infrastructure such as roads, highways, bridges and rail. Many of our projects 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 that would not have otherwise been commenced had only public funding been available. From time to time, we are also an equity investor in certain of the public/private partnerships, where appropriate.

Mining and metals continues to be one of our strengths, driven by a strong demand for commodities that is leading our mining clients to invest in order to increase their volume. In this group, 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 West Africa. We are one of the few companies with the size and experience to pursue large scale mining and metals projects in these difficult locations.

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 manufacturing, we provide design, engineering, procurement, consulting, construction and construction management services to a wide variety of industries. We have recently seen opportunities for growth in the solar energy arena, including the production of solar panels for use in producing environmentally clean alternative energy. Similarly, there are opportunities for consumer electronics, chip fabrication and microelectronic facilities.

Government

Our Government segment is a provider of engineering, construction, logistics support, contingency response and management and operations services to the U.S. government. We are primarily focused on the Department of Energy, the Department of Defense and the Department of Homeland Security.

Because the U.S. government is the single largest purchaser of outsourced services in the world, with a relatively stable year-to-year budget, it represents an attractive opportunity for the company.

For the Department of Energy, we provide site management, environmental remediation, decommissioning, engineering and construction services and have been very successful in addressing the myriad of 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. There, our team is engaged in managing and operating this important site which encompasses over 300 square miles with total on site personnel of approximately 5,500 people. A Fluor-led team also has responsibility for the Department of Energy's Portsmouth Gaseous Diffusion Plant in Pike County, Ohio. We are leveraging our skills and experience to pursue additional domestic and international opportunities in the nuclear services and environmental remediation arenas.

The Government segment also provides engineering and construction services, as well as logistics and contingency operations support, to the Department of Defense. We support military logistical and infrastructure needs around the world. Our largest long-term contract is LOGCAP IV, under which we provide engineering, procurement, construction and logistical augmentation services to the U.S. military in various international locations, with a primary focus on the United States military-related activities in and around the Middle East and more specifically Afghanistan. In combination with our subsidiary, Del-Jen, Inc., we are a leading provider of outsourced services to the federal 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. Because of our strong network of global resources, we believe we are well-situated to efficiently and effectively mobilize the resources necessary for Department of Defense operations, even in the most remote and difficult locations.

The company is also providing significant 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

The Global Services segment integrates a variety of customized service capabilities that serve and assist industrial clients in improving the performance of their plants and facilities. Capabilities within Global Services include operations and maintenance activities, small capital project engineering and execution, site equipment and tool services, industrial fleet services, plant turnaround services, supply chain solutions and temporary staffing.

Continuing operations and sustaining small capital project services are frequently executed under multi-year alliance style agreements directly between Global Services and its clients. Clients demand these services to help achieve substantial operations improvements while they remain focused on their core business functions. Support services for large capital projects are provided to clients in concert with other Fluor segments or on a standalone basis. This segment often benefits from large projects that originate in another of our segments which can lead to long-term maintenance or operations opportunities. Alternatively, long-term maintenance contracts for Global Services can lead to larger capital projects for one of our other segments when that need arises.

Global Services' 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.

We also provide Site Services℠ and Fleet Outsourcing℠ through American Equipment Company, Inc., or AMECO®. AMECO provides integrated construction equipment, tool, and fleet service solutions on a global basis for construction projects and plant sites of both third party clients and clients of

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the company. AMECO supports large construction projects and plants at locations throughout North and South America, Africa and the Middle East.

Our supply chain solutions business line provides a full range of strategic sourcing solutions to help execute capital projects. Our material, equipment and subcontracted services specialists continually monitor and analyze supply market activity, allowing us to advise our clients on procurement strategies that can optimize cost and schedule to support increased return on investment.

Global Services serves the temporary staffing market through TRS Staffing Solutions, Inc. or 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 fuels, 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 show some resurgence, partly driven by coal-fired plant retirements. 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 desulphurization (FGD), and particulate and mercury controls designs. We offer significant experience in designing and constructing coal-fired power generation facilities while delivering proven full scale technology for base load capacity that complies with stringent industry emission guidelines. 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 Plus[SM] CO_2 capture technology.

In the renewables market, we offer a wide range of technology choices for solar, wind, 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 are strategically positioned to offer our extensive nuclear experience for new build plants, capital modifications, extended power uprate (EPU) projects and operations and maintenance services on a global basis. We bring a resume of nuclear experience that includes construction of ten nuclear units, design of three nuclear units and maintenance and capital modification services for units operating in the United States. We also recently purchased a majority interest in NuScale Power, LLC, an Oregon-based small modular nuclear reactor technology company. Power supplies engineering, procurement and construction services in support of this light water, passively safe design which we believe will provide us with significant future opportunities.

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 through entities based in the United States and South Africa. In the U.S. market, the

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scope of services is focused on the design and construction of new transmission lines to connect new capacity from the current renewables market 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 Oil & Gas, Industrial & Infrastructure, Government, Global Services and Power segments at December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
	(in millions)	
Oil & Gas	$ 15,068	$ 14,267
Industrial & Infrastructure	19,601	16,862
Government	1,091	751
Global Services	1,881	2,057
Power	1,843	972
Total	$ 39,484	$ 34,909

The following table sets forth our consolidated backlog at December 31, 2011 and 2010 by region:

	December 31, 2011	December 31, 2010
	(in millions)	
United States	$ 8,572	$ 8,985
Asia Pacific (including Australia)	10,517	7,887
Europe, Africa and Middle East	8,172	8,340
The Americas (excluding the United States)	12,223	9,697
Total	$ 39,484	$ 34,909

For purposes of the preceding tables, backlog for the Global Services segment includes our operations and maintenance activities that have yet to be performed. The equipment, temporary staffing and supply chain solutions business lines do not report backlog due to the quick turnaround between the receipt of new awards and the recognition of revenue. With respect to backlog in our Government segment, if a contract covers multiple years, we generally only include the amounts for which Congressional funding has been approved and then only for that portion of the work to be completed in the next 12 months. For our contingency operations, we include only those amounts for which specific task orders have been received. For projects related to proportionately consolidated joint ventures, we include only our percentage ownership of each joint venture's backlog.

We expect to perform approximately 63 percent of our backlog at December 31, 2011 in 2012. Although backlog reflects business that is considered to be firm, cancellations or scope adjustments may occur. Backlog is adjusted to reflect any known project cancellations, revisions to project scope and cost, and deferrals, as appropriate. Due to additional factors outside of our control, such as changes in project schedules, we cannot predict the portion of our December 31, 2011 backlog estimated to be performed annually subsequent to 2012.

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

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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 groups of contracts: cost reimbursable contracts, and 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, 2011, the following table breaks down the percentage and amount of revenue associated with these types of contracts for our existing backlog:

	December 31, 2011	
	(in millions)	Percentage
Cost Reimbursable	$ 33,555	85%
Fixed-Price, Lump-Sum and Guaranteed Maximum	$ 5,929	15%

Under cost reimbursable contracts, the client reimburses our cost in performing a project and pays us a pre-determined 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.

Our Government segment, as a prime contractor or a major subcontractor for a number of U.S. 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 negotiated fixed-price contracts and lump-sum contracts. Under negotiated fixed-price contracts, we are selected as contractor first, and then we negotiate price with the client. These types of contracts generally occur where we commence work before a final price is agreed upon. Under lump-sum contracts, we bid on a contract based upon specifications provided by the client against competitors, agreeing to develop a project at a fixed price. 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 contracts, we can benefit from cost savings; however, if the project does not proceed as originally planned, we cannot recover cost overruns except in certain limited situations.

Guaranteed maximum price contracts are performed in a manner similar to 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 and construction 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 Limited, Jacobs Engineering Group, Inc., KBR Inc., the Shaw Group and URS Corporation, and international-based companies such as AMEC plc, Balfour Beatty, Chicago Bridge and Iron Company N.V., Chiyoda Corporation, Foster Wheeler AG, Hyundai Engineering &

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Construction Company, JGC Corporation, McDermott International, Inc., Samsung Engineering, Technip and WorleyParsons Limited.

In the engineering and construction arena, our competition is 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. Our engineering, procurement and construction business derives its competitive strength from our diversity, reputation for quality, technology, cost-effectiveness, worldwide procurement capability, project management expertise, geographic coverage and 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.

The various markets served by the Global Services segment, while having some similarities, 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 most competitors operating in specific geographic areas. The competition 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. The barriers to entry in operations and maintenance are both financially and logistically low with the result that the industry is highly fragmented with no single company being dominant. Competition is generally driven by reputation, price and the capacity to perform.

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 2011, revenue earned from agencies of the U.S. government and Exxon Mobil Corporation and its affiliates accounted for 14 percent and 13 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

While we engage in research and development efforts for new products and services, 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.

Patents

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

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Environmental, Safety and Health Matters

We believe, based upon present information available to us, 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, 2011:

	Number of Employees
Salaried Employees:	
Oil & Gas	9,869
Industrial & Infrastructure	4,776
Government	11,328
Global Services	3,445
Power	816
Other	3,018
Total Salaried	33,252
Craft and Hourly Employees	9,835
Total	43,087

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

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 Codes of Conduct on the "Sustainability" portion of our website under the heading "Corporate Governance Documents" filed under "Governance."

Item 1A. ***Risk Factors***

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

We conduct our business under various types of contractual arrangements where costs are estimated in advance. In terms of dollar-value, the majority of our contracts allocate the risk of cost overruns to our

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clients by requiring our clients to reimburse us for our cost. Approximately 15 percent of the dollar-value of our backlog is currently guaranteed maximum price or fixed-price contracts, where we bear a significant portion of the risk for cost overruns. If we fail to accurately estimate the resources and time necessary for these type 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. 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 subcontractors, suppliers, equipment providers or other third parties;
- Changes in local laws or difficulties in obtaining permits, rights of way or approvals;
- Unanticipated technical problems, including issues with regard to the design or engineering phases of contracts;
- Unforeseen increases in the cost of raw materials, components, equipment, labor or the inability to timely obtain them;
- Delays 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 since there is increased risk that the circumstances under which we based our original bid could 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.

Intense competition in the engineering 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. In particular, the engineering and construction markets are highly competitive and require substantial resources and investment in technology and skilled personnel. In addition, our success in the government market and certain international markets can be impacted by the presence or quality 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. Competition also places downward pressure on our contract prices and profit margins. 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.

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 and increasingly international project awards. The timing of when project awards will be made is unpredictable and outside of our control. We operate in highly competitive markets where it is difficult to predict whether and when we will receive awards since these awards and projects often involve complex and lengthy negotiations and bidding processes. These processes can be impacted by a wide variety of factors including governmental approvals, financing contingencies, commodity prices, environmental conditions and overall market and economic conditions. In addition, 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. In these highly competitive times, 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 market or acceptable. Because a significant portion of our revenue is generated from large projects, our results of operations can fluctuate from quarter to quarter and year to year depending on whether and when project awards occur and the commencement and progress of work under awarded contracts. 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.

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 have reduced and continue to negatively impact our client's willingness and ability to fund their projects. These conditions make it difficult for our clients to accurately forecast and plan future 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 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 continue to reduce 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 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.

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 the client in amounts sufficient to cover expenditures as they are incurred. In difficult economic times, some of our clients may find it increasingly difficult to pay invoices for our services timely, increasing the risk that our accounts receivable could become uncollectible and ultimately be written off. 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.

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

The demand for our services and products is dependent upon the existence of projects with engineering, procurement, construction and management needs. Although downturns can impact our entire business, our oil and gas, petrochemicals, power, and mining and metals lines exemplify businesses that are cyclical in nature and have historically been affected by a decrease in worldwide demand for these projects or the underlying commodities. For example, in our Oil & Gas segment, capital expenditures by our oil and gas clients may be influenced by factors such as prevailing prices and expectations about future prices, 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 slowed due to low demand for power. Industries such as these and many of the others we serve have historically been and will continue to be vulnerable to general downturns.

We have international operations that are subject to foreign economic and political uncertainties. 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 fluctuations in demand and to changing international economic and political conditions which are beyond our control. As of December 31, 2011, approximately 78 percent of our

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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 special risks including:

- abrupt changes in foreign government policies, regulations or leadership;
- embargoes;
- trade restrictions or 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 policies;
- international hostilities; and
- local unrest.

The lack of a well-developed legal system in some of these countries may make it difficult to enforce our contractual rights. We also face significant risks due to civil strife, acts of war, terrorism and insurrection. We operate in countries where there is a significant amount of political risk including Afghanistan, Indonesia, Iraq, Russia, China and Saudi Arabia. In addition, military action or continued unrest, especially in the Middle East, 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 with respect to each project, depending on the particular stage of each such project. For example, our risk exposure with respect to a project in an early development stage will generally be less than our risk exposure with respect to a project in the middle of construction. To the extent that our international business is affected by unexpected and adverse foreign economic and political conditions, we may experience project disruptions and losses. Project disruptions and losses could significantly reduce our overall revenue and profits.

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 a client that we will complete a project by a scheduled date. We sometimes commit that the 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. If we subsequently fail to complete the project as scheduled, or if the project subsequently fails to meet guaranteed performance standards, we may be held responsible 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. To the extent that these events occur, the total cost of the project could exceed our original estimates and we could experience reduced profits or, in some cases, a loss for that project.

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 to third parties. In addition, the nature of our business results in clients, subcontractors and vendors occasionally presenting

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claims against us for recovery of cost 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, including liabilities associated with divested businesses. These include potential liabilities arising from the operations of the divested lead business of St. Joe Minerals Corporation as described in "13. Contingencies and Commitments" in the Notes to Consolidated Financial Statements. For example, in the St. Joe Minerals matters, while we believe we will be ultimately successful, if we were unsuccessful in the defense of the claims arising in these matters or in the prosecution of and collection on our indemnity claims, we would have to recognize a substantial charge to our earnings. 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. With regard to insurance coverage, our professional liability coverage is on a "claims-made" basis covering only claims actually made during the policy period currently in effect. 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. 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 matters, 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.

Our failure to recover adequately on claims against project owners or subcontractors 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 clients and subcontractors. If we fail to properly document the nature of claims or change orders, 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 arbitration or litigation 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.

We are dependent upon third parties 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. For example, in our Greater Gabbard project, the bankruptcy of a key equipment supplier has been one of the reasons behind the increased cost to complete this project. If the amount we are required to pay for subcontractors or equipment and supplies exceeds what we have estimated, especially in a lump-sum or a fixed-price type contract, we may suffer losses on these contracts. If a supplier or subcontractor fails to provide supplies, equipment or services as required under a negotiated contract for any reason, or provides supplies, equipment or services that are not an acceptable quality, we may be required to source those supplies, equipment or services on a delayed basis or at a higher price than anticipated, which could impact contract profitability. In addition, faulty 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

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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 subcontractors, there can be no assurance that the marketplace can provide these products 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, in the case of government contracts, could result in fines, penalties, suspension or even debarment.

The success of our joint ventures depends on the satisfactory performance by our joint venture partners of their joint venture obligations. The failure of our joint venture partners to perform their joint venture obligations could impose on us additional financial and performance obligations that could result in reduced profits or, in some cases, significant losses for us with respect to the joint venture.

We enter into various joint ventures and teaming arrangements as part of our engineering, procurement and construction businesses, including ICA Fluor and project-specific joint ventures, where control may be shared with unaffiliated third parties. Differences in opinions or views between joint venture partners can result in delayed decision-making or failure to agree on material issues which could adversely affect the business and operations of the venture. At times, we also participate in joint ventures where we are not a controlling party. In such instances, we may have limited control over joint venture decisions and actions, including internal controls and financial reporting which may have an impact on our business.

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 joint venture which are not necessarily proportionate with the reward we expect to receive. The success of these and other joint ventures also depends, in large part, on the satisfactory performance by our joint venture partners of their joint venture obligations, including their obligation to commit working capital, equity or credit support as required by the joint venture and to support their indemnification and other contractual obligations. If our joint venture partners fail to satisfactorily perform their joint venture obligations as a result of financial or other difficulties, the joint 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 of the contracted services. These additional obligations could result in reduced profits or, in some cases, increased liabilities or significant losses for us with respect to the joint venture. In addition, a failure by a joint venture partner to comply with applicable laws, rules or regulations could negatively impact our business and, in the case of government contracts, could result in fines, penalties, suspension or 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. As an example, from time to time we face unexpected severe weather conditions which may result in weather-related delays that are not always reimbursable under a fixed-price contract; evacuation of personnel and curtailment of services; increased labor and material costs in areas resulting from weather-related damage and subsequent increased demand for labor and materials for repairing and rebuilding; 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 event, unless a force majeure clause or other contractual provision provides us with relief from our contractual obligations. If we are not able to react quickly to such events, 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.

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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, 2011, our backlog was approximately $39 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. Project cancellations, scope adjustments or deferrals may occur, from time to time, 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. Many of our contracts have termination for convenience provisions in them. In addition, projects may remain in our backlog for an extended period of time. Finally, poor project or contract performance could also impact our backlog and profits. It is unclear what impact the current market conditions may have on our backlog. The ongoing global economic downturn may result in a diminished ability to replace backlog once projects are completed and/or may result in the cancellation, modification or deferral of projects currently in our backlog, as discussed below. Such developments could have a material adverse effect on our business and our profits.

Our government contracts and contracting rights may be terminated or otherwise adversely impacted at any time.

We enter into significant government contracts, from time to time, such as those that we have with the U.S. Department of Energy as part of teaming arrangements at Savannah River Nuclear Solutions LLC and at the Department of Energy site in Portsmouth, Ohio, or with the Department of Defense for the LOGCAP IV contract. 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. Government contracts are also exposed to uncertainties associated with Congressional funding. A significant portion of our business is derived as a result of federal government regulatory, military and infrastructure priorities. Changes in these priorities, which can occur due to policy changes or changes in the economy, are unpredictable and may impact our revenues. The government is under no obligation to maintain funding at any specific level and funds for a program may even be eliminated. Our government clients may terminate or decide not to renew our contracts with little or no prior notice.

In addition, government contracts are subject to specific regulations. For example, we must comply with 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. We must also comply with various other government regulations and requirements as well as various statutes related to employment practices, environmental protection, recordkeeping and accounting. These laws impact how we transact business with our governmental clients and, in some instances, impose significant costs on our business operations. If we fail to comply with any of these regulations, requirements or statutes, our existing government contracts could be terminated, and we could be temporarily suspended or even debarred from government contracting or subcontracting.

We also run the risk of the impact of government audits, investigations and proceedings, and so-called "qui tam" actions, where treble damages can be awarded, brought by individuals or the government under the Federal False Claims Act that, if an unfavorable result occurs, could impact our profits and financial condition, as well as our ability to obtain future government work. For example, government agencies such as the U.S. Defense Contract Audit Agency (the "DCAA") routinely review and audit government contractors with respect to 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). Despite the fact that we take precautions to prevent and deter fraud, misconduct or other non-compliance, we face the risk that our employees, partners or subcontractors may engage in such activities. If any of these agencies determine that a rule or regulation has been violated, a variety of penalties can be imposed including criminal and civil penalties all of which would harm our reputation with the government or even debar us from future government activities. The DCAA has the ability to review how we have accounted for cost under the FAR and CAS, and if they believe that we have engaged in

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inappropriate accounting or other activities, they may present their 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, payments to us may be disallowed or we could be required to refund previously collected payments. Furthermore, in this environment, if we have significant disagreements with our government clients concerning costs incurred, negative publicity could arise which could adversely effect our industry reputation and our ability to compete for new contracts.

Many of our federal government contracts require contractors to have security clearances. Depending upon the level of required clearances, 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 clients could terminate their contracts with us or decide not to renew them. To the extent that we cannot obtain or maintain the required security clearance working on a particular contract, we may not derive the revenue anticipated from the contract which could adversely affect our revenues.

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

Fluctuations and changes in the U.S. government's spending priorities could adversely impact our business expectations.

The Government segment's revenue is generated largely from work we perform for the U.S. government, including a significant amount generated from contracts with the Department of Defense. Political instability, often driven by war, conflict or natural disasters, coupled with the U.S. government's fight against terrorism has resulted in increased spending from which we have benefitted, including in locations such as Afghanistan, where we perform significant work under the LOGCAP IV contract. Based on recent government pronouncements, the current level of Department of Defense overall spending will likely decrease. More specifically, government services being provided in the Middle East, including Afghanistan, will likely not continue at present levels indefinitely and we could see our current level of services decline over time. Future levels of expenditures, especially with regard to foreign military commitments, may decrease or may be shifted to other programs in which we are not a participant. As a result, a general decline in U.S. defense spending or a change in priorities could reduce our profits or revenue. Our ability to win or renew government contracts is conducted through a rigorous competitive process and may prove to be unsuccessful.

Most federal government contracts are awarded through a rigorous competitive process. The federal 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 in place 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.

We could suffer from a temporary liquidity crisis if the financial institutions who hold our cash and investments fail.

Our cash balances and short-term investments are maintained in accounts held by major banks and financial institutions located primarily in North America, Europe, and Asia. Some of our accounts hold deposits that exceed available insurance. Although none of the financial institutions in which we hold our cash and investments have gone into bankruptcy or forced receivership, there remains the risk that this

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could occur in the future. This concern is especially heightened in Europe where some of the European banks in which we deposit funds may be exposed to sovereign debt risk. If this were to occur, we could be at risk of not being able to access our cash which could result in a temporary liquidity crisis that could impede our ability to fund operations.

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

Because our projects are often large and complicated, our failure to make judgments and recommendations in accordance with applicable professional standards could result in large damages. Our engineering practice involves professional judgments regarding the planning, design, development, construction, operations and management of industrial facilities and public infrastructure projects. 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 or subcontractors 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.

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. Although we believe that our tax estimates and tax positions are reasonable, they 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.

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 governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We train our staff concerning anti-bribery laws and issues, and we also inform our partners, subcontractors, 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 internal and external compliance. We cannot assure that our internal controls and procedures always will protect us from the 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 or subcontractors), we could suffer from criminal or civil penalties or other sanctions which could have a material adverse effect on our business.

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Systems and information technology interruption and breaches in data security 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 properly operate. From time to time, we experience system interruptions and delays. If we are unable to continually add software and hardware, effectively upgrade our systems and network infrastructure and take other steps to improve the efficiency of and protect our systems, systems operation could be interrupted or delayed or our data security could be breached. In addition, our computer and communications systems and operations could be damaged or interrupted by 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 and loss of critical data, could delay or prevent operations including the processing of transactions and reporting of financial results, could result in the unintentional disclosure of client or our information (including proprietary intellectual property) and could adversely affect our operating results. While management has taken steps to address these concerns by implementing sophisticated network security and internal control measures, there can be no assurance that a system failure or loss or data security breach will not materially adversely affect our financial condition and operating results.

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 defend our intellectual property rights as to our technologies and know-how. This success includes the ability of companies in which we invest, such as NuScale Power, LLC, to protect their intellectual property rights. We rely principally on a combination of patents, 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. We also rely on unpatented technology and we cannot provide assurances that we can meaningfully protect our interests or that others will not independently develop substantially similar technology or otherwise gain access to our unpatented technology. We also hold licenses from third parties which may be utilized in our business operations, the loss of which could impact our business operations.

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 and the servicing of our indebtedness. To the extent that existing cash balances and cash flow from operations, together with borrowing capacity under our credit facilities, are insufficient to make future investments, make 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, in the past few years, there has been significant upheaval and turmoil in financial markets and in many financial institutions, and if these conditions cause deterioration of 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.

Foreign exchange risks may affect our ability to realize a profit from certain projects.

We generally attempt to denominate our contracts in the currencies of our expenditures. However, we do enter into contracts that subject us to currency risk exposure, particularly to the extent contract revenue is denominated in a currency different than the contract costs. We attempt to minimize our exposure from currency risks by obtaining escalation provisions for projects in inflationary economies or entering into

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derivative (hedging) instruments, when there is currency risk exposure that is not naturally mitigated via our contracts. However, these actions may not always eliminate all currency risk exposure. Based on fluctuations in currency, the U.S. dollar value of our backlog may from time to time increase or decrease significantly. The company does not enter into derivative instruments or hedging activities for speculative purposes. 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. Non-U.S. asset and liability balances are subject to currency fluctuations when measured period to period for financial reporting purposes in U.S. dollars. Financial hedging may be used to minimize currency volatility for financial reporting purposes.

Our employees work on projects that are inherently dangerous 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 locations. Our project sites can place our employees and others near large equipment, dangerous processes or highly regulated materials, and in challenging environments. Safety is a primary focus of our business and is critical to our reputation. 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. 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.

We work in international locations where there are high security risks, which could result in harm to our employees or unanticipated cost.

Some of our services are performed in high risk locations, such as Afghanistan and Iraq, where the country or location is subject to political, social or economic risks, or war or civil unrest. In those locations where we have employees or operations, we may incur substantial security costs to maintain the safety of our personnel. Despite these activities, in these locations, we cannot guarantee the safety of our personnel and we may suffer future losses of employees and subcontractors.

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

Our global operations require importing and exporting goods and technology across international borders on a regular basis. Our policy mandates 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 which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. It is impossible to reliably predict the full

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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. In addition, past activities could also have a material impact on us. For example, when we sold our mining business formerly conducted through St. Joe Minerals Corporation, we retained responsibility for certain non-lead related environmental liabilities, but only to the extent that such liabilities were not covered by St. Joe's comprehensive general liability insurance and the buyer's indemnification obligations. 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, could reduce our profits and could materially impact our future operations.

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.

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

In certain of our business lines, it is industry practice for customers to require bonds, letters of credit, bank guarantees or other forms of credit enhancement. These 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, we believe we have adequate capacity under our credit facilities but any amounts required in excess of our credit limits would be at our lenders' sole discretion. Failure to provide credit enhancements on terms required by a client may result in an inability to compete for or win a project.

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. For example, there is a growing consensus that new and additional regulations concerning greenhouse gas emissions and/or "cap and trade" legislation may be enacted, which could result in increased compliance costs for us and our clients. Legislation, international protocols, regulation or other restrictions on emissions could also affect our clients, including those who (a) are involved in the exploration, production or refining of fossil fuels such as our Oil & Gas clients, (b) emit greenhouse gases through the combustion of fossil fuels, including some of our Power 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 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 company. 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.

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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 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.

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.

Our use of the percentage-of-completion method of accounting could result in a reduction or reversal of previously recorded revenue or profits.

Under our accounting procedures, we measure and recognize a large portion of our profits and revenue under the percentage-of-completion accounting methodology. This methodology allows us to recognize revenue and profits ratably over the life of a contract by comparing the amount of the cost incurred to date against the total amount of cost expected to be incurred. The effect of revisions to revenue and estimated cost is recorded when the amounts are known and can be reasonably estimated, and these revisions can occur at any time and could be material. On a historical basis, we believe that we have made reasonably reliable estimates of the progress towards completion on our long-term contracts. In addition, from time to time, when calculating the total amount of profits and losses, we include unapproved claims as contract revenue when collection is deemed probable based upon the criteria for recognizing unapproved claims under Accounting Standards Codification ("ASC") 605-35-25. Including unapproved claims in this calculation increases the operating income (or reduces the operating loss) that would otherwise be recorded without consideration of the probable unapproved claim. Given the uncertainties associated with these types of contracts, it is possible for actual cost to vary from estimates previously made, which may result in reductions or reversals of previously recorded revenue and profits.

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 and who have the necessary and required experience and expertise. Competition for these kinds of personnel is intense. In addition, as some of our key personnel approach retirement age, we need to provide for smooth transitions, and our operations and results may be negatively affected if we are not able to do so.

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 in order to satisfy the requirements of many of our contracts. Although we have in the past been

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generally able to cover our insurance needs, there can be no assurances that we can secure all necessary or appropriate insurance in the future. 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 can not satisfy their insurance requirements to us, then our overall risk exposure and operational expenses could be increased and our business operations could be interrupted.

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 assure you 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 and 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 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 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.

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.

As a holding company, we are dependent on our subsidiaries for cash distributions to fund debt payments and other corporate liabilities.

Because we are a holding company, we have no true operations or significant assets other than the stock we own of our subsidiaries. We depend on dividends, loans and other distributions from these subsidiaries to be able to service our indebtedness, fund share repurchases and satisfy other financial obligations. Contractual limitations and legal regulations may restrict the ability of our subsidiaries to make such distributions to us or, if made, may be insufficient to cover our financial obligations.

We maintain a workforce based upon current and anticipated workloads. If we do not receive future contract awards or if these awards are delayed, significant cost may result.

Our estimates of future performance depend on, among other matters, whether and when we will receive certain new contract awards, including the extent to which we utilize our workforce. The rate at which we utilize our workforce is impacted by a variety of factors including our ability to manage attrition, our ability to forecast our need for services which allows us to maintain an appropriately sized workforce, our ability to transition employees from completed projects to new projects or between internal business groups, and our need to devote resources to non-chargeable activities such as training or business development. While our estimates are based upon our good faith judgment, these estimates can be unreliable and may frequently change based on newly available information. In the case of large-scale

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domestic and international projects where timing is often uncertain, it is particularly difficult to predict whether and when we will receive a contract award. The uncertainty of contract award timing can present difficulties in matching our workforce size with our contract needs. If an expected contract award is delayed or not received, we could incur cost resulting from reductions in staff or redundancy of facilities that would have the effect of reducing our profits.

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:

- our Board of Directors is currently divided into three classes serving staggered three-year terms;
- stockholders may not call a special meeting or act by written consent;
- there are various restrictions on the ability of a stockholder to nominate a director for election; and
- our Board of Directors can authorize the issuance of preference 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.

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 7.2 million rentable square feet. Our executive offices are located at 6700 Las Colinas Boulevard, Irving, Texas. As our business and the mix of structures is 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

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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:	
Aliso Viejo, California	Owned and Leased
Greenville, South Carolina	Owned and Leased
Houston (Sugar Land), Texas	Leased
Irving, Texas (Corporate Headquarters)	Owned
Canada:	
Calgary, Alberta	Owned and Leased
South America:	
Santiago, Chile	Owned and Leased
Europe, Africa and Middle East:	
Al Khobar, Saudi Arabia	Owned
Farnborough, England	Owned and Leased
Haarlem, the Netherlands	Owned
Johannesburg, South Africa	Leased
Asia/Asia Pacific:	
Cebu, the Philippines	Leased
Manila, the Philippines	Owned and Leased
Melbourne, Australia	Leased
New Delhi, India	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.

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. While we cannot predict the outcome of these proceedings, in our opinion and based on reports of counsel, any liability arising from these matters individually and in the aggregate will not have a material adverse effect upon the consolidated financial position or the results of operations of the company, after giving effect to provisions already recorded.

For information on matters in dispute, see "13. Contingencies and Commitments" in the Notes to Consolidated Financial Statements.

Item 4. *Mine Safety Disclosures*

Not applicable.

Executive Officers of the Registrant

Information regarding the company's executive officers is set forth under the caption "Executive Officers of the Registrant" in Part III, Item 10, of this Form 10-K and is incorporated herein by this reference.

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

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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, 2011			
Fourth Quarter	$ 60.76	$ 44.16	$ .125
Third Quarter	$ 68.00	$ 45.86	$ .125
Second Quarter	$ 74.58	$ 60.10	$ .125
First Quarter	$ 75.76	$ 63.43	$ .125
Year Ended December 31, 2010			
Fourth Quarter	$ 67.31	$ 47.94	$ .125
Third Quarter	$ 51.00	$ 41.20	$ .125
Second Quarter	$ 55.47	$ 41.68	$ .125
First Quarter	$ 50.50	$ 41.71	$ .125

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 16, 2012, there were 169,003,400 shares outstanding and 6,567 stockholders of record of the company's common stock. The company estimates there were an additional 179,794 stockholders whose shares were held by banks, brokers or other financial institutions at February 16, 2012.

Issuer Purchases of Equity Securities

The following table provides information as of the three months ending December 31, 2011 about purchases by the company of equity securities that are registered by the company pursuant to Section 12 of the Securities Exchange Act of 1934 (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, 2011		$		12,000,000
November 1 November 30, 2011	350,000	52.42	350,000	11,650,000
December 1 December 31, 2011	400,000	53.95	400,000	11,250,000
Total	750,000	$ 53.24	750,000	11,250,000

(1) Includes 750,000 shares of company stock repurchased and canceled by the company during the fourth quarter of 2011 under its stock repurchase program for total consideration of $39,951,070.

(2) On November 3, 2011, the company announced that the Board of Directors had approved the repurchase of up to 12,000,000 shares of our common stock. Following this approval, we repurchased a total of 750,000 shares during the remainder of the fourth quarter. As a result, as of December 31, 2011 we have 11,250,000 shares remaining available for repurchase. This repurchase program is ongoing and does not have an expiration date.

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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 of this Form 10-K. Amounts are expressed in millions, except for per share and employee information:

	Year Ended December 31,				
	2011	2010	2009	2008	2007
CONSOLIDATED OPERATING RESULTS					
Total revenue	$ 23,381.4	$ 20,849.3	$ 21,990.3	$ 22,325.9	$ 16,691.0
Earnings before taxes[(1)(2)]	1,001.8	559.6	1,136.8	1,141.7	659.9
Net earnings attributable to Fluor Corporation[(1)(5)]	593.7	357.5	684.9	716.1	528.0
Earnings per share[(1)(3)(4)(5)]					
Basic	$ 3.44	$ 2.01	$ 3.79	$ 3.99	$ 2.99
Diluted	3.40	1.98	3.75	3.89	2.88
Cash dividends per common share[(4)]	0.50	0.50	0.50	0.50	0.40
Return on average shareholders' equity[(1)]	17.4%	10.4%	23.0%	28.1%	27.3%
CONSOLIDATED FINANCIAL POSITION					
Current assets[(1)]	$ 5,880.6	$ 5,562.8	$ 5,122.1	$ 4,668.5	$ 4,055.9
Current liabilities[(1)]	3,840.1	3,523.4	3,301.4	3,162.2	2,850.5
Working capital[(1)]	2,040.5	2,039.4	1,820.7	1,506.3	1,205.4
Property, plant and equipment, net	921.6	866.3	837.0	799.8	784.4
Total assets[(1)]	8,270.3	7,614.9	7,178.5	6,423.6	5,792.6
Capitalization					
Senior Notes	495.7				
Convertible Senior Notes[(1)]	19.5	96.7	109.8	133.2	297.7
Other debt obligations	17.8	17.8	17.7	17.7	17.7
Shareholders' equity[(1)]	3,395.5	3,497.0	3,305.5	2,671.3	2,280.4
Total capitalization[(1)]	3,928.5	3,611.5	3,433.0	2,822.2	2,595.8
Total debt as a percent of total capitalization[(1)]	13.6%	3.2%	3.7%	5.3%	12.2%
Shareholders' equity per common share[(1)(4)]	$ 20.09	$ 19.82	$ 18.48	$ 14.71	$ 12.85
Common shares outstanding at year end[(4)]	169.0	176.4	178.8	181.6	177.4
OTHER DATA					
New awards	$ 26,896.1	$ 27,362.9	$ 18,455.4	$ 25,057.8	$ 22,590.1
Backlog at year end	39,483.7	34,908.7	26,778.7	33,245.3	30,170.8
Capital expenditures	338.2	265.4	233.1	299.6	284.2
Cash provided by operating activities[(2)]	889.7	550.9	905.0	991.6	933.8
Cash provided (utilized) by investing activities	(436.4)	218.4	(818.1)	22.5	(793.4)
Cash provided (utilized) by financing activities[(1)]	(395.8)	(389.9)	(323.0)	(270.2)	4.9
Employees at year end					
Salaried employees	33,252	29,159	24,943	27,958	25,842
Craft/hourly employees	9,835	10,070	11,209	14,161	15,418
Total employees	43,087	39,229	36,152	42,119	41,260

(1) Includes the impact of adopting Financial Accounting Standards Board Staff Position ("FSP") APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" (ASC 470-20).

(2) Includes the impact of adopting Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (ASC 810-10-45).

(3) Includes the impact of adopting FSP Emerging Issues Task Force 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" (ASC 260-10-45).

(4) All share and per share amounts prior to 2008 were adjusted for the July 16, 2008 two-for-one stock split. As such, share and per share amounts for all five years presented are on a comparable basis.

(5) Net earnings in 2011 included pre-tax charges of $60 million (or $0.21 per diluted share) for the Gabbard Offshore Wind Farm Project ("Greater Gabbard Project").

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Net earnings in 2010 included pre-tax charges of $343 million (or $1.79 per diluted share) on the Greater Gabbard Project. These charges were partially offset by a tax benefit of $152 million (or $0.84 per diluted share) for a worthless stock deduction from the tax restructuring of a foreign subsidiary in the fourth quarter. A significant portion of this tax benefit resulted from the financial impact of the Greater Gabbard Project charges on the foreign subsidiary. Net earnings in 2010 also included a pre-tax charge of $95 million (or $0.33 per diluted share) related to a completed infrastructure joint venture project in California and pre-tax charges of $91 million (or $0.31 per diluted share) on a gas-fired power project in Georgia.

Net earnings in 2009 included a pre-tax charge of $45 million ($0.15 per diluted share) for a paper mill project in the Global Services segment.

Net earnings in 2008 included a pre-tax gain of $79 million ($0.27 per diluted share) from the sale of a joint venture interest in the Greater Gabbard Project and tax benefits of $28 million ($0.15 per diluted share) from the expiration of statutes of limitations and tax settlements that favorably impacted the effective tax rate.

Net earnings in 2007 included a credit of $123 million ($0.68 per diluted share[(4)]) that resulted from the favorable settlement of tax audits for the years 1996 through 2000. See Management's Discussion and Analysis on pages 29 to 46 and Notes to Consolidated Financial Statements on pages F-7 to F-46 for additional information relating to significant items affecting the results of operations.

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; and other non-operating income and expense items. For a reconciliation of segment profit to earnings before taxes, see "15. Operations by Business Segment and Geographical Area" in the Notes to Consolidated Financial Statements.

Results of Operations

Summary of Overall Company Results

Consolidated revenue for 2011 increased 12 percent to a record $23.4 billion from $20.8 billion for 2010 principally due to substantial growth in the mining and metals business line of the Industrial & Infrastructure segment, as well as revenue growth in the Oil & Gas, Government and Global Services segments. This revenue growth was partially offset by the significant revenue decline in the Power segment in 2011.

Consolidated revenue for 2010 decreased five percent to $20.8 billion from $22.0 billion for 2009 primarily due to a significant revenue decline in the Oil & Gas segment which was partially offset by large revenue increases in the Industrial & Infrastructure and Government segments.

The generally sluggish global economy and the uncertain economic conditions in Europe and other markets have resulted in a highly competitive business environment that has continued to put increased pressure on margins. This trend is expected to continue and, in certain cases, may result in more lump-sum project execution for the company. In some instances, margins are being negatively impacted by the change in the mix of work performed (e.g., a higher mix of construction-related work and a higher content of customer-furnished materials, which typically generate lower margins than engineering work or projects without customer-furnished materials).

Earnings before taxes for 2011 increased 79 percent to $1.0 billion from $560 million in 2010. Earnings for the 2011 period increased primarily due to a reduced level of project charges compared to 2010. During 2010, the company recorded significant charges for two infrastructure projects, both discussed in more detail in " Industrial & Infrastructure" below. First, for the Greater Gabbard Offshore Wind Farm ("Greater Gabbard") Project, a $1.8 billion lump-sum project to provide engineering, procurement and construction services for the client's offshore wind farm project in the United Kingdom, charges totaling $343 million were taken in 2010 for estimated cost overruns for a variety of execution challenges that

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impacted the schedule and project cost forecast, including material and equipment delivery issues, productivity issues, the bankruptcy of a major subcontractor and weather-related delays. The company also recorded a charge of $95 million during the prior year after an adverse bankruptcy court ruling on the priority of claims made by its joint venture against a bankrupt client entity for a completed $700 million fixed-price infrastructure joint venture project near San Diego, California. During 2011, the company recorded additional charges for the Greater Gabbard Project totaling $60 million, primarily due to increased costs associated with the installation of subsea cable and schedule delays related to adverse weather conditions. The 2011 results were also positively impacted by improved performance in the mining and metals business line of the Industrial & Infrastructure segment and the Global Services segment, offset somewhat by lower earnings in the Power and Oil & Gas segments.

Earnings before taxes were $560 million in 2010, down from $1.1 billion in 2009. The decrease in earnings for 2010 was primarily due to the impact of charges totaling $343 million for the Greater Gabbard Project and a charge totaling $95 million for the completed infrastructure joint venture project in California. Some of the impact of the charges for the Greater Gabbard Project and the infrastructure joint venture project was offset by improved performance in 2010 on other Industrial & Infrastructure projects in the infrastructure and mining and metals business lines. The 2010 results were also impacted by the lower volume and associated earnings in the Oil & Gas segment due to reduced project execution activities as a number of large projects that were awarded in 2006 through 2008 had been completed or were near completion. In addition, the earnings of the segment were impacted by slower new award activity during 2009 and the first half of 2010 related to the global recession, a decline in the demand for new capacity in the refining, petrochemical and polysilicon markets, and a highly competitive business environment that resulted from changed market conditions. Improved performance was noted in the Government, Global Services and Power segments for 2010. The 2010 improvement in the Government segment was primarily the result of a higher level of project execution activities to support the United States Army in Afghanistan. The Global Services segment's increase in profitability in 2010 compared to the prior year was primarily because the 2009 period included a $45 million charge related to the uncollectability of a client receivable for a paper mill project. The Power segment contributed higher earnings during 2010 compared to the prior year mostly due to higher contributions from the Oak Grove coal-fired power project and a gas-fired power plant, both in Texas. These positive results in the Power segment were offset somewhat by charges of $91 million taken in 2010 on a gas-fired power project in Georgia for estimated additional costs to complete the project. The company reported lower corporate general and administrative expense in 2010 when compared to 2009, primarily as a result of overhead reduction efforts and lower management incentive compensation.

The effective tax rate was 30.3 percent, 21.2 percent and 35.5 percent for 2011, 2010 and 2009, respectively. The 2011 rate was favorably impacted by the release of previously unrecognized tax benefits related to the expiration of statutes of limitations and the resolution of various disputed items. The lower 2010 rate was primarily attributable to a $152 million tax benefit that resulted from a worthless stock deduction for the tax restructuring of a foreign subsidiary in the fourth quarter, partially offset by an increase in the valuation allowance associated with net operating losses. Factors affecting the effective tax rates for 2009 - 2011 are discussed further under " Corporate, Tax and Other Matters" below.

Net earnings attributable to Fluor Corporation were $3.40 per diluted share in 2011 compared to $1.98 and $3.75 per diluted share in 2010 and 2009, respectively. Net earnings attributable to Fluor Corporation in 2011 reflected the additional pre-tax charges of $60 million ($0.21 per diluted share) for the Greater Gabbard Project noted above. Net earnings attributable to Fluor Corporation in 2010 included the negative impact of the following pre-tax charges previously discussed: $343 million ($1.79 per diluted share) for the Greater Gabbard Project; $95 million ($0.33 per diluted share) for the completed infrastructure joint venture project in California; and $91 million ($0.31 per diluted share) for the gas-fired power project in Georgia. Net earnings attributable to Fluor Corporation in 2010 also included the $152 million ($0.84 per diluted share) tax benefit described above for the tax restructuring of a foreign subsidiary in the fourth quarter. A significant portion of this tax benefit resulted from the financial impact of the Greater Gabbard Project charges on the foreign subsidiary. Net earnings attributable to Fluor

Corporation in 2009 included a $45 million ($0.15 per diluted share) pre-tax charge for the uncollectability of the paper mill project receivable in the Global Services segment noted above.

Consolidated new awards for 2011 were $26.9 billion compared to $27.4 billion in 2010 and $18.5 billion in 2009. New award activity in 2011 and 2010 were driven by the strength of the mining and metals business line in the Industrial & Infrastructure segment and the Oil & Gas segment. The lower level of new awards in 2009 was primarily attributable to the global recession, though the Oil & Gas and Industrial & Infrastructure segments were still the principal drivers of the new award activity for the company. Approximately 84 percent of consolidated new awards for 2011 were for projects located outside of the United States.

Consolidated backlog was $39.5 billion as of December 31, 2011, $34.9 billion as of December 31, 2010, and $26.8 billion as of December 31, 2009. The increase in backlog during 2011 and 2010 was due to the strength of the new award activity noted above in the Industrial & Infrastructure and Oil & Gas segments. Backlog was lower at the end of 2009 primarily because of the impact of the global recession on new award activity, as well as certain project cancellations and scope reductions attributable to the global credit crisis and falling oil prices. The Industrial & Infrastructure and Oil & Gas segments made up the vast majority of backlog for all three years, but at lower levels in 2009 compared to both 2010 and 2011. As of December 31, 2011, approximately 78 percent of consolidated backlog related to projects located outside of the United States.

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.

Discussion of Critical Accounting Policies

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 as of the date 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 of cost plus a fixed or percentage fee. As of December 31, 2011, 85 percent of the company's backlog was cost reimbursable while 15 percent was for fixed-price, lump-sum, guaranteed maximum or unit price 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.

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Claims arising from engineering and construction contracts have been made against the company by clients, and the company has made claims against clients for cost incurred in excess of current contract provisions. The company recognizes revenue, but not profit, for certain significant claims when it is determined that recovery of incurred cost is probable and the amounts can be reliably estimated. Under Accounting Standards Codification ("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. Recognized claims against clients amounted to $298 million and $209 million as of December 31, 2011 and 2010, respectively. 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.

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 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 /or secure specialty skills required for project execution.

The company evaluates at inception each partnership and joint venture to determine if it qualifies as a variable interest entity ("VIE") under ASC 810. 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 (1) the power to direct the economically significant activities of the entity and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the variable interest entity. 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 joint ventures and partnerships in the construction industry, unless full consolidation is required, the company generally recognizes its proportionate share of revenue, cost and segment profit in its Consolidated Statement of Earnings and uses the one-line equity method of accounting in the Consolidated Balance Sheet, as allowed under ASC 810-10-45-14. At times, the cost and equity methods of accounting are also used, depending on the company's respective ownership interest, amount of influence in the VIE and other factors. The most significant application of the proportionate consolidation method is in the Oil & Gas, Industrial & Infrastructure and Government segments.

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, the company first compares the fair value of each reporting unit with its 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 2011, the company completed its annual goodwill impairment tests in the first quarter and determined that none of the goodwill was impaired because the fair value of each reporting unit substantially exceeded its carrying amount.

Intangible assets with indefinite lives are not amortized but are subject to annual impairment tests. Interim testing for impairment is 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, 2011, none of the company's intangible assets with indefinite lives were impaired. Intangible assets with finite lives arise from business acquisitions and are amortized on a straight-line basis over the useful lives of those assets, ranging from one to ten years.

Deferred Taxes and Tax Contingencies 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, 2011, the company had deferred tax assets of $614 million which were partially offset by a valuation allowance of $145 million and further reduced by deferred tax liabilities of $94 million. The valuation allowance reduces certain deferred tax assets to amounts that are more likely than not to be realized. The allowance for 2011 primarily relates to the deferred tax assets on certain net operating and capital loss carryforwards for U.S. and non-U.S. subsidiaries and certain reserves on investments. 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 Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions," as amended by SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (ASC 715-30). 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 fund between $30 million and $60 million for the calendar year 2012,

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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 U.S. and non-U.S. plans would increase by approximately $18 million and $26 million, respectively.

Segment Operations

The company provides professional services on a global basis in the fields of engineering, procurement, construction, maintenance and project management. The company is organized into five business segments: 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:

	Year Ended December 31,		
(in millions)	**2011**	**2010**	**2009**
Revenue	$ 7,961.7	$ 7,740.0	$ 11,826.9
Segment profit	275.6	344.0	729.7

Revenue in 2011 increased three percent compared to 2010 primarily because of increased construction-related activities, including a greater content of customer-furnished materials for projects that were awarded in 2010. Revenue in 2010 decreased 35 percent compared to 2009 due to reduced project execution activities as a number of large projects that were awarded from 2006 through 2008 had been completed or were near completion. In addition, revenue in 2010 was impacted by slower new award activity during 2009 and the first half of 2010.

Segment profit in 2011 decreased 20 percent compared to 2010 primarily because the 2010 results were favorably impacted by contributions of certain large projects that were completed or nearing completion, as well as various other large projects that achieved their peak earnings that year. In addition, 2010 segment profit was favorably impacted by the successful resolution of some disputed items and the expiration of certain warranty obligations. Segment profit in 2010 decreased 53 percent compared to 2009 due to the reduced project execution activities and reduced new awards, noted above, that also caused the decline in revenue in 2010. In addition, segment profit in 2009 included the net positive impact of close-out issues for certain projects nearing completion, with the approval of change orders and the successful resolution of disputed items.

Segment profit margin was 3.5 percent in 2011 compared to 4.4 percent in 2010 and 6.2 percent in 2009. The reduction in segment profit margin for 2011 compared to 2010 was primarily due to a shift in the mix of work from higher margin engineering activities to lower margin construction activities, with a corresponding higher content of customer-furnished materials. The successful resolution of some disputed items and the expiration of certain warranty obligations in 2010 also contributed to the higher segment profit margin in 2010, relative to 2011. Segment profit margin was higher in 2009 than in both 2010 and 2011 primarily due to the aforementioned net positive impact of close-out issues in 2009 for certain projects nearing completion. Segment profit margin in 2010 and 2011 was also negatively impacted by lower operating leverage with the contraction of business volume, along with a more competitive business environment.

New awards in the Oil & Gas segment were $8.3 billion in 2011, $9.7 billion in 2010 and $7.0 billion in 2009. New awards in 2011 included a $2.7 billion grassroots petrochemicals complex in the Middle East and upstream services associated with a major open pit mine relocation project in Canada valued at $1.5 billion. New awards in 2010 included upstream services associated with a liquefied natural gas project in Australia valued at $3.5 billion and $2.4 billion for an oil sands program in Canada. New awards in 2009 included $1.8 billion for a Canadian oil sands program and also an expansion to an onshore production facility in Russia.

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Backlog for the Oil & Gas segment was $15.1 billion as of December 31, 2011 compared to $14.3 billion as of December 31, 2010 and $11.8 billion as of December 31, 2009.

From 2006 through 2008, the segment participated in an expanding market that included very large project awards in diverse geographic locations, which were well suited to the company's global execution and project management capabilities and strong financial position. The global recession, changing market conditions and a decline in demand for new capacity in the refining, petrochemical and polysilicon markets resulted in lower new award activity in 2009 and the first half of 2010, as well as $5.2 billion of project cancellations and scope reductions during 2009. As a consequence of this lower level of new award activity and the 2009 project cancellations and scope reductions, the segment's 2010 and 2011 revenue and segment profit declined when compared to 2009. Although the market conditions for the segment have improved somewhat since the recession, a highly competitive business environment has resulted in significant pressure on margins. It is anticipated that these market conditions will continue and that the highly competitive business environment could result in continued margin pressures and more lump-sum project execution for the segment.

Total assets in the segment were $1.2 billion as of December 31, 2011, $986 million as of December 31, 2010 and $972 million as of December 31, 2009. The higher level of total assets in 2011 compared to 2010 and 2009 was primarily to meet working capital requirements to support project execution activities.

Industrial & Infrastructure

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

	Year Ended December 31,		
(in millions)	**2011**	**2010**	**2009**
Revenue	$ 9,700.4	$ 6,867.2	$ 4,820.6
Segment profit (loss)	389.3	(169.7)	140.4

Revenue in 2011 increased 41 percent compared to 2010, and revenue in 2010 increased 42 percent from 2009, primarily due to substantial growth in the mining and metals business line.

Segment profit and segment profit margin increased significantly in 2011 compared to 2010 primarily because the prior year included the impact of significant charges for two infrastructure projects. For the Greater Gabbard Project, charges totaling $343 million were taken in 2010 for estimated cost overruns for a variety of execution challenges that impacted the schedule and project cost forecast, including material and equipment delivery issues, productivity issues, the bankruptcy of a major subcontractor and weather-related delays. The segment also recorded a charge of $95 million during the prior year third quarter after an adverse bankruptcy court ruling on the priority of claims made by its joint venture against a bankrupt client entity for a completed $700 million fixed-price infrastructure joint venture project near San Diego, California. As a result of the ruling, the company determined that the likelihood of recovering cost overruns resulting from owner-directed scope changes was no longer considered probable. During 2011, the segment recorded additional charges for the Greater Gabbard Project totaling $60 million, primarily due to increased costs associated with the installation of subsea cable and schedule delays related to adverse weather conditions. Challenges in the cable installation process have been compounded by the bankruptcy of a critical subcontractor in January 2011 which forced the project to secure alternative vessels and equipment. The project forecast has been revised for the cost overruns and the company has taken a number of actions to mitigate further cost growth.

The 2011 charges for the Greater Gabbard Project were offset by positive contributions from other projects in the segment during the year, including $20 million for forecast adjustments due to the achievement of progress milestones on two infrastructure road projects, $11 million from the closeout of an infrastructure project, $11 million of costs recovered in a settlement with the bankrupt client for the above-referenced fixed-price infrastructure joint venture project, and $10 million related to the favorable resolution of certain disputed items and the achievement of incentive targets on a mining project. Segment

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profit in 2011 was also favorably impacted by a significantly higher level of project execution activities related to the growth in the mining and metals business line, noted above.

Segment profit and segment profit margin declined significantly in 2010 compared to 2009 due to the impact of significant charges for the Greater Gabbard Project and the fixed-price infrastructure joint venture project, discussed above. The 2010 charges for these two projects were offset somewhat by positive contributions from other projects in the segment during the year, including $16 million of fees earned at financial closing for an infrastructure rail project, $13 million for the final negotiated settlement and closeout of both an infrastructure road project and an infrastructure telecommunications project, and $11 million for the approval of a significant change order for another infrastructure road project. In addition, there were increased contributions in segment profit in 2010 when compared to 2009 due to a significantly higher level of project execution activities related to the growth in the mining and metals business line, noted above.

The company is involved in a dispute in connection with the Greater Gabbard Project. The dispute relates to the company's claim for additional compensation for schedule and cost impacts arising from delays in the fabrication of monopiles and transition pieces, along with certain disruption and productivity issues associated with construction activities and weather-related delays. The company believes the schedule and cost impacts are attributable to the client and other third parties. As of December 31, 2011, the company had recorded $265 million of claim revenue related to this issue for costs incurred to date. Additional costs arising from this dispute are expected to be incurred during the remaining life of the project and, as a result, claim revenue will increase accordingly. The company believes the ultimate recovery of incurred and future costs is probable under ASC 605-35-25. The company will continue to periodically evaluate its position and the amount recognized in revenue with respect to this claim. The project is expected to be substantially complete by the second quarter of 2012. However, the resolution of the claims is expected to extend beyond the completion date of the project. As of December 31, 2011, the client had also previously withheld the contractual maximum for liquidated damages related to the dispute of approximately $150 million. The company will also seek to recover in arbitration a significant portion of the withheld liquidated damages. Should the company not be successful in its pursuit of schedule relief related to certain delays covered by the claim, the liquidated damages not recovered from the client could result in a charge to earnings, as would any unrecovered claim amounts.

New awards in the Industrial & Infrastructure segment were $12.2 billion during 2011, $12.5 billion during 2010 and $6.8 billion during 2009. New awards in 2011 were primarily attributable to the mining and metals business line, and included $6.2 billion for ongoing iron ore work in Australia, as well as a major copper project in Peru. The increased new award activity in 2010 was primarily attributable to the mining and metals business line, with significant contributions from the infrastructure business line. The new awards in 2010 included an aluminum program in Saudi Arabia valued at $3.4 billion, a $1.4 billion copper mine in Chile and $1.7 billion for an infrastructure rail project in the United States. New awards during 2009 were driven by the mining and metals business line, including a $2.9 billion iron ore project in Australia and a $2.2 billion nickel project in Canada.

Ending backlog for the segment increased to $19.6 billion for 2011 from $16.9 billion for 2010 and $10.2 billion for 2009. The growth in backlog during 2011 and 2010 was driven by the substantial new award activity in the mining and metals business line.

Total assets in the Industrial & Infrastructure segment were $944 million as of December 31, 2011 compared to $535 million as of December 31, 2010 and $676 million as of December 31, 2009. The increase in total assets in 2011 compared to 2010 was mainly due to an increase in working capital to support the growth in the mining and metals business line. The decrease in total assets in 2010 compared to 2009 was primarily attributable to a reduction in work in process on the Greater Gabbard Project with the installation of certain offshore materials and the write-off of the investment for the fixed-price infrastructure joint venture project in California.

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Government

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

	Year Ended December 31,		
(in millions)	**2011**	**2010**	**2009**
Revenue	$ 3,398.2	$ 3,038.0	$ 1,983.2
Segment profit	145.5	142.2	116.8

Revenue in 2011 and 2010 increased 12 percent and 53 percent compared to 2010 and 2009, respectively, principally due to an increase in the volume of work for the Logistics Civil Augmentation Program ("LOGCAP IV") for the United States Army in Afghanistan. Project execution activities associated with the gaseous diffusion plant contract for the Department of Energy in Portsmouth, Ohio (the "Portsmouth Project"), awarded in the first quarter of 2011, also contributed to the 2011 revenue increase, though the impact was largely offset by a reduction in revenue attributable to the close-out of the American Recovery and Reinvestment Act ("ARRA") funded work at the Savannah River Site Management and Operating Project (the "Savannah River Project") in South Carolina and the completion of many task orders for the U.S. Army Corps of Engineers Transatlantic Programs Center ("CETAC") logistics program in Iraq. Revenue growth in 2010 for the Savannah River Project and ARRA funded work at the Savannah River Project site was offset by a decrease in revenue at the Hanford Environmental Management Project (the "Hanford Project") in the state of Washington, which was completed in 2009.

Segment profit during 2011 and 2010 increased two percent and 22 percent compared to 2010 and 2009, respectively, primarily due to additional contributions from higher levels of project execution activities on LOGCAP IV task orders. The growth in segment profit for 2011 was also attributable to the Portsmouth Project, though reduced contributions from CETAC task orders and the ARRA work at Savannah River more than offset its positive impact.

Segment profit margin was 4.3 percent, 4.7 percent and 5.9 percent for the years ended December 31, 2011, 2010 and 2009, respectively. The higher segment profit margin in 2009 was primarily attributable to the favorable resolution of disputed items and warranty obligations for the Bagram Air Base contract in Afghanistan that resulted in the recognition of $15.3 million of segment profit during the year.

New awards were $3.7 billion during 2011, $2.8 billion during 2010 and $2.3 billion during 2009. The increase in new award activity in 2011 was primarily attributable to the initial contract funding for the Portsmouth Project and increased funding for LOGCAP IV task orders. New awards in 2011 also included the annual funding for the Savannah River Project. Significant new awards for 2010 included LOGCAP IV task orders, which drove the increase in new award activity compared to 2009, and the annual funding for the Savannah River Project. Significant new awards for 2009 included the annual funding for the Savannah River Project, the multi-year ARRA funding at the Savannah River Project site and LOGCAP IV task orders. The company reports new awards for LOGCAP IV as individual task orders are awarded and funded.

Backlog was $1.1 billion as of December 31, 2011, $751 million as of December 31, 2010 and $1.0 billion as of December 31, 2009. The growth in backlog during 2011 was driven by the initial contract funding for the Portsmouth Project and increased funding for LOGCAP IV task orders. The higher backlog in 2009 compared to 2010 was primarily due to the multi-year funding for ARRA work at the Savannah River Project site that was a new award in 2009, and partially worked off by the end of 2010.

Total assets in the Government segment were $800 million as of December 31, 2011, $1.1 billion as of December 31, 2010 and $660 million as of December 31, 2009. The decrease in total assets in 2011 compared to 2010 was mainly due to a decrease in working capital related to the LOGCAP IV task orders. The increase in total assets in 2010 compared to 2009 corresponded to an increase in working capital to support project execution activities, particularly for LOGCAP IV task orders.

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Global Services

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

	Year Ended December 31,		
(in millions)	**2011**	**2010**	**2009**
Revenue	$ 1,577.7	$ 1,508.6	$ 1,578.1
Segment profit	151.8	133.3	106.6

Revenue in 2011 increased five percent compared to 2010 principally due to the equipment business line which experienced a higher volume of work in Afghanistan and South America. A decrease in current year revenue attributable to the close-out of the Gulf Coast oil spill cleanup project in 2010 was offset by an increase in other 2011 operations and maintenance business line project execution activities and an increase in revenue in the temporary staffing business line. Revenue decreased four percent during 2010 compared to the prior year primarily due to the reduction in the equipment business line's Iraq business activities. This revenue decline was partially offset by an increase in revenue related to the Gulf Coast oil spill cleanup in the operations and maintenance business line.

Segment profit during 2011 increased 14 percent compared to 2010, primarily due to the improved performance from the equipment business line, as noted above. Increased segment profit in the current year from the temporary staffing business line was offset by a decrease in contributions from the operations and maintenance business line, the latter of which was primarily the result of the close-out of the Gulf Coast oil spill cleanup project in the prior year. Segment profit during 2010 increased 25 percent compared to 2009 primarily because 2009 included a $45 million charge related to the uncollectability of a client receivable for a paper mill where the company's scope of work was to recommission, start up and operate the facility. Segment profit in 2010 benefitted from the Gulf Coast oil spill cleanup activities, though the resulting positive contribution was more than offset by the overall weak economic conditions impacting all business lines, including the continued delay and reduction in capital work and maintenance activities in the operations and maintenance business line and reduced activity in the domestic and European operations of the temporary staffing business line.

Segment profit margin was 9.6 percent, 8.8 percent and 6.8 percent for the years ended December 31, 2011, 2010 and 2009. Segment profit margin for 2011 was higher compared to 2010 due to improvement in margins in the equipment business line's activities in Afghanistan and South America. The lower 2009 segment profit margin was due to the factors that impacted segment profit noted above, particularly the charge related to the write-off of the uncollectable receivable for the paper mill project.

New awards in the Global Services segment were $1.0 billion during 2011, $1.6 billion during 2010 and $903 million during 2009. The operations and maintenance business line continues to experience lower volume with existing clients, as well as delayed new client releases. New awards for all three years included new work and renewals for key clients, such as IBM (all years), ALCOA (all years), Procter & Gamble (all years) and SAPREF of South Africa (2010).

Backlog for the Global Services segment was $1.9 billion as of December 31, 2011, $2.1 billion as of December 31, 2010 and $1.8 billion as of December 31, 2009. Operations and maintenance activities that have yet to be performed comprise Global Services backlog. Short-duration operations and maintenance activities may not contribute to ending backlog. In addition, 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 $937 million as of December 31, 2011, $824 million as of December 31, 2010 and $745 million as of December 31, 2009. The increase in the segment's total assets in 2011 corresponded to an increase in working capital and equipment to support the equipment business line. The increase in total assets in 2010 was due to an increase in working capital to support projects in the operations and maintenance business line, additional working capital to support ongoing equipment transactions and an expansion of the equipment fleet to support long-term agreements.

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Power

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

	Year Ended December 31,		
(in millions)	2011	2010	2009
Revenue	$ 743.4	$ 1,695.5	$ 1,781.5
Segment profit	81.1	170.9	157.7

Revenue in 2011 decreased 56 percent compared to 2010 primarily due to the expected reduction in project execution activities on several projects which have reached or are near final completion, including the Oak Grove coal-fired power project in Texas for Luminant, a unit of Energy Future Holdings Corporation, gas-fired power plants in Texas and Virginia, and pre-construction services on a nuclear new build project in Texas, as well as reduced volume on certain other projects progressing toward completion. The segment's revenue decreased five percent in 2010 compared to 2009 primarily due to the reduction in project execution activities on the Oak Grove project which reached final completion in 2010. Also in 2010, revenue increases associated with project execution activities on gas-fired power plant projects located in Texas, Virginia and Georgia were largely offset by a decline in revenue due to reduced volume on various other projects progressing toward completion.

Segment profit during 2011 decreased 53 percent compared to 2010 principally due to reduced contributions from the Oak Grove project. The reduced contributions from other projects nearing completion, including the gas-fired power plant project in Texas, pre-construction services on the nuclear new build project in Texas and an emissions control retrofit project in South Carolina, were offset by lower charges taken for cost overruns on the gas-fired power plant project in Georgia ($13 million during 2011 compared to $91 million in 2010) and improved performance on the gas-fired power plant project in Virginia due to the achievement of major milestones. Segment profit in 2010 increased eight percent compared to 2009 primarily due to increased contributions from the Oak Grove project as a result of reaching final completion and acceptance and achieving contractual performance guarantees, along with improved performance from the gas-fired power plant project in Texas. These positive results were partially offset by the charges taken in 2010 on the gas-fired power project in Georgia, noted above.

Segment profit margin in the Power segment was 10.9 percent, 10.1 percent and 8.9 percent for 2011, 2010 and 2009, respectively. The fluctuations in segment profit margin from year to year are explained by the same factors that impacted revenue and segment profit, discussed above.

The Power segment continues to be impacted by relatively weak demand for new power generation. Improving market opportunities include gas-fired baseload generation, renewable energy, regional transmission additions and air emissions compliance projects for existing coal-fired power plants. New awards in the Power segment are typically large in amount and occur on an irregular basis. New awards of $1.6 billion in 2011 included an air emissions control construction program for Luminant, a new gas-fired power plant project in Texas, and a new solar power project in Arizona. New awards of $757 million in 2010 included work for nuclear preconstruction services and the renewal of the Luminant system-wide fossil maintenance program in Texas. New awards of $1.3 billion in 2009 included a gas-fired plant in Virginia and nuclear preconstruction services.

Backlog was $1.8 billion as of December 31, 2011, $972 million as of December 31, 2010 and $1.9 billion as of December 31, 2009. The increase in backlog in 2011 was principally driven by the 2011 new awards mentioned in the preceding paragraph which were awarded in the latter part of the year. The decline in backlog in 2010 was primarily because the work performed on the Oak Grove project, major gas-fired power plant projects in Texas, Virginia and Georgia, and certain other projects was not replaced by new award activity of equal or greater value.

Total assets in the Power segment were $191 million as of December 31, 2011, $97 million as of December 31, 2010 and $171 million as of December 31, 2009. The increase in the segment's total assets in 2011 was attributable to an increase in work in process for the purchase of certain solar power plant equipment in advance of customer reimbursement and the consolidation of the assets of NuScale Power, a small modular nuclear reactor technology company that the company acquired a majority interest in during late 2011. The decrease in the segment's total assets in 2010 was due to a reduction in working capital for project execution activities, including the Oak Grove project.

Corporate, Tax and Other Matters

Corporate For the three years ended December 31, 2011, 2010 and 2009, corporate general and administrative expenses were $163 million, $156 million and $179 million, respectively. The five percent increase in 2011 corporate general and administrative expenses compared to 2010 was primarily the result of higher management incentive compensation and foreign currency losses, offset somewhat by overhead reduction efforts and other factors. The decrease in 2010 was primarily due to overhead reduction efforts and lower management incentive compensation. Corporate general and administrative expense included $14 million of non-operating expense in 2011, primarily due to expenses associated with previously divested operations, and $2 million of non-operating expense in both 2010 and 2009.

Net interest income was $16 million, $11 million and $14 million for the years ended December 31, 2011, 2010 and 2009, respectively. The increase in net interest income in 2011 was due to higher cash balances in certain international locations that earn higher yields, offset partially by an increase in interest expense due to the September 2011 issuance of Senior Notes (discussed in more detail below). The lower 2010 net interest income compared to 2009 was primarily due to the impact of lower interest rates.

Tax The effective tax rate on the company's pretax earnings was 30.3 percent, 21.2 percent and 35.5 percent for the years 2011, 2010 and 2009, respectively. The 2011 rate was favorably impacted by the release of previously unrecognized tax benefits related to the expiration of statutes of limitations and the resolution of various disputed items. The lower 2010 rate was primarily attributable to a $152 million tax benefit that resulted from a worthless stock deduction for the tax restructuring of a foreign subsidiary in the fourth quarter, partially offset by an increase in the valuation allowance associated with net operating losses. A significant portion of the $152 million tax benefit resulted from the financial impact of the 2010 Greater Gabbard Project charges on the foreign subsidiary.

Litigation and Matters in Dispute Resolution

See "13. 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 financial markets. The company has committed and uncommitted lines of credit totaling $3.8 billion, which may be used for revolving loans, letters of credit and general purposes. The company believes that for at least the next 12 months, cash generated from operations, along with its unused credit capacity of $2.6 billion and substantial cash position, is sufficient to fund operating requirements. However, the company regularly reviews its sources and uses of liquidity and may pursue opportunities to increase its liquidity positions in favorable market conditions. The company's conservative financial strategy and consistent performance have earned it strong credit ratings, resulting in continued access to the financial markets. As of December 31, 2011, the company was in compliance with all its covenants related to its debt agreements. The company's total debt to total capitalization ("debt-to-capital") ratio as of December 31, 2011 was 13.6 percent compared to 3.2 percent as of December 31, 2010 primarily due to the company's $500 million debt issuance in September 2011 which is discussed in the financing activities section below.

Cash Flows

Cash and cash equivalents were $2.2 billion as of December 31, 2011 compared to $2.1 billion as of December 31, 2010. Cash and cash equivalents combined with current and noncurrent marketable securities were $2.8 billion as of December 31, 2011 compared to $2.6 billion as of December 31, 2010.

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Cash and cash equivalents are held in numerous accounts throughout the world to fund the company's global project execution activities. As of December 31, 2011 and 2010, cash and cash equivalents held outside the United States amounted to $1.5 billion and $1.6 billion, respectively. The company did not consider any cash to be permanently reinvested overseas as of December 31, 2011 and 2010 and, as a result, has accrued the U.S. deferred tax liability on foreign earnings, as appropriate.

Operating Activities

Cash provided by operating activities was $890 million, $551 million and $905 million in 2011, 2010 and 2009, respectively. Cash provided by operating activities improved in 2011 primarily due to increases in earnings sources and positive cash flows resulting from a net reduction in operating assets and liabilities, partially offset by higher retirement plan contributions. The net reduction in operating assets and liabilities during 2011 was primarily attributable to decreases in prepaid income taxes and increases in both client advances and accounts payable associated with project execution activities in the Oil & Gas segment, partially offset by increases in contract work in process. The increases in client advances and accounts payable during 2011 resulted primarily from normal project execution activities associated with numerous projects. The increase in work in process during 2011 resulted from normal project execution activities associated with numerous projects, as well as amounts funded for the losses and claim on the Greater Gabbard Project. Cash provided by operating activities declined in 2010 primarily due to lower earnings sources. Cash provided by operating activities in both 2010 and 2009 resulted primarily from earnings sources reduced by cash outflows from net increases in operating assets and liabilities. The net increase in operating assets and liabilities in 2010 resulted from a higher accounts receivable balance as well as amounts funded for the losses and claim on the Greater Gabbard Project and the gas-fired power project in Georgia. The higher accounts receivable balance in 2010 was the net result of normal billing and collection activities associated with numerous projects and not indicative of any significant collection or liquidity issue. The net increase in operating assets and liabilities in 2009 pertained to increases in prepaid income taxes and contract work in process, partially offset by lower accounts receivable balances. The increase in contract work in process resulted from increases in project execution activities and costs associated with the claim on the Greater Gabbard Project.

The levels of operating assets and liabilities vary from year to year and are affected by the mix, stage of completion and commercial terms of engineering and construction projects, as well as the company's volume of work and the execution of its projects within budget. 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. Project working capital requirements will vary by project. The company's cash position is reduced as customer advances are used in project execution, unless they are replaced by advances on new projects. The company maintains cash reserves and borrowing facilities to satisfy any net operating cash outflows in the event there is an investment in operating assets that exceeds the projects' available cash balances.

The company had net cash outlays of $361 million, $277 million, and $243 million during 2011, 2010, and 2009, respectively, to fund the project execution activities for the Greater Gabbard Project as discussed above under " Industrial & Infrastructure."

Income tax payments of $177 million in 2011 were lower than income taxes paid of $202 million in 2010 primarily due to the prepayment of 2011 taxes in 2010. Income tax payments of $202 million in 2010 were lower than income taxes paid in 2009 of $418 million primarily due to the prepayment of 2010 taxes in 2009, as well as lower tax payments resulting from a worthless stock deduction that was due to the tax restructuring of a foreign subsidiary in the fourth quarter. A significant portion of this tax benefit resulted from the financial impact of the Greater Gabbard Project charges on the foreign subsidiary.

Cash from operating activities is used to provide contributions to the company's defined contribution and defined benefit plans. Contributions into the defined contribution plans during 2011, 2010 and 2009 were $109 million, $96 million and $99 million, respectively. The company contributed $122 million, $43 million and $34 million into its defined benefit pension plans during 2011, 2010 and 2009, respectively.

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The increase in contributions to the defined benefit pension plans during 2011 was primarily due to lower long-term interest rates coupled with the business objective to generally maintain plan assets in excess of accumulated benefit obligations. As of December 31, 2011, 2010 and 2009, plan assets of all of the company's more significant benefit plans exceeded accumulated benefit obligations.

Investing Activities

Cash utilized by investing activities amounted to $436 million and $818 million in 2011 and 2009, respectively, while cash provided by investing activities amounted to $218 million in 2010. The primary investing activities during 2011, 2010 and 2009 included purchases, sales and maturities of marketable securities, capital expenditures, business acquisitions and disposals of property, plant and equipment.

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 2011 and 2009, purchases of marketable securities exceeded proceeds from the sales and maturities by $133 million and $623 million, respectively. During 2010, proceeds from the sales and maturities of marketable securities exceeded purchases by $438 million. The company held current and noncurrent marketable securities of $600 million and $472 million as of December 31, 2011 and 2010, respectively.

Cash utilized by investing activities in 2011, 2010 and 2009 included capital expenditures of $338 million, $265 million and $233 million, respectively. Capital expenditures during 2011, 2010 and 2009 included significant outflows related to the equipment business line of the Global Services segment, as well as investments in information technology and the refurbishment of facilities. Cash flows provided by investing activities include proceeds of $54 million in both 2011 and 2010 and $38 million in 2009 primarily from the disposal of construction equipment associated with the equipment operations in the Global Services segment.

During 2011, the company paid $27 million to acquire controlling interests in both NuScale Power, LLC, an Oregon-based designer of small modular nuclear reactors, and Goar, Allison & Associates, a Texas-based provider of sulfur technologies for upstream gas plants, downstream refineries and gasification.

Financing Activities

Cash utilized by financing activities during 2011, 2010 and 2009 of $396 million, $390 million and $323 million, respectively, included company stock repurchases, company dividend payments to stockholders, proceeds from the issuance of senior notes, convertible note repayments, distributions paid to holders of noncontrolling interests and corporate-owned life insurance loan repayments.

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 10,050,000 shares, 3,079,600 shares and 3,060,000 shares of common stock under its current and previously authorized stock repurchase programs resulting in cash outflows of $640 million, $175 million and $125 million in 2011, 2010 and 2009, respectively. As of December 31, 2011, 11.3 million shares could still be purchased under the existing stock repurchase program.

During 2011, 2010 and 2009, the company's Board of Directors authorized the payment of quarterly dividends of $0.125 per share. Dividends of $88 million, $90 million and $91 million, were paid during 2011, 2010 and 2009, respectively. Declared 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. On February 2, 2012, the company's Board of Directors authorized an increase in the company's quarterly dividend from $0.125 per share to $0.16 per share.

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In September 2011, the company issued $500 million of 3.375 percent Senior Notes (the "2011 Notes") due September 15, 2021 and received proceeds of $492 million, net of underwriting discounts and debt issuance costs. Interest on the 2011 Notes is payable semi-annually on March 15 and September 15 of each year, beginning on March 15, 2012. The net proceeds of the 2011 Notes will be used for general corporate purposes. 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. Additionally, if a change of control triggering event occurs, as defined by the terms of the indenture, the company will be required to offer to purchase 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 indenture governing 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. These covenants are not expected to impact the company's liquidity or capital resources.

In February 2004, the company issued $330 million of 1.5% Convertible Senior Notes (the "2004 Notes") due February 15, 2024 and received proceeds of $323 million, net of underwriting discounts. Proceeds from the 2004 Notes were used to pay off the then-outstanding commercial paper and $100 million was used to obtain ownership of engineering and corporate office facilities in California through payoff of the lease financing. In December 2004, the company irrevocably elected to pay the principal amount of the 2004 Notes in cash. The 2004 Notes are convertible during any fiscal quarter if the closing price of the company's common stock for at least 20 trading days in the 30 consecutive trading day-period ending on the last trading day of the previous fiscal quarter is greater than or equal to 130 percent of the conversion price in effect on that 30th trading day (the "trigger price"). The trigger price is currently $35.83, but is subject to adjustment as outlined in the indenture. The trigger price condition was satisfied during the fourth quarter of 2011 and 2010 and the 2004 Notes were therefore classified as current as of December 31, 2011 and 2010. Shares of the company's common stock are issued to satisfy any appreciation between the conversion price and the market price on the date of conversion. During 2011, holders converted $77 million of the 2004 Notes in exchange for the principal balance owed in cash plus 1,678,095 shares of the company's common stock. During 2010, holders converted $13 million of the 2004 Notes in exchange for the principal balance owed in cash plus 184,563 shares of the company's common stock. During 2009, holders converted $24 million of the 2004 Notes in exchange for the principal balance owed in cash plus 253,309 shares of the company's common stock. The company does not know the timing or principal amount of the remaining Notes that may be presented for conversion in future periods. Holders of the 2004 Notes will be entitled to require the company to purchase all or a portion of their 2004 Notes at 100 percent of the principal amount plus unpaid interest on February 15, 2014 and February 15, 2019. The 2004 Notes are currently redeemable at the option of the company, in whole or in part, at 100 percent of the principal amount plus accrued and unpaid interest. In the event of a change of control of the company, each holder may require the company to repurchase the 2004 Notes for cash, in whole or in part, at 100 percent of the principal amount plus accrued and unpaid interest. The carrying value amount of the 2004 Notes was $19 million and $97 million as of December 31, 2011 and 2010, respectively.

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 $104 million, $84 million and $76 million in 2011, 2010 and 2009, respectively. The significant increase in distributions in 2011 was due to the Rapid Growth Project. The increase during 2010 was due to the Rapid Growth Project and the Interstate 495 Capital Beltway Project which are discussed at "14. Variable Interest Entities."

During 2010, the company repaid $32 million in principal related to loans against the cash surrender value of corporate-owned life insurance policies.

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 other comprehensive loss. During 2011,

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functional currency exchange rates for most of the company's international operations weakened against the U.S. dollar, resulting in unrealized translation losses. During 2010 and 2009, functional currency exchange rates for most of the company's international operations strengthened against the U.S. dollar, resulting in unrealized translation gains. Unrealized losses of $31 million in 2011 and unrealized gains of $68 million and $89 million in 2010 and 2009, respectively, related to the effect of exchange rate changes on cash. The cash held in foreign currencies will primarily be used for project-related expenditures in those currencies, and therefore the company's exposure to realized exchange gains and losses is considered nominal.

Off-Balance Sheet Arrangements

On December 14, 2010, the company entered into a $1.2 billion Revolving Performance Letter of Credit Facility Agreement ("Letter of Credit Facility") that matures in 2015 and an $800 million Revolving Loan and Financial Letter of Credit Facility Agreement ("Revolving Credit Facility") that matures in 2013. Borrowings on the $800 million Revolving Credit Facility are to bear interest at rates based on the London Interbank Offered Rate ("LIBOR") or an alternative base rate, plus an applicable borrowing margin. The Letter of Credit Facility may be increased up to an additional $500 million subject to certain conditions.

As of December 31, 2011, the company had a combination of committed and uncommitted lines of credit that totaled $3.8 billion. These lines may be used for revolving loans, letters of credit or general purposes. The committed lines consist of the two facilities discussed above, as well as a $500 million letter of credit facility that matures in 2014. Letters of credit are provided in the ordinary course of business primarily to indemnify our clients if we fail to perform our obligations under our contracts. As of December 31, 2011, $1.2 billion in letters of credit were outstanding under these lines of credit. Surety bonds are also posted as an alternative 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 facilities being constructed to a period extending beyond contract completion in certain circumstances. The maximum potential payment amount of an outstanding performance guarantee is the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts. 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. Performance guarantees outstanding as of December 31, 2011 were estimated to be $4.6 billion. The company assessed its performance guarantee obligation as of December 31, 2011 and 2010 in accordance with Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (ASC 460) and the carrying value of the liability was not material.

Financial guarantees, made in the ordinary course of business on behalf of clients and others 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. Most arrangements require the borrower to pledge collateral in the form of property, plant and equipment which is deemed adequate to recover amounts the company might be required to pay.

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Inflation

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 above and "14. Variable Interest Entities" below in the Notes to Consolidated Financial Statements.

Contractual Obligations

Contractual Obligations as of December 31, 2011 are summarized as follows:

		Payments Due by Period			
Contractual Obligations	**Total**	**1 year or less**	**2 3 years**	**4 5 years**	**Over 5 years**
(in millions)					
Debt:					
3.375% Senior Notes	$ 496	$	$	$	$ 496
1.5% Convertible Senior Notes	19	19			
5.625% Municipal bonds	18				18
Interest on debt obligations[1]	169	18	35	35	81
Operating leases[2]	267	39	77	51	100
Uncertain tax contingencies[3]	78				78
Joint venture contributions	35	11	4	20	
Pension minimum funding[4]	77	10	20	47	
Other post-employment benefits	35	5	10	8	12
Other compensation-related obligations[5]	341	44	65	53	179
Total	$ 1,535	$ 146	$ 211	$ 214	$ 964

(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 Sugar Land, Texas, 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 contingencies are positions taken or expected to be taken on an income tax return that may result in additional payments to tax authorities. The total amount of uncertain tax contingencies 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 will not be necessary.

(4) The company generally provides funding to its U.S. and non-U.S. 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.

(5) 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.

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 hedges its exposure, if material, as discussed below.

The company utilizes derivative instruments to mitigate certain financial exposure, including currency and commodity price risk associated with engineering and construction contracts, currency risk associated with intercompany transactions and risk associated with interest rate volatility. The company does not enter into derivative transactions for speculative purposes. As of December 31, 2011, the company had foreign exchange forward contracts of less than one year duration and a total gross notional amount of $736 million. As of December 31, 2011, the company had commodity swap forward contracts of less than three years duration and a total gross notional amount of $12 million. The company's historical gains and losses associated with derivative instruments have been immaterial.

The company's long-term debt obligations carry a fixed-rate coupon and its exposure to interest rate risk is not material due to the low interest rates on these obligations.

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.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of December 31, 2011, 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, based upon an evaluation of those controls and procedures required by paragraph (b) of Rule 13a-15 or Rule 15d-15 of the Exchange Act.

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

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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 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, 2011.

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.

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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.

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, 2011, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (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, 2011, 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, 2011 and 2010 and the related consolidated statements of earnings, cash flows and equity for each of the three years in the period ended December 31, 2011 of Fluor Corporation and our report dated February 22, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Dallas, Texas
February 22, 2012

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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, 2011 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***

Executive Officers of the Registrant

The following information is being furnished with respect to the company's executive officers:

Name	Age	Position with the Company[1]
Stephen B. Dobbs	55	Senior Group President, Industrial & Infrastructure
David R. Dunning	60	Group President, Power
Garry W. Flowers	61	Group President, Global Services
Glenn C. Gilkey	53	Senior Vice President, Human Resources and Administration
Kirk D. Grimes	54	Group Executive, Operations
Carlos M. Hernandez	57	Senior Vice President, Chief Legal Officer and Secretary
John L. Hopkins	58	Group Executive, Corporate Development
Peter Oosterveer	54	Group President, Oil & Gas
David T. Seaton	50	Chairman and Chief Executive Officer
Gary G. Smalley	53	Senior Vice President and Controller
Bruce A. Stanski	51	Group President, Government
D. Michael Steuert	63	Senior Vice President and Chief Financial Officer

(1) Except where otherwise indicated, all references are to positions held with Fluor Corporation or one of its subsidiaries. All of the officers listed in the preceding table serve in their respective capacities at the pleasure of the Board of Directors.

Stephen B. Dobbs

Mr. Dobbs has been Senior Group President, Industrial & Infrastructure since January 2012. Prior to that, he was Senior Group President, Industrial & Infrastructure and Global Services from March 2009 to January 2012; Senior Group President, Industrial & Infrastructure, Government and Global Services from March 2007 to March 2009; Group President, Industrial and Infrastructure from September 2005 to March 2007; President, Infrastructure from 2002 to September 2005; and President, Transportation from 2001 to 2002. Mr. Dobbs joined the company in 1980.

David R. Dunning

Mr. Dunning has been Group President, Power since March 2009. Prior to that, he was Senior Vice President, Sales, Marketing and Strategic Planning for Power from March 2006 to March 2009; Vice President, Sales for the Power Group from July 2003 to March 2006; and Vice President, Sales for the Duke/Fluor Daniel partnership from March 2001 to July 2003. Mr. Dunning joined the company in 1977.

Garry W. Flowers

Mr. Flowers has been Group President, Global Services since January 2012. From September 2009 to January 2012, he was President and CEO of Savannah River Nuclear Solutions, LLC, which contracts with the Federal Government for operations and maintenance of the Savannah River nuclear site. Prior to that,

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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 been Senior Vice President, 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.

Kirk D. Grimes

Mr. Grimes has been Group Executive, Operations since January 2012. Prior to that, he was Group President, Global Services from October 2003 to January 2012; and Group Executive, Oil & Gas from February 2001 to October 2003. Mr. Grimes joined the company in 1980.

Carlos M. Hernandez

Mr. Hernandez has been Senior Vice President, 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. Prior to that, he was General Counsel of Fleming Companies, Inc. from February 2001 to August 2004. Fleming Companies, Inc. filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on April 1, 2003.

John L. Hopkins

Mr. Hopkins has been Group Executive, Corporate Development since August 2009. Prior to that he was Group President, Government from October 2003 to August 2009; Group Executive, Sales, Marketing and Strategic Planning from February 2002 to October 2003; and Group Executive, Fluor Global Services from September 2001 to February 2002. Mr. Hopkins joined the company in 1984.

Peter Oosterveer

Mr. Oosterveer has been Group President, Oil & Gas since March 2009. Prior to that, he was Senior Vice President, Business Line Lead-Chemicals from February 2007 to March 2009; Vice President, Business Line Lead-Chemicals from September 2005 to February 2007; and Vice President, Operations from October 2002 to September 2005. Mr. Oosterveer joined the company in 1989.

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.

Gary G. Smalley

Mr. Smalley has been Senior Vice President and Controller since March 2008. He was Vice President of Internal Audit from September 2002 to March 2008 and prior to that served in a number of financial

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management roles, including Controller of South Latin America and Controller of Australia. Mr. Smalley joined the company in 1991.

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; Executive Vice President of KBR, Inc.'s Government and Infrastructure division from September 2005 to August 2007; and Senior Vice President, Government Operations of KBR, Inc. from August 2004 to September 2005. Mr. Stanski also previously served as the Chief Financial Officer of KBR, Inc.

D. Michael Steuert

Mr. Steuert has been Senior Vice President and Chief Financial Officer since May 2001. Prior to joining the company in 2001, he was Senior Vice President and Chief Financial Officer of Litton Industries, Inc., a major defense contractor, from 1999 to May 2001.

Code of Ethics

We have long maintained and enforced a *Code of Business Conduct and Ethics* that applies to all Fluor officers and employees, including 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" "Compliance and Ethics" 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 "Investor Relations" portion of our website.

Additional Information

The additional information required by Item 401 of Regulation S-K is hereby incorporated by reference from the information contained in the section entitled "Election of Directors Biographical Information, including Experience, Qualifications, Attributes and Skills" in our Proxy Statement for our 2012 annual meeting of stockholders. Disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is incorporated by reference from the information contained in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement. 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 2012 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.

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, 2011 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)	2,899,501	$ 50.00	7,193,545
Equity compensation plans not approved by stockholders			
Total	2,899,501	$ 50.00	7,193,545

(1) Consists of the 2000 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 216,885 shares remain available for future issuance; the 2003 Executive Performance Incentive Plan (the "2003 Plan"), under which 937,830 shares are currently issuable upon exercise of outstanding options, warrants and rights, but under which no shares remain available for future issuance; and the 2008 Executive Performance Incentive Plan, under which 1,961,671 shares are currently issuable upon exercise of outstanding options, warrants and rights, and under which 6,976,660 shares remain available for issuance. The 2003 Plan was terminated when the company's 2008 Executive Performance Incentive Plan was approved by stockholders at the company's annual stockholders meeting in 2008.

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 2012 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 "Determination of Independence of Directors" sections of the "Corporate Governance" portion of our Proxy Statement for our 2012 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.

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, 2011 and 2010 and for each of the three years in the period ended December 31, 2011 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:*

Item 6. 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 6, 2011).
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 May 6, 2011).
4.1	Indenture between Fluor Corporation and Bank of New York, as trustee, dated as of February 17, 2004 (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on February 17, 2004).
4.2	First Supplemental Indenture between Fluor Corporation and The Bank of New York, as trustee, dated as of February 17, 2004 (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on February 17, 2004).
4.3	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).
4.4	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 C