FLUOR CORP
Form DEF 14A
March 13, 2013

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

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FLUOR CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Fluor Corporation
6700 Las Colinas Boulevard
Irving, Texas 75039

March 13, 2013

Dear Stockholder:

You are cordially invited to attend the Fluor Corporation 2013 annual meeting of stockholders. The meeting will be held on Thursday, May 2, 2013, beginning at 9:00 a.m. Central Daylight Time, at Fluor Corporation, 6700 Las Colinas Boulevard, Irving, Texas 75039. Information about the meeting is presented on the following pages. In addition to the formal items of business to be brought before the meeting, members of management will report on the company's operations and respond to stockholder questions. A map showing the meeting location is included for your convenience on the back page of this booklet.

We hope that you will be able to attend the meeting. However, whether or not you plan to attend the meeting, we encourage you to review our proxy materials and promptly cast your vote over the Internet or by telephone. Alternatively, if you request or receive a paper copy of the proxy materials by mail, you may vote by signing, dating and mailing the proxy card in the envelope provided. Voting in one of these ways will ensure that your shares are represented at the meeting.

Thank you for your continued support of Fluor Corporation. I look forward to seeing you on May 2nd.

Sincerely,

David T. Seaton
Chairman and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 2, 2013

The annual meeting of stockholders of Fluor Corporation will be held at Fluor Corporation, 6700 Las Colinas Boulevard, Irving, Texas 75039, on Thursday, May 2, 2013, at 9:00 a.m. Central Daylight Time. At the meeting, our stockholders will consider and vote on the following matters:

1. The election of the nine Class I and Class II directors named in the proxy statement to serve until the 2014 annual meeting of stockholders and until their respective successors are elected and qualified.

2. An advisory vote to approve the company's executive compensation.

3. The approval of our Amended and Restated 2008 Executive Performance Incentive Plan.

4. The ratification of the appointment by our Audit Committee of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending December 31, 2013.

5. Such other matters as may be properly presented at the meeting or any adjournment thereof.

All stockholders of record at the close of business on March 8, 2013 are entitled to receive notice of, and to vote at, the annual meeting. Stockholders are cordially invited to attend the meeting in person; however, regardless of whether you plan to attend the meeting in person, please cast your vote as instructed in the Notice of Internet Availability of Proxy Materials (the "Notice"), by either voting your shares over the Internet or by phone, as promptly as possible. Alternatively, if you wish to receive paper copies of your proxy materials, including the proxy card, please follow the instructions in the Notice. Once you receive paper copies of your proxy materials, please complete, sign, date and promptly return the proxy card in the postage-prepaid return envelope provided, or follow the instructions set forth on the proxy card to authorize the voting of your shares over the Internet or by telephone. Your prompt response is necessary to ensure that your shares are represented at the meeting.

By Order of the Board of Directors,

Carlos M. Hernandez
Senior Vice President, Chief Legal Officer
and Secretary

March 13, 2013
Irving, Texas

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 2, 2013: This proxy statement and the company's 2012 Annual Report to Stockholders are available at *www.proxyvote.com*.

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PROXY STATEMENT

March 13, 2013

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Fluor Corporation (the "company" or "Fluor") of your proxy for use at the annual meeting of stockholders to be held at Fluor Corporation, 6700 Las Colinas Boulevard, Irving, Texas 75039, on Thursday, May 2, 2013, at 9:00 a.m. Central Daylight Time, or at any adjournment or postponement thereof (the "Annual Meeting"). This proxy statement is first being mailed or made available to stockholders on or about March 13, 2013.

The current mailing address of the principal executive offices of Fluor Corporation is 6700 Las Colinas Boulevard, Irving, Texas 75039. Please direct any communications to this mailing address.

PROPOSAL 1 ELECTION OF DIRECTORS

At the 2011 annual meeting, the company's stockholders voted to phase out the classification of the Board and to provide instead for the annual election of directors, commencing with the 2012 annual meeting. Directors elected to three-year terms prior to or at the 2011 annual meeting are entitled to serve the remainder of such terms before standing for re-election. All directors will stand for annual election beginning with the 2014 annual meeting of stockholders.

Nine directors, including four Class I directors and five Class II directors, have terms expiring at the 2013 Annual Meeting. Each of Peter K. Barker, Alan M. Bennett, Rosemary T. Berkery, James T. Hackett, Kent Kresa, Dean R. O'Hare, Armando J. Olivera, David T. Seaton and Nader H. Sultan has been nominated for election at the Annual Meeting to serve a one-year term expiring at the annual meeting in 2014 and until their respective successors are elected and qualified.

Each of the nominees listed above has agreed to serve as a director of the company if elected. The company knows of no reason why the nominees would not be available for election or, if elected, would not be able to serve. If any of the nominees decline or are unable to serve as a nominee at the time of the Annual Meeting, the persons named as proxies may vote either (1) for a substitute nominee designated by the Board to fill the vacancy or (2) for the balance of the nominees, leaving a vacancy. Alternatively, the Board may reduce the size of the Board.

Under the standard applicable to the company's director elections, a director must receive the affirmative vote of a majority of the votes cast; except that directors shall be elected by a plurality of the votes cast if as of the record date for such meeting the number of director nominees exceeds the number of directors to be elected (a situation we do not anticipate). A majority of the votes cast means that the number of shares voted "for" a director nominee must exceed the number of shares voted "against" that director nominee. If an incumbent director is not re-elected, the Governance Committee

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will consider his or her contingent resignation given prior to the meeting and make a recommendation to the Board on whether to accept or reject the resignation. The Board will then publicly announce its decision regarding whether to accept the resignation and, if not, the reasons why.

Biographical Information, including Experience, Qualifications, Attributes and Skills

The following biographical information is furnished with respect to each of the nominees for election at the Annual Meeting and each of the other directors whose terms will continue after the Annual Meeting. The information presented includes information each director has given us about his or her age, all positions he or she holds with the company, his or her principal occupation and business experience for at least the past five years, and the names of other public companies of which he or she currently serves or has served as a director in the last five years. Directors are shown as serving from the dates of their original elections to the Board of Directors of Fluor prior to its reverse spin-off transaction in November 2000.

As discussed further below under "Corporate Governance Consideration of Director Nominees," the Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of members of the Board in the context of the current make-up of the Board. The company's directors have experience with businesses that operate in industries in which the company operates, such as oil and gas, power and government contracting, or have particular skills that are beneficial to the company's business, such as knowledge of financial matters, risk oversight or compliance and familiarity with non-U.S. markets. The following information highlights the specific experience, qualifications, attributes and skills that our individual directors possess which have led the Governance Committee to conclude that each such individual should continue to serve on the company's Board.

Class I Director Nominees

PETER K. BARKER, age 64

Position and Business Experience:

California Chairman of JPMorgan Chase & Co., a global financial services firm, from September 2009 until his retirement in January 2013; former Partner at Goldman Sachs & Co. until his retirement in May 2002; joined Goldman Sachs & Co. in November 1971.

Key Attributes, Experience and Skills:

Mr. Barker's vast experience in international financial and banking matters at JPMorgan Chase and Goldman Sachs makes him a valued member of our Board and Audit Committee. His more than 40 years of experience allow him to share insights with the Board on matters such as capital structure, mergers, acquisitions, financings and strategic planning as well as with regard to general business trends and accounting and financial matters.

Director Since: 2007

Board Committees:
Audit and Governance

Independent: Yes

Other Board Service:

Director, Avery Dennison Corporation (Pasadena, California)

Former director, GSC Investment Corp. (New York, New York)

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ALAN M. BENNETT, age 62

Position and Business Experience:

President and Chief Executive Officer of H&R Block, Inc., a publicly traded entity providing tax, banking and business and consulting services, from July 2010 until his retirement in May 2011; former Interim Chief Executive Officer of H&R Block, Inc. from November 2007 to August 2008; Senior Vice President and Chief Financial Officer of Aetna, Inc., a provider of health care benefits, from September 2001 to February 2007.

Key Attributes, Experience and Skills:

Director Since: 2011

Board Committee: Audit

Independent: Yes

Mr. Bennett brings to the Board a deep understanding of business administration, business operations, finance and sales and marketing, developed through his experience as a former Chief Executive Officer, Chief Financial Officer and Vice President of Sales and Marketing. His leadership roles at H&R Block and Aetna provide the Board with valuable public company insights into business strategy and financial planning. In addition, he brings almost 40 years of experience in accounting and financial matters to our Audit Committee.

Other Board Service:

Director, Halliburton Company (Houston, Texas)

Director, The TJX Companies, Inc. (Framingham, Massachusetts)

Former director, H&R Block, Inc. (Kansas City, Missouri)

Former director, Bausch & Lomb (Rochester, New York)

DEAN R. O'HARE, age 70

Position and Business Experience:

Chairman and Chief Executive Officer of The Chubb Corporation, the holding company for the Chubb Group of Insurance Companies, from June 1988 until his retirement in December 2002; joined The Chubb Corporation in 1963.

Key Attributes, Experience and Skills:

Director Since: 1997

Board Committees:

Mr. O'Hare's experience as the Chief Executive Officer of Chubb, a global insurance company in the Fortune 500, contributes significantly to our Board's oversight of risk, financial matters and international operations. His 40 years of experience with products that assist clients in managing exposure and minimizing risks allow him to provide insight to the Board on risk management, strategy and global operations. Additionally, his role as a director of other global companies brings diverse knowledge to our

Executive, Governance (Chair) and Organization and Compensation	Board.
	Other Board Service:
Independent: Yes	
	Director, H.J. Heinz Company (Pittsburgh, Pennsylvania)
	Director, AGL Resources, Inc. (Atlanta, Georgia)

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DAVID T. SEATON, age 51

Position and Business Experience:

Chairman (since February 2012) and Chief Executive Officer (since February 2011) of Fluor; Chief Operating Officer from November 2009 to February 2011; Senior Group President, Energy and Chemicals, Power and Government from March 2009 to November 2009; Group President, Energy & Chemicals from March 2007 to March 2009; joined Fluor in 1985.

Key Attributes, Experience and Skills:

Mr. Seaton, the company's Chief Executive Officer, brings to the Board extensive leadership experience with, and knowledge of, the company's business and strategy, particularly in the energy and chemicals markets. He has worked (and lived) in many Fluor locations, including the Middle East, and provides insight to the Board on the company's global operations. Additionally, his more than 25 years of service with the company provide the Board with a historical perspective on the company's growth and operations.

Other Board Service:

Director, The Mosaic Company (Plymouth, Minnesota)

Chairman of the Board

Director Since: 2011

Board Committee:
Executive (Chair)

Independent: No

Class II Director Nominees

ROSEMARY T. BERKERY, age 59

Position and Business Experience:

Vice Chairman of UBS Wealth Management Americas and Chairman of UBS Bank USA, each a wealth management banking business, since March 2010. Former Vice Chairman, Executive Vice President and General Counsel of Merrill Lynch & Co., Inc., a global securities and financial services business, from October 2001 to December 2008; joined Merrill Lynch & Co., Inc. in 1983.

Key Attributes, Experience and Skills:

Ms. Berkery's broad range of experience in financial, business and legal matters makes her a valued member of the company's Board. Her experience leading a $40 billion wealth management bank allows her to provide valued counsel on matters such as finance, banking arrangements, global business strategies, marketing and market risks. In addition, her 35 years in the legal field, both in private practice and in-house, with prior experience managing more than 900 members of a legal and compliance team for a global operation, make her an excellent resource to the Board and the Governance Committee on legal and compliance matters.

Director Since: 2010

Board Committee:
Governance

Independent: Yes

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JAMES T. HACKETT, age 59

Director Since: 2001

Board Committees:

Audit and Organization and Compensation

Independent: Yes

Position and Business Experience:

Executive Chairman of Anadarko Petroleum Corporation, an independent oil and gas exploration and production company, since May 2012. Former Chief Executive Officer of Anadarko from December 2003 to May 2012.

Key Attributes, Experience and Skills:

Mr. Hackett has extensive knowledge of the global oil and gas industry based on his experience as Executive Chairman and former Chief Executive Officer of Anadarko Petroleum Corporation, former Chairman and Chief Executive Officer of Ocean Energy and former President and Chief Operating Officer of Devon Energy. His several decades of executive experience, as well as his experience serving on other public company boards and as Chairman of the Board of the Federal Reserve Bank of Dallas, enable him to provide respected financial guidance, as well as perspective about the ever-evolving energy market from which we derive a substantial portion of our revenues.

Other Board Service:

Director, Anadarko Petroleum Corporation (The Woodlands, Texas)

Director, Bunge Limited (White Plains, New York)

Director, Cameron International Corporation (Houston, Texas)

Former director, Halliburton Company (Houston, Texas)

KENT KRESA, age 74

Director Since: 2003

Board Committees:

Audit (Chair),

Position and Business Experience:

Chairman Emeritus of Northrop Grumman Corporation, a global defense company, since September 2003. Former Chairman and Chief Executive Officer of Northrop Grumman Corporation from 1990 until April 2003.

Key Attributes, Experience and Skills:

Mr. Kresa's experience as the former Chairman and Chief Executive Officer of a major defense contractor, Northrop Grumman Corporation, provides him with extensive knowledge of financial and accounting matters for complex global organizations, as well as a thorough understanding of the intricacies of U.S. government contracting. Additionally, his role as a director of other global companies brings diverse knowledge to our Board. These skills provide our Board with special insight on matters relating to our financial reporting requirements, as well as those affecting our Government business. In light of his

Executive and Organization and Compensation	experience, the Board determined that his continued service beyond the year in which he reached 72 years of age was appropriate. Pursuant to our Corporate Governance Guidelines, no director may stand for election after the year in which he reaches 75 years of age.
Independent: Yes	**Other Board Service:**
	Director, MannKind Corporation (Valencia, California)
	Former director, Avery Dennison Corporation (Pasadena, California)
	Former director, General Motors Corporation (Detroit, Michigan)

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ARMANDO J. OLIVERA, age 63

Director Since: 2012

Board Committee: Audit

Independent: Yes

Position and Business Experience:

President (from June 2003) and Chief Executive Officer (from July 2008) of Florida Power & Light Company, an electric utility that is a subsidiary of a publicly traded energy company, until his retirement in May 2012; joined Florida Power & Light Company in 1972.

Key Attributes, Experience and Skills:

Mr. Olivera's tenure as the former President and CEO of one of the largest electric utilities in the United States provides him with extensive knowledge of financial and accounting matters, as well as a keen understanding of the power industry and its related regulations. His experience in the power industry provides valuable insight into one of our five business segments. Additionally, his role as a director of other public companies gives him the experience to provide valuable advice to our Board and its committees from a governance and risk perspective.

Other Board Service:

Director, AGL Resources, Inc. (Atlanta, Georgia)

Former director, Florida Power & Light Company (Juno Beach, Florida)

Former director, Nicor Inc. (Naperville, Illinois)

NADER H. SULTAN, age 64

Director Since: 2009

Board Committees:
Audit and Governance

Independent: Yes

Position and Business Experience:

Senior Partner in F&N Consultancy, a firm specializing in high level strategic advice related to the energy industry, since September 2004. Former Chief Executive Officer of Kuwait Petroleum Corporation.

Key Attributes, Experience and Skills:

Mr. Sultan brings great insight and high-level strategic contributions to the Board as a result of his more than 40 years of experience in the international energy business, most recently as a chief executive officer running a national oil company in the Middle East. He provides a valued global perspective with regard to national oil companies and the Middle East in terms of business operations, politics and culture. His opinions and understanding of the Middle East region are important since it is an area in which we are expanding our business presence and from which we have derived, and are continuing to derive, a portion of our revenues.

Other Board Service:

Non-executive chairman of Ikarus Petroleum Industries Company (Kuwait)

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Class III Directors Term Expires 2014

PETER J. FLUOR, age 65

Lead Independent Director

Director Since: 1984

Board Committees:
Executive, Governance and Organization and Compensation (Chair)

Independent: Yes

Position and Business Experience:

Chairman and Chief Executive Officer of Texas Crude Energy, LLC, an international oil and gas exploration and production company, since 2001; President and Chief Executive Officer of Texas Crude Energy from 1980-2001; joined Texas Crude Energy in 1972.

Key Attributes, Experience and Skills:

Mr. Fluor has 40 years of experience in the energy industry, most recently as Chairman and Chief Executive Officer of Texas Crude Energy, LLC. His vast knowledge of the global oil and gas industry and his experience managing international businesses, together with his unique heritage and understanding of our company's legacy, make him an invaluable asset to our Board. Mr. Fluor is our longest serving board member, providing 29 consecutive years of board experience, with extensive knowledge of our business operations, clients and executives.

Other Board Service:

Director, Anadarko Petroleum Corporation (The Woodlands, Texas)

Director, Cameron International Corporation (Houston, Texas)

JOSEPH W. PRUEHER, age 70

Director Since: 2003

Board Committees:
Governance and Organization and Compensation

Independent: Yes

Position and Business Experience:

Former Schlesinger Professor, University of Virginia, from 2009 to August 2011; Former Consulting Professor and Senior Advisor, Stanford University, from 2001 to 2008; U.S. Ambassador to the People's Republic of China from 1999 to 2001; Admiral, U.S. Navy (Retired), Commander-in-Chief of U.S. Pacific Command from 1996 to 1999.

Key Attributes, Experience and Skills:

Admiral Prueher has more than 40 years of experience in dealing with military, security, foreign policy and global business matters. He brings to the Board an international, informed and seasoned set of perspectives, a well-developed engineering background, and extensive expertise and insights on Asia and the Pacific and business dealings with the U.S. government. Admiral Prueher strengthens our Board's ability to provide meaningful oversight and strategic guidance with regard to global operations, especially in relation to our Government business.

Other Board Service:

Director, Emerson Electric Co. (St. Louis, Missouri)

Former director, Amerigroup Corporation (Virginia Beach, Virginia)

Former director, DynCorp International Inc. (Falls Church, Virginia)

Former director, Merrill Lynch & Co., Inc. (New York, New York)

Former director, Bank of America Corporation (Charlotte, North Carolina)

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SUZANNE H. WOOLSEY, age 71

Director Since: 2004

Board Committees:
Audit and Governance

Independent: Yes

Position and Business Experience:

Chief Executive Officer of Woolsey Partners, LLC, a consulting firm specializing in alternative and renewable energy, since 2009. Former Chief Communications Officer (from 2000 to 2003) and Chief Operating Officer (from 1993 to 2000) of The National Academies, an independent, federally chartered policy institution that acts as an advisor to the nation on science, engineering and medicine.

Key Attributes, Experience and Skills:

Dr. Woolsey's broad range of experience in public policy, corporate and not-for-profit governance, operations and communications brings an informed perspective to the Board. Her years of working in the U.S. government (where, among other things, as a senior staff member of the Office of Management and Budget, she oversaw a significant portion of the Federal budget), as a consulting partner for Coopers & Lybrand and as Chief Operating Officer of The National Academies of Sciences and Engineering give her a deep understanding of financial management, organizational governance and project management that allows her to provide valued contributions to the Board.

Other Board Service:

Director, Invesco Van Kampen closed-end funds (thirteen funds)

Board Recommendation

The Board of Directors recommends a vote FOR the election of all nine director nominees.

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CORPORATE GOVERNANCE

Corporate Governance Highlights

The company has long believed that good corporate governance practices promote the principles of fairness, transparency, accountability and responsibility and will help manage the company for the long-term benefit of its stockholders. During the past year, we continued to review our corporate governance policies and practices and to compare them to those suggested by various commentators on corporate governance and the practices of other public companies.

The following list highlights some of our more recent corporate governance initiatives and core governance values:

- ***Transitioning to Declassified Board.*** We have begun the process of declassifying our Board, which will be completely declassified, with all members elected on an annual basis, in 2014.

- ***Granted Stockholders the Right to Call a Special Meeting.*** In 2012, our Board (with the approval of stockholders) amended our Certificate of Incorporation to grant holders of at least 25% of our outstanding shares of common stock the right to call a special meeting of stockholders.

- ***Removed Supermajority Provisions.*** We have removed supermajority voting provisions from our corporate governance documents and replaced them with majority voting provisions.

- ***Maintaining Director Independence.*** All directors, with the exception of our Chairman and CEO, are independent. We also have a Lead Independent Director who presides over executive sessions of the independent directors of the Board and approves agendas and schedules.

In late 2012, our Board reviewed all committee charters and amended the charters for our Audit, Governance and Organization and Compensation Committees. The Board also updated the company's Corporate Governance Guidelines and Code of Business Conduct and Ethics for Members of the Board of Directors. You can access our current committee charters, Corporate Governance Guidelines, Code of Business Conduct and Ethics for Members of the Board of Directors, as well as other information regarding our corporate governance practices, on our website at *www.fluor.com* under "Sustainability" "Governance" "Corporate Governance Documents." Our Code of Business Conduct and Ethics for Fluor employees can be found on our website at *www.fluor.com* under "Sustainability" "Ethics and Compliance" "The Code."

Board Independence

In accordance with the New York Stock Exchange listing standards and our Corporate Governance Guidelines, our Board determines annually which directors are independent and, through the Governance Committee, oversees the independence of directors throughout the year. In addition to meeting the minimum standards of independence adopted by the New York Stock Exchange, a director qualifies as "independent" only if the Board affirmatively determines that the director has no material relationship with the company (either directly, or as a partner, stockholder or officer of an organization that has a relationship with the company). A relationship is "material" if, in the judgment of the Board, the relationship would interfere with the director's independent judgment.

Our Board has adopted director independence standards for assessing the independence of our directors. These criteria include restrictions on the nature and extent of any affiliations the directors and their immediate family members may have with us, our independent accountants, organizations with which we do business, other companies where our executive officers serve as compensation

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committee members and non-profit entities with which we have a relationship. Our independence standards are included in our Corporate Governance Guidelines, which are available on our website at *www.fluor.com* under the "Sustainability" "Governance" section.

The Board, as recommended by the Governance Committee, has determined that the following directors, including each of those directors standing for election at the Annual Meeting (except Mr. Seaton), are independent of the company and its management under New York Stock Exchange listing standards and the standards set forth in the Corporate Governance Guidelines: Mr. Barker, Ms. Berkery, Mr. Bennett, Mr. Fluor, Mr. Hackett, Mr. Kresa, Mr. O'Hare, Mr. Olivera, Admiral Prueher, Mr. Sultan and Dr. Woolsey. The Board also determined that each of the members of the Audit, Governance and Organization and Compensation Committees has no material relationship with Fluor and is independent within the meaning of Fluor's director independence standards and New York Stock Exchange listing standards for such committee.

The Board determined that Mr. Seaton is not independent under the New York Stock Exchange listing standards and our Corporate Governance Guidelines because of his employment as the Chief Executive Officer of the company. Our Board previously made the same determination with respect to our former chairman, Alan L. Boeckmann, who retired from our Board in 2012, because he was the prior chief executive officer of the company. In making its determination, the Board also considered that Ms. Berkery is an employee (but not an executive officer) of UBS Wealth Management Americas and UBS Bank USA and that the payments made by the company to UBS for bank account fees, lending fees, brokerage services and other non-advisory services were less than $1.0 million in each of the last three years. In addition, the Board reviewed (i) payments to Fragomen, Del Rey, Bernsen and Loewy, LLP ("Fragomen"), a global immigration law firm at which Mr. Barker's brother is a partner, and (ii) payments to PricewaterhouseCoopers ("PWC"), where Ms. Berkery's brother is a partner. With regard to Fragomen: (i) payments made in each of the last three years were under $1.0 million; (ii) the services Fragomen provides to the company are primarily related to the preparation and filing of visas, work permits and other immigration forms that support our global operations, and do not relate to business strategies; (iii) Mr. Barker's brother does not personally provide services to the company; (iv) Mr. Barker's brother receives no economic benefit from the Fragomen relationship with Fluor; and (v) the company hired Fragomen prior to Mr. Barker joining the Board. With regard to PWC: (i) the fees paid to PWC in each of the last three years were less than .01% of such firm's revenues; (ii) Ms. Berkery's brother does not personally provide services to the company; and (iii) the company hired PWC prior to Ms. Berkery joining the Board. In addition, it is important to note that Fluor, as a global corporation, and due to various securities regulations, utilizes multiple accounting firms for different kinds of services and, in fact, has retained each of the four major public accounting firms to provide various services during 2012. Finally, the Board considered that certain directors (Mr. Barker, Mr. Bennett, Mr. Fluor, Mr. Hackett, Admiral Prueher, Mr. Sultan and Dr. Woolsey) are board members of entities that did business with the company in 2012, 2011 and/or 2010. In each case noted above, the payments to or from any of the foregoing entities did not exceed the greater of $1 million or 2% of such other entity's consolidated gross revenues for any one of the last three fiscal years, and therefore fell below the thresholds of the company's independence standards.

In addition, the Board reviewed charitable contributions made to non-profit organizations for which Board members (or their respective spouses) serve as an employee or on the board of directors. Specifically, the Board considered that certain directors and/or their family members (Mr. Barker, Mr. Bennett, Ms. Berkery, Mr. Fluor, Mr. Hackett, Mr. Kresa, Mr. O'Hare, Admiral Prueher and Dr. Woolsey) are affiliated with non-profit organizations that received contributions from the company in 2012, 2011 and/or 2010. No organization received contributions in a single year which exceeded the greater of 2% of such charitable organization's consolidated gross revenues or $100,000; and therefore these contributions fell below the thresholds of the company's independence standards.

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Finally, the Board noted the prior employment of J. Robert Fluor, II, the brother of Mr. Peter Fluor. J. Robert Fluor II was employed by a subsidiary of the company to provide community relations support through the end of 2012. He did not have policy-making authority and was, therefore, not an executive officer for purposes of our independence standards. J. Robert Fluor II is no longer an employee of the company or any of its subsidiaries.

Risk Management Oversight

As part of its oversight function, the Board monitors how management operates the company. When granting authority to management, approving strategies and receiving management reports, the Board considers, among other things, the risks and vulnerabilities the company faces. In addition, the Board discusses risks related to the company's business strategy at the Board's annual strategic planning meeting every June. The Board also delegates responsibility for the oversight of certain risks to the Board's committees.

Under the Audit Committee charter, the Audit Committee is responsible for reviewing and discussing with management the company's most significant risks, methods of risk assessment, risk mitigation strategies, and the overall effectiveness of the company's guidelines, policies and systems with respect to risk assessment and management. In particular, the Audit Committee considers risk issues associated with our overall financial reporting, disclosure process, legal matters, regulatory compliance and information technology, as well as accounting risk exposure and other operational and strategic risks. The Audit Committee is provided quarterly reports on enterprise risk management, including the geographic, operational and market risks facing our company. In carrying out its responsibilities related to risk oversight, the Audit Committee meets in executive sessions, at least quarterly, with the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer, the Chief Accounting Officer, the Chief Compliance Officer, the head of internal audit and the independent registered public accounting firm, to discuss particular risks facing the company.

The Organization and Compensation Committee is also tasked with certain elements of risk oversight. The Organization and Compensation Committee annually reviews the company's compensation policies and programs, as well as the mix and design of short-term and long-term compensation, to confirm that our compensation programs do not encourage unnecessary and excessive risk taking.

Finally, the Governance Committee is responsible for overseeing governance issues that may create governance risks, such as board composition, director selection and the other governance policies and practices that are critical to the success of the company. Each of the Audit, Governance and Organization and Compensation Committees report quarterly to the Board regarding the areas of risk they oversee.

Board Leadership

The Chairman of the company's Board is elected by the Board on an annual basis. The Board, together with the Governance Committee, annually reviews the structure of the Board, and, as set forth in the company's Amended and Restated Bylaws and Corporate Governance Guidelines, the Board is empowered to choose any one of its members as Chairman of the Board. The Board has chosen Mr. Seaton, the company's Chief Executive Officer, to serve as the Chairman of the Board. The Board has determined that Mr. Seaton, the individual with primary responsibility for managing the company's day-to-day operations, is best positioned to chair regular Board meetings and to lead and facilitate discussions of key business and strategic issues. In his role as Chairman, Mr. Seaton presides over Board meetings, provides input on the agenda for each Board meeting and performs such other duties as the Board may request from time to time. However, the Board has also established a Lead Independent Director position, as it believes that the role of Lead Independent Director is useful for

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promoting good Board governance when the company has a non-independent Chairman. As discussed below, the Lead Independent Director is elected every three years, and his or her duties are closely aligned with the role of an independent, non-executive chairman. The Board believes that its current leadership structure provides independent Board leadership and engagement while also offering the benefits described above of having our Chief Executive Officer serve as Chairman.

In addition, each of the Audit, Governance and Organization and Compensation Committees is composed entirely of independent directors. Consequently, independent directors directly oversee critical matters such as the compensation policy for executive officers, succession planning, our corporate governance guidelines, policies and practices, the director nominations process, our corporate finance strategies and initiatives, and the integrity of our financial statements and internal controls over financial reporting.

Lead Independent Director

To provide for independent leadership, the Board has appointed a Lead Independent Director, whose primary responsibility is to preside over and set the agenda for all executive sessions of the independent directors of the Board. The Lead Independent Director also approves agendas and schedules for meetings of the Board and information sent to the Board, chairs Board meetings in the Chairman's absence, acts as a liaison between the independent directors and the Chairman, provides guidance on the director orientation process for new Board members, consults and communicates with stockholders, as appropriate, and monitors communications to the Board from stockholders and other interested parties. In 2012, the independent members of the Board designated Mr. Peter J. Fluor to serve in this position for a three-year term that expires in February 2015.

Board of Directors Meetings and Committees

During 2012, the Board held five meetings, one of which was an extensive two-day strategic planning session. Each of the directors attended at least 75% of the aggregate number of meetings of the Board and of the Board committees on which he or she served, with the exception of Mr. Olivera, a new director who attended two of the three meetings of the Board and Audit Committee held during his tenure. Mr. Olivera notified the Board of a conflict for one of the meetings prior to his election; and the Board excused his absence from the one meeting he missed.

As discussed earlier, the Lead Independent Director presides over all executive sessions of the independent directors. Executive sessions of independent directors must take place at least quarterly according to our Corporate Governance Guidelines. During 2012, five executive sessions of the independent directors were held.

A Board meeting immediately follows the annual meeting. The Board has a policy that directors attend the annual meeting of stockholders each year. All directors serving on the Board at that time attended the 2012 annual meeting of stockholders.

Our Board has four standing committees:

- Audit;
- Executive;
- Governance; and
- Organization and Compensation.

Each committee has a charter that has been approved by the Board. With the exception of the Executive Committee, each committee must review the appropriateness of its charter and perform a self-evaluation at least annually. Any recommended changes to the charters are then submitted to the Board for approval.

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Audit Committee

Members:

Each of the directors who serves on the Audit Committee is independent within the meaning set forth in the Securities and Exchange Commission (SEC) regulations, New York Stock Exchange listing standards and our Corporate Governance Guidelines.

None of the Audit Committee members serve on the audit committees of more than two other public companies.

*Audit Committee Financial Expert, as determined by the Board.

Kent Kresa, *Chair**

Peter K. Barker*

Alan M. Bennett*

James T. Hackett*

Armando J. Olivera*

Nader H. Sultan

Suzanne H. Woolsey

Meetings During Fiscal 2012: Five, including one to review the company's 2011 Annual Report, Form 10-K and proxy materials for the 2012 annual meeting. At the end of each of the four regular meetings of the committee, the members of the Audit Committee met privately with the company's independent registered public accounting firm, and also met with the company's head of internal audit and other members of management.

Key Responsibilities: The responsibilities of the Audit Committee and its activities during 2012 are described in the "Report of the Audit Committee" section of this proxy statement on pages 80-81.

Executive Committee

Members:

The Executive Committee consists of the Chairman of the Board and the Chairs of each of the Board committees.

David T. Seaton, *Chair*

Peter J. Fluor

Kent Kresa

Dean R. O'Hare

Meetings During Fiscal 2012: Two

Key Responsibilities: When the Board is not in session, the Executive Committee has all of the power and authority of the Board, subject to applicable laws, rules, regulations and listing standards of the New York Stock Exchange.

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Governance Committee Members:

Each of the members of the Governance Committee is independent within the meaning set forth in the NYSE listing standards and our Corporate Governance Guidelines.

Dean R. O'Hare, *Chair*

Peter K. Barker

Rosemary T. Berkery

Peter J. Fluor

Joseph W. Prueher

Nader H. Sultan

Suzanne H. Woolsey

Meetings During Fiscal 2012: Four

Key Responsibilities: The Governance Committee's primary responsibilities, which are discussed in detail within its charter, are to:

identify qualified candidates to be nominated for election to the Board and directors qualified to serve on the Board's committees;

develop, review and evaluate background information for any candidates for the Board, including those recommended by stockholders, and make recommendations to the Board regarding such candidates. For information relating to nominations of directors by our stockholders, see " Consideration of Director Nominees" below;

oversee the independence of directors;

develop, implement, monitor and oversee policies and practices relating to corporate governance, including the company's Corporate Governance Guidelines and Code of Business Conduct and Ethics for Members of the Board of Directors; and

oversee the annual evaluation of the Board and the committees of the Board.

The Governance Committee has the authority, under its charter, to engage, retain and terminate the services of outside legal counsel, search firms and other advisors.

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Organization and Compensation Committee Members:

Each of the members of the Organization and Compensation Committee is independent within the meaning of the NYSE listing standards and our Corporate Governance Guidelines.

Peter J. Fluor, *Chair*

James T. Hackett

Kent Kresa

Dean R. O'Hare

Joseph W. Prueher

Meetings During Fiscal 2012: Five. Each of the four in-person meetings included an executive session attended by the committee members and the committee's independent compensation advisor.

Key Responsibilities: The Organization and Compensation Committee's primary responsibilities, which are discussed in detail within its charter, are to:

- review and monitor the company's top level organizational structure and senior management succession planning and recommend the appointment of corporate officers and group executive officers of the company's principal operating units;
- review and approve compensation strategy, set corporate goals and objectives relevant to the Chief Executive Officer, corporate officers and group executive officers, evaluate the achievement of these goals and set or, in the case of the Chief Executive Officer recommend, compensation levels;
- establish the base salary, incentive compensation and other compensation for the company's named executive officers other than the Chief Executive Officer, and review and recommend to the Board the compensation of the Chief Executive Officer; and
- review the compensation for non-management directors.

The responsibilities of our Organization and Compensation Committee and its activities during 2012 are further described in the "Compensation Discussion and Analysis" section of this proxy statement. The Organization and Compensation Committee has the authority under its charter to delegate any portion of its responsibilities to a subcommittee denominated by it when appropriate, but did not do so in 2012.

Compensation Consultant: The Organization and Compensation Committee has the authority under its charter to engage, retain and terminate the services of outside legal counsel, compensation consultants and other advisors. In 2012, the Organization and Compensation Committee again engaged Frederic W. Cook & Co., Inc. to serve as its independent compensation consultant to advise the committee on all matters related to executive and director compensation. The compensation consultant conducts an annual review of the total compensation program for the Chief Executive Officer and other senior management reporting to him and, in doing so, completes a report benchmarking the senior executives against other executives with similar responsibilities in order to assist the Organization and Compensation Committee in making compensation decisions. The 2012 compensation review provided the committee with relevant market data and alternatives to consider when making compensation decisions in 2012 for the Chief Executive Officer and other senior management reporting to him. In addition, in 2012, the compensation consultant conducted a review of non-management director compensation and provided recommendations to the committee, which were subsequently recommended by the committee to the Board for approval.

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Organization and Compensation Committee, *Cont.*

In early 2013, as part of the committee's oversight of certain aspects of risk, the compensation consultant conducted a broad-based review of the company's compensation programs and policies and discussed its findings with the committee, indicating that the company's compensation programs do not encourage behaviors that would create material risk for the company. Frederic W. Cook & Co., Inc. also provided verbal advice to the Organization and Compensation Committee at the meetings, attended executive sessions of the committee to respond to questions, and had individual calls and meetings with the Chair of the committee to provide advice and perspective on executive compensation issues. Frederic W. Cook & Co., Inc. was engaged by, and reports directly to, the committee and does not perform any other services for the company. None of the work of the compensation consultant has raised any conflicts of interest.

Consideration of Director Nominees

Director Qualifications and Diversity

The Board of Directors believes that the Board, as a whole, should include individuals with a diverse range of backgrounds and experience to give the Board both depth and breadth in the mix of skills represented for the benefit of our stockholders. As provided in our Corporate Governance Guidelines, while all directors should possess business acumen and must exercise sound judgment in their oversight of our operations, the Board endeavors to include in its overall composition an array of targeted skills that complement one another rather than requiring each director to possess the same skills, perspective and interests. Accordingly, the Board and Governance Committee consider the qualifications of directors and director nominees both individually and in the broader context of the Board's overall composition and the company's current and future needs.

Our Corporate Governance Guidelines contain Board membership criteria that apply to current directors as well as nominees for director. The Governance Committee is responsible for reviewing with the Board on an annual basis (and as needed) the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This annual review takes into consideration issues of diversity of thought and background (including gender, race, ethnicity and age), experience, qualifications, attributes and skills. Certain criteria that our Board looks for in a candidate include, among other things, an individual's business experience and skills, judgment, independence, integrity, reputation and international background, the individual's understanding of such areas as finance, marketing, information technology, regulation and public policy, whether the individual has the ability to commit sufficient time and attention to the activities of the Board and the absence of any potential conflicts with the company's interests. The Board assesses its effectiveness in achieving these goals in the course of assessing director candidates, which is an ongoing process.

Identifying and Evaluating Nominees for Director

The Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Governance Committee regularly assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated or otherwise arise, the Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Governance Committee through various means, including current Board members, professional search firms, stockholders or other persons. Candidates are evaluated at meetings of the Governance Committee, and may be considered at any point during the year. As described below, the Governance Committee considers properly submitted stockholder recommendations for candidates for the Board. If a stockholder properly

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recommends an individual to the Governance Committee to serve as a director, all recommendations are aggregated and considered by the Governance Committee at a meeting prior to the issuance of the proxy statement for our Annual Meeting. Any materials provided by a stockholder in connection with the recommendation of a director candidate are forwarded to the Governance Committee, which will consider the recommended candidate in light of the director qualifications discussed above and the Board's existing composition. The Governance Committee also reviews materials provided by professional search firms, if applicable, or other parties in connection with a candidate who is not proposed by a stockholder. In evaluating such recommendations, the Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board.

In 2012, Mr. Olivera was recommended for nomination as a board member by one of the Board's independent directors.

Stockholder Recommendations

The policy of the Governance Committee is to consider properly submitted stockholder recommendations for candidates for membership on the Board as described above under "Identifying and Evaluating Nominees for Director." In evaluating those recommendations, the Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth under "Director Qualifications and Diversity" above. Any stockholder wishing to recommend a candidate for consideration by the Governance Committee should submit a recommendation in writing indicating the candidate's qualifications and other relevant biographical information and provide confirmation of the candidate's consent to serve as director. This information should be addressed to Carlos M. Hernandez, Chief Legal Officer and Secretary, Fluor Corporation, 6700 Las Colinas Boulevard, Irving, Texas 75039. In addition, our Amended and Restated Bylaws permit stockholders to nominate directors for election. See "Additional Information Advance Notice Procedures" on page 85 of this proxy statement, and Section 2.04 of our Amended and Restated Bylaws, which are included on our website at *www.fluor.com* under "Sustainability" "Governance."

Certain Relationships and Related Transactions

Peter J. Fluor, a member of our Board, is the brother of J. Robert Fluor, II, who was employed throughout 2012 by a Fluor subsidiary to assist with ongoing community relations efforts. J. Robert Fluor, II is no longer employed by Fluor and did not perform a policy-making function during his tenure (and was, therefore, not an executive officer). During 2012, J. Robert Fluor, II earned total compensation of approximately $260,000 from the company. The Organization and Compensation Committee, of which Peter J. Fluor is the Chair, did not individually review or approve J. Robert Fluor, II's compensation.

In May 2012, the company entered into an agreement with its former Chief Financial Officer, D. Michael Steuert, pursuant to which he agreed to provide advisory and consultation services to the company as and when requested by the company for up to one year. Mr. Steuert was paid approximately $210,000 under the consulting agreement in 2012.

Review and Approval of Transactions with Related Persons

The company has adopted a written policy for the approval of transactions to which the company is a party and the aggregate amount involved in the transaction will or may be expected to exceed $100,000 in any calendar year if any director, director nominee, executive officer, greater-than-5% beneficial owner or their respective immediate family members have or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity).

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The policy provides that the Governance Committee reviews certain transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Committee takes into account, among other factors it deems appropriate, whether the transaction is on terms that are no less favorable to the company than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction. In addition, the Board has delegated authority to the Chair of the Governance Committee to pre-approve or ratify transactions where the aggregate amount involved is expected to be less than $1,000,000. A summary of any new transactions pre-approved by the Chair is provided to the full Governance Committee for its review in connection with each regularly scheduled Governance Committee meeting.

The Governance Committee has considered and adopted standing pre-approvals under the policy for limited transactions with related persons. Pre-approved transactions include, but are not limited to:

- employment of immediate family members of directors, director nominees, executive officers and greater-than-5% beneficial owners in non-executive positions with the company;

- business transactions with other companies at which a related person's only relationship is as an employee (other than an executive officer) if the amount of business falls below the thresholds in the New York Stock Exchange's listing standards and the company's director independence standards; and

- contributions to non-profit organizations at which a related person's only relationship is as an employee (other than an executive officer) or director if the aggregate amount involved does not exceed the lesser of $1 million or 2% of the organization's consolidated gross annual revenues.

At least annually, a summary of new transactions covered by the standing pre-approvals described above is provided to the Governance Committee for its review.

Communications with the Board

Individuals may communicate with the Board and individual directors by writing directly to the Board of Directors c/o Carlos M. Hernandez, Chief Legal Officer and Secretary, Fluor Corporation, 6700 Las Colinas Boulevard, Irving, Texas 75039. Stockholders and other parties interested in communicating directly with the Lead Independent Director or with the independent directors as a group may do so by writing directly to the Lead Independent Director c/o the Chief Legal Officer and Secretary at the above address. The Lead Independent Director will, with the assistance of Fluor's internal legal counsel, be primarily responsible for monitoring any such communications from stockholders and other interested parties to the Board, individual directors, the Lead Independent Director or the independent directors as a group, and provide copies or summaries of such communications to the other directors as he considers appropriate.

Communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that the Lead Independent Director considers to be important for the directors to know. The Board will give appropriate attention to written communications on issues that are submitted by stockholders and other interested parties, and will respond if and as appropriate.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2012, Mr. Fluor, Mr. Hackett, Mr. Kresa, Mr. O'Hare and Admiral Prueher served on the Organization and Compensation Committee. As discussed above under "Certain Relationships and Related Transactions," Mr. Fluor's brother was an employee of a subsidiary of the company during 2012 but is no longer employed by the company. There are no compensation committee interlocks between the company and other entities involving the company's executive officers and directors.

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PROPOSAL 2 ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

We are asking stockholders to vote on an advisory resolution to approve the company's executive compensation as reported in this proxy statement. As described below in the "Compensation Discussion and Analysis" section of this proxy statement, the Organization and Compensation Committee has structured our executive compensation program to achieve the following key objectives that contribute to the company's long-term success:

Key Objective	Achievement of the Objective
Align Named Executives with Stockholders	Annual and long-term incentive programs reward named executives for achievement of short- and long-term goals that enhance stockholder value. Between 51% and 73% of named executive target direct compensation is equity-based. Named executives are expected to hold company shares or units with a value between two and six times their base salary and are prohibited from hedging or pledging company securities.
Pay for Performance	85% to 90% of annual incentive for named executives is tied to company performance, including corporate measures such as net earnings, return on assets employed and business segment performance. Long-term incentive payouts under our Value Driver Incentive Program are tied to the company's new awards and related margins, a key driver for stockholder returns.
Attract and Retain Top Talent	Total compensation for named executives is targeted at the 50th percentile of the peer group.

We urge stockholders to read the "Compensation Discussion and Analysis" beginning on page 21, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and related compensation tables and narrative appearing on pages 40 through 58, which provide detailed information on the compensation of our named executives. The Organization and Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the "Compensation Discussion and Analysis" are effective in achieving our goals and that the compensation of our named executives reported in this proxy statement has supported and contributed to the company's success.

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the Annual Meeting:

RESOLVED, that the stockholders of Fluor Corporation (the "Company") approve, on an advisory basis, the compensation of the Company's named executives as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narrative in the Proxy Statement for the Company's 2013 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a "say on pay" resolution, is non-binding on the Board. Although non-binding, the Board and the Organization and Compensation Committee will review and consider the voting results when evaluating our executive compensation program. An advisory stockholder vote on the frequency of stockholder votes to approve executive compensation is

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required to be held at least once every six years. The company last held an advisory vote on frequency in 2011. After consideration of the vote of stockholders at the 2011 annual meeting of stockholders and other factors, the Board has decided to hold advisory votes to approve executive compensation annually until the next advisory vote on frequency occurs. Accordingly, unless the Board modifies its policy on the frequency of future votes, the next advisory vote to approve executive compensation will be held at the 2014 annual meeting of stockholders.

Board Recommendation

The Board of Directors recommends a vote FOR the approval of the advisory resolution to approve executive compensation.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

Factors Influencing Named Executive Compensation

To assist our stockholders in evaluating our "say on pay" proposal, the following is an overview of the key factors that influence the design of our executive compensation program:

Appropriate Peer Group. To establish compensation for our named executives that aligns with the market, we benchmark our compensation and performance against the companies in our peer group. Since there are only six publicly-traded engineering and construction companies with revenues over $5.0 billion, the largest of which has revenues less than half our revenues, we must look beyond our industry to find an appropriate peer group. We believe the correct peer group consists of U.S. companies in the same Standard & Poor's Global Industry Classification Standard (GICS) codes as the company, our direct competitors and our key customers and that are also generally comparable in revenues, number of employees and market capitalization. As a result, we are able to set compensation at levels that are not only appropriate for a company of our size, but also allow us to attract and retain key talent.

Target Total Direct Compensation at 50th Percentile. Using our peer group, we perform an annual proxy analysis to identify the 50th percentile base pay, bonus targets and long-term incentive grant values. In 2012, the target total direct compensation for our CEO was below the peer group median, and aggregate target total direct compensation for other named executives approximated the Compensation Peer Group median.

Performance Measures That Drive Business Goals and Stockholder Return. Our compensation programs reward achievement of a variety of measures, including corporate financial performance (*e.g.*, net earnings and return on assets employed), safety, new awards gross margin and individual performance goals. This variety provides the company a means to drive multiple short- and long-term goals, including goals that are tied to stock price growth, and to provide a balanced compensation package for the executives that encourages them to focus on the overall health of the company and not any one measure.

Performance-Driven Long-Term Incentive Awards. Awards granted under our Value Driver Incentive ("VDI") program are increased or decreased at the end of the performance period based on the achievement of targets related to new awards gross margin. In addition, awards are designated as performance units, the value of which fluctuates with the stock price over the performance period and subsequent vesting periods. Approximately 25% of our Chief Executive Officer's compensation is driven by new awards gross margin, which historically has been a key contributor to stockholder return.

Substantial Stock-Based Compensation. Since stock price performance in the long term is one of the best indicators of the performance of our company, we deliver most of our executive compensation in the form of stock incentives (*e.g.*, approximately 75% of our Chief Executive Officer's target total direct compensation is stock-based). As such, when our stock price declines, the value of stock incentives held by executives declines as well.

Company Performance. In 2012, the company experienced significant revenue growth, with consolidated revenue totaling a record $27.6 billion, up 18% from a year ago. New awards and backlog remained strong; and the company delivered a total shareholder return of approximately 18% for 2012. Unfortunately, the strong underlying profits in 2012 were impacted by the charge arising from the unexpected adverse arbitration ruling relating to the Greater Gabbard offshore wind farm project ("Greater Gabbard"), which was the primary cause of a decline in 2012 net

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earnings and return on assets employed ("ROAE") compared to the prior period. The chart below summarizes some of the key company financial results for fiscal 2012 compared to 2011. For a full description of the company's results, including the Greater Gabbard charge, please see the company's Form 10-K filed on February 20, 2013.

Financial Measure	Fiscal Year Ended December 31, 2012	Fiscal Year Ended December 31, 2011
	(dollars in millions)	
Revenue	$27,577	$23,381
New Awards	$27,129	$26,896
Backlog	$38,199	$39,484
Net Earnings Attributable to Fluor	$456.3	$593.7
Return on Operating Assets Employed	16.6%	23.4%

Pay for Performance and CEO Compensation

As noted above, our compensation programs reward achievement of a variety of measures. In 2012, annual incentive payments were substantially impacted by the lower net earnings and ROAE performance, with annual incentive payments for 2012 being substantially lower than those made for 2011 performance. However, long-term business prospects, as measured by new awards, remain promising and our named executives received above-target VDI payments for their efforts in obtaining higher gross margins on new awards obtained during the performance period. VDI payments for 2012 were lower than those made for 2011, which were at the maximum payout.

In light of these results, cash payments to named executives, including our CEO, under both our annual and long-term incentive programs were lower than those made for 2011. Further, total direct compensation for our CEO declined from the prior year, with his total compensation being approximately 7% below the peer group median ("PGM") for target total direct compensation. Cash compensation and total direct compensation for our CEO for 2012, as compared to (i) his target compensation for 2012, (ii) his actual compensation for 2011 and (iii) the target peer group medians, are illustrated below.

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How Named Executive Compensation is Tied to Performance

We use a balanced approach to compensation, with total direct compensation ("TDC") consisting of a variety of pay elements designed with different links to performance as described in the table below:

Component	Primary Purpose	Linkage to Performance	Percent of CEO Target TDC
Base Salary	Provides a market competitive, stable level of income to attract and retain highly qualified executives	> Based on individual experience, performance, organizational responsibility and overall salary movements in the industry, the Board or Committee, as applicable, determines an appropriate salary adjustment each year	12%
Annual Incentive Award	Provides annual cash compensation for performance of measures that drive long-term company value: Earnings Return on Operating Assets Employed Safety Strategic Operating Objectives	> Annual forecasts on earnings and other factors are made at the beginning of each fiscal year, and are used as the target achievement levels in the bonus plan > The annual incentive is completely at risk, depending on the level of performance of the criteria	15%
Long-Term Incentives	*Value Driver Incentive Performance Units* Provide a long-term retention vehicle that is linked to gross margins associated with new awards, which contributes to backlog, a factor considered to have a high correlation with stockholder value creation	> Forecasts for new awards gross margin are made at the beginning of each year, and performance units are earned based on the extent to which those expectations are met >	25%

	The performance units vest over three years, with the value increasing or decreasing with the stock price over both the performance period and vesting periods > The incentive is completely at risk, depending on the performance of the relevant measures (and the stock price)	
Stock Options Provide a long-term retention vehicle that is directly linked to stockholder value creation over time	> Stock options attain value only if the stock price grows over the initial grant price	24%
Restricted Stock Units Provide a long-term retention vehicle that is directly linked to stock price	> Restricted stock units vest over time, and as such the value to the executive increases or decreases with the stock price performance over the vesting period	24%

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Compensation Actions for 2012

The Organization and Compensation Committee (the "Committee") took the following actions with respect to executive compensation for 2012:

- Recommended raising target compensation levels for Mr. Seaton, to bring him closer to median compensation for chief executive officers in our peer group;
- Established compensation levels for Mr. Porter, who became our Chief Financial Officer in May 2012 upon the retirement of Mr. Steuert, our former chief financial officer;
- Increased base salary levels for the named executives by 7.7% to 15.9% to compensate them for their experience and organizational responsibility and in order to bring salary levels closer to median base salaries for similarly situated executives in our peer group;
- Approved annual incentive award cash payouts that were lower than 2011, based upon 2012 performance that failed to meet target financial and certain other operational goals; and
- Approved VDI payouts to reflect above-target company performance of the relevant margin measures in 2012.

In addition, the Committee has taken the following actions in 2013:

- Revised our insider trading policy to include an absolute restriction on executive officer and non-management director pledging, including holding company securities in a margin account, to align our policy with best practices; and
- Instituted procedures for assessing compensation consultant conflicts of interest, if any.

Corporate Governance Highlights

Our policies regarding executive compensation reflect our strong focus on sound corporate governance. In particular, (1) we do not permit tax gross-ups, other than with respect to approved business-related spousal travel, relocation expenses and retirement gifts; (2) our change in control agreements are governed by double trigger arrangements; (3) we have robust stock ownership guidelines and require named executives to retain 100% of the net shares received from equity awards to the extent the guidelines are not met; (4) we have a clawback policy for performance-based compensation; (5) repricing of stock options is not allowed without stockholder approval; (6) our policies prohibit hedging, pledging and short-term trading of company common stock; (7) payment of dividends or dividend equivalents on unearned performance awards is prohibited; (8) we use an outside independent consultant to advise on all executive compensation matters as noted earlier on pages 15-16; and (9) we conduct and consider the results of compensation risk management assessments on an annual basis.

Components of 2012 Named Executive Compensation

Base Salary

The company provides named executives with base salaries that provide a competitive, stable level of income, since most other elements of their compensation are at risk based on company or stock performance. In determining base salaries for positions held by named executives, the Committee generally targets the 50th percentile for similar types of executives within the peer group of publicly-traded companies selected by the Committee (the "Compensation Peer Group"). Base salaries may deviate from the 50th percentile to attract key talent and for named executives with varying levels of experience or specialized duties or skill sets. The Committee reviews base salaries for named executives annually and upon a change in responsibilities.

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In evaluating the Chief Executive Officer's base salary and his recommendations for the base salaries of the other named executives, the Committee considered the following factors during its 2012 annual review:

- the Compensation Peer Group data and other general industry survey data for comparable positions;
- individual level of responsibility, performance and contributions to the company;
- internal pay equity based on relative duties and responsibilities;
- the company's 2012 salary budget; and
- the Board's evaluation of the Chief Executive Officer's performance and the Chief Executive Officer's feedback on the other named executives' performance.

Based on these considerations, the Committee increased base salaries for 2012 by 7.7% to 15.9%, with a particular focus on providing salaries closer to the 50th percentile of base pay for similarly situated executives in the Compensation Peer Group. Following the salary increases, the base salaries for most named executives still remained below the median, as shown below:

Named Executive	2012 Base Salary	Compensation Peer Group Median Salary(1)	Variance from Peer Group
David T. Seaton	$1,125,000	$1,254,000	-10%
Biggs C. Porter	$770,000	$618,000	+25%
Peter W. Oosterveer	$525,000	$546,000	-4%
Bruce A. Stanski	$525,000	$546,000	-4%
Carlos M. Hernandez	$560,000	$588,000	-5%

(1) Information is as of our latest compensation review in August 2012 and is based on public filings up to and including June 30, 2012.

For 2012, the base salaries for Mr. Oosterveer, Mr. Stanski and Mr. Hernandez were at approximately the 50th percentile of the Compensation Peer Group. Mr. Seaton's base salary for 2012 was between the bottom quartile and the median of chief executive officers within the Compensation Peer Group, reflecting his relatively recent promotion to the position in 2011. Mr. Porter's base salary was within the top quartile of chief financial officers within the Compensation Peer Group, reflecting his years of experience in various finance positions (including chief financial officer) and our efforts to attract him to the company.

Annual Incentive Awards

Cash-based annual incentives are provided to reward named executives for performance during the year. Each named executive participates in the Fluor Corporation 2008 Executive Performance Incentive Plan (the "2008 Plan") and is provided with a target annual incentive amount, based on a percentage of his annual base salary. This percentage reflects the executive's respective organizational level, position and responsibility for achievement of the company's strategic goals. For 2012, all named executives were provided an annual incentive target percentage of base salary that approximated the 50th percentile of target award percentages for executives with similar job responsibilities within the Compensation Peer Group.

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The target annual incentives for 2012 for each named executive, other than Mr. Steuert (who stepped down as Chief Financial Officer in May 2012), were as follows:

Named Executive	Percentage of Base Salary	Target Annual Incentive Amount
David T. Seaton	130%	$1,462,500
Biggs C. Porter	85%	$654,500
Peter W. Oosterveer	85%	$446,300
Bruce A. Stanski	85%	$446,300
Carlos M. Hernandez	85%	$476,000

A named executive may receive more or less than the target annual incentive amount, depending on whether he meets, fails to meet or exceeds certain performance measures relating to overall company performance, the individual's own performance and, for certain named executives, the performance of his group or function during the year. The types of measures and relative weight of those measures are determined by the Committee each year and are tailored to the named executive's position and organizational responsibility. The performance measures have remained fairly consistent over the past five years, but the Committee has adjusted their relative weightings from time to time to reflect the Committee's emphasis on particular goals. For example, in 2012, we added an additional component to the safety measure, while maintaining the overall weighting of that measure at 10% of the annual incentive, in order to reward the implementation of processes that lead to a successful Health, Safety & Environmental ("HSE") program.

When making its determination regarding performance measures, the Committee considers the company's annual operating plan and strategic priorities, as well as the company's performance in the previous year. The discretionary individual performance measure is subjective; and no targets are set for this measure. The other measures for each named executive are objective. The use of multiple financial goals prevents an overemphasis on any one financial metric; and the other metrics assist in focusing executives on key areas of importance to the company. The measures, along with their respective weightings, for each named executive who received an annual bonus for 2012 were as follows:

2012 Measure	David T. Seaton	Biggs C. Porter	Peter W. Oosterveer	Bruce A. Stanski	Carlos M. Hernandez
Corporate Net Earnings	50%	45%	35%	35%	45%
Corporate Return on Operating Assets Employed (ROAE)	30%	30%	20%	20%	30%
Corporate Safety					
Days Away from Work Incidence Rate	3%	3%	3%	3%	3%
Total Recordable Case Incidence Rate	3%	3%	3%	3%	3%
HSE Corporate Audit Score	4%	4%	4%	4%	4%
Oil and Gas Group Segment Profit			20%		
Government Group Segment Profit				20%	
Discretionary Individual Performance	10%	15%	15%	15%	15%

Corporate net earnings ties to the amount set forth in our financial statements but may be adjusted at the discretion of the Committee for extraordinary non-operating events. Corporate ROAE is calculated by dividing full year corporate net earnings (excluding interest expense) by net assets

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employed. Net assets employed is defined as total assets (excluding excess cash and current and non-current marketable securities) minus current liabilities (excluding non-recourse debt) and is calculated based on average net assets reported for the previous five quarters. No adjustments were made to these measures for purposes of 2012 compensation decisions.

Corporate safety includes three distinct measures: Fluor's days away from work incidence rate, Fluor's total recordable case incidence rate and Fluor's health, safety and environmental (HSE) corporate audit score. Fluor's days away from work incidence rate is defined as a work-related injury or illness that involves days away from work beyond the day of injury or onset of the illness. Fluor's total recordable case incidence rate is defined as a work-related injury or illness that results in one or more of the following: days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, a significant injury or illness diagnosed by a physician or other licensed health care professional, or death. Incidence rates for both measures represent the number of recordable cases per 100 full-time workers (working 40 hours per week, 50 weeks per year), and are calculated using the following equation:

Fluor's HSE corporate audit score measures Fluor's performance of approximately 80 leading indicators in the critical areas that drive performance and safety on our projects. Each indicator is given a score by the HSE corporate audit team based on project performance, with the overall score being the average of the scores for all indicators across audited projects.

Group segment profit is reported in our financial statements on page F-44 of our annual report on Form 10-K as filed with the Securities and Exchange Commission on February 20, 2013. Segment profit is calculated as revenue less cost of revenue and earnings attributable to noncontrolling interests excluding: corporate administrative and general expense; interest expense; interest income; domestic and foreign income taxes; and other non-operating income and expense items. Each group's segment profit measure can be adjusted at the discretion of the Committee for extraordinary non-operating events. No adjustments were made to this measure in 2012 for purposes of compensation decisions.

For all named executives other than the Chief Executive Officer, the discretionary individual measure is given a rating based on subjective evaluations and recommendations by the Chief Executive Officer. In the case of the Chief Executive Officer, individual performance is assessed by the independent directors of the Board.

The 2012 performance ranges established in February 2012 for each of the measures applicable to our named executives, together with the actual achievement amounts for such measures, are presented below. In setting the 2012 performance ranges for each measure, the Committee took into account our business strategy as well as the economic outlook at the beginning of the fiscal year, in order to provide meaningful targets for the named executives. The company's performance for 2012 varied with respect to each corporate measure: corporate net earnings and ROAE fell between minimum and target performance, reflecting among other things charges from the adverse arbitration decision relating to Greater Gabbard. With respect to the corporate safety measures, the days away from work incidence rate achieved minimum performance while the total recordable case incidence rate and HSE corporate audit score were between upper target and maximum performance. Oil and Gas group segment profit was slightly above target while Government group segment profit was below target. The overall level of achievement of the targets in 2012 was lower than last year; and the actual performance of each measure was below 2011 performance, with the exception of Government group segment profit,

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performance of which was slightly higher in 2012, but fell below the higher target performance goal set in 2012.

Measure (dollars in millions)	2012 Actual Achievement	Minimum (.50 rating)[1]	Target (1.0 rating)	Upper Target (1.5 rating)	Maximum (2.0 rating)
Net Earnings Attributable to Fluor	$456.3	$415.1	$593.0[2]	$646.4	$682.0
Corporate ROAE	16.6%	14.6%	20.8%[2]	22.7%	23.9%
Corporate Safety					
Days Away from Work Incidence Rate	.07	.07	.05	.04	.03
Total Recordable Case Incidence Rate	.31	.55	.45	.35	.25
HSE Corporate Audit Scores	89	70	80	85	90
Oil & Gas Group Segment Profit	$334.7	$231.0	$330.0	$359.7	$379.5
Government Group Segment Profit	$149.7	$112.0	$160.0	$174.4	$184.0

(1) The minimum rating for Net Earnings Attributable to Fluor and Corporate ROAE is .25. The minimum level for each goal is required to be satisfied before there is any payout for the performance measure.

(2) Actual achievement must be between 95% and 105% of the target amount for the target to be met.

Achievement of the discretionary individual performance measure varied among the named executives because of the difference in responsibilities and the accomplishments of each individual. The Committee determined the achievement of the discretionary individual performance measure for the named executives other than the Chief Executive Officer, after taking into account the Chief Executive Officer's recommendations with regard to those named executives, and also recommended to the Board the achievement of this measure for the Chief Executive Officer. Subjective evaluations made by the Chief Executive Officer were based on each named executive's leadership and group accomplishments. Individual performance was not a significant factor in determining compensation, and no named executive's compensation was materially affected by his level of achievement of this measure.

Once the achievement amounts are determined and compared to the various targets, each named executive's overall performance rating is calculated by multiplying each measure's rating (which can range from 0% to 200% achievement, measured on a proportional basis between each of minimum and target, target and upper target, and upper target and maximum) by its relative weighting, and then aggregating those amounts. The aggregate amount (the overall performance rating) is then multiplied by the individual's target annual incentive amount to determine the annual incentive payment for each named executive.

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The annual incentive amounts for 2012 performance for each named executive, other than Mr. Steuert (who retired from the company in May 2012), were determined as follows.

Named Executive	Target Annual Incentive Amount	x	Overall Performance Rating	=	Annual Incentive Amount
David T. Seaton	$1,462,500	x	0.64	=	$936,000
Biggs C. Porter	$654,500	x	0.69	=	$451,700
Peter W. Oosterveer	$446,300	x	0.87	=	$388,300
Bruce A. Stanski	$446,300	x	0.74	=	$330,300
Carlos M. Hernandez	$476,000	x	0.63	=	$299,900

For 2012, the average annual incentive payment for all named executives receiving an annual incentive payment was between minimum and target achievement based on company, group and individual performance. The annual incentive payment for each named executive was significantly lower than his 2011 payment (other than for Mr. Porter who became the company's Chief Financial Officer in May 2012 and thus received no annual incentive payment for 2011), primarily due to the lower achievement levels of the corporate performance measures as noted above. Annual incentive payments were in line with those paid in 2010, when financial performance was similar to 2012 performance. Historically, annual incentive payments have been close to target levels. Payments for 2012 were below this historical trend. Mr. Steuert did not receive an annual incentive payment for 2012 in light of his retirement from the company in May 2012.

Long-Term Incentive Program

In 2012, the company's long-term incentives were awarded by the Committee under the 2008 Plan. The plan is designed to allow for awards that create increased value for our stockholders, reward the achievement of superior operating results, facilitate the attraction and retention of key management personnel and align the interests of management and stockholders through equity ownership. The total dollar award value for the 2012 long-term awards was targeted and granted at approximately the 50th percentile of the Compensation Peer Group.

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In 2012, the long-term incentive awards for named executives included three components:

Component	Percentage of LTI Grant Value	Objectives and Benefits of Component
2012 Value Driver Incentive ("VDI") Awards	34%	> Provide stock-based compensation (payable in either cash or stock) for the achievement of the new awards gross margin performance measures established annually by the Committee (which measures have historically been a key contributor to stockholder return) > Incentivize named executives to grow the business and create stockholder value during the current year > Deferred payments (i.e. three-year vesting) promote retention and incentivize holders to create stockholder value that will be realized upon vesting (which aligns named executives with stockholders)
Restricted Stock Units	33%	> Incentivize holders to create stockholder value that will be realized upon vesting (which aligns named executives with stockholders) > Promote retention over the vesting period since RSUs have value even if the stock price declines or stays flat > Balance our compensation program design, as RSUs take into account both upside and downside risk in our stock price
Non-Qualified Stock Options	33%	> Provide actual economic value to the holder only if the price of Fluor stock has increased from the grant date at the time the option is exercised > Motivate executive officers by providing more potential upside > Promote retention over the vesting period

The Committee believes that the mix of the three components aligns the interests of named executives with those of stockholders by encouraging named executives to focus on both short- and long-term growth of the company, while also providing named executives with a balanced pay package similar to many of our peers. VDI grants were valued at the target dollar value (and converted into performance units based on the closing stock price on the date of grant), restricted stock units were valued at the fair market value (closing stock price) on the date of grant, and stock options were valued using the Black-Scholes option pricing model.

The Committee determines the dollar value of long-term incentive awards for named executives at the first regularly scheduled meeting of the Committee each year, which is typically held in February. The determinations are made at that time because it coincides with the annual performance review and

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compensation adjustment cycle, which are addressed at that same meeting. The long-term incentive awards are granted after the meeting on the third business day following the publication of our annual results, based on the closing price on that date.

Value Driver Incentive Awards

In 2012, the Committee granted stock-based VDI awards to named executives. VDI awards are designated as a number of performance units, calculated by dividing the target value of the grant by the closing trading value of our common stock on the date of grant. The 2012 awards have a one-year performance period, which started on January 1, 2012 and ended on December 31, 2012.

The Committee established the following performance criteria and relative weightings for the 2012 VDI awards for named executives:

- 60% of the total award is based on new awards gross margin dollars; and

- 40% of the total award is based on new awards gross margin percentage.

The calculation of the target number of units, as well as the eventual determination of the payout of VDI awards, is illustrated below:

New awards gross margin dollars measures the total amount of project gross margin that the company expects to receive as a result of projects awarded within the performance period. New awards gross margin percentage is the total amount of gross margin the company expects to receive as a result of projects awarded within the performance period as a percentage of expected revenue from these projects. The Committee selected these performance criteria because, although measured over a relatively short period, they relate to contracts that typically will extend a number of years into the future and thus will generate, and position the company for, increased future earnings. The Committee believes the inclusion of the two different measures is appropriate given the diversified nature of our business. The relative weightings are determined based on the company's relative business priorities and may be changed from time to time. These measures are not reported in our financial statements, as disclosure of the new awards gross margin targets would result in competitive harm to the company, but are set at levels intended to challenge our executives to achieve business goals established as part of the annual strategic plan. In the past five years, VDI payouts have ranged from 14% to 198% of the target payout and have averaged around 113% of target payout.

Generally, in the first quarter of a year, the Committee sets minimum threshold (paid at 50% of target), target (paid at 100% of target), upper target (paid at 150% of target) and maximum (paid at 200% of target) levels for both objectives of the VDI awards for the performance period. When setting these performance goals, the Committee considers the company's past performance, current business outlook and other corporate financial measures. When determining whether the performance goals have been met, the Committee takes into account any scope changes or project cancellations that occurred during the year with respect to new awards obtained during the performance period.

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In the first quarter following the performance period, the Committee determines the actual achievement of the performance measures and adjusts the number of performance units by multiplying the number of performance units by the performance rating (ranging from 0.00 to 2.00). The 2011 and 2012 performance units, as adjusted following the performance period, vested half on the one year anniversary of the date of grant and will vest half on the three year anniversary of the date of grant. Beginning in 2013, the performance units will vest approximately three years following the grant date. The performance units are settled in cash or stock, as elected by the named executive, provided that any award for a named executive not meeting company stock ownership guidelines will be settled in stock.

As noted above, the payment schedule is intended to facilitate retention of the participating executives and to link long-term value of the awards to stock price. Each installment of a named executive's award is subject to risk of forfeiture if, prior to payment, the named executive's employment with the company is terminated for any reason other than retirement, death, disability or a qualifying termination within two years after a change in control of the company.

VDI Achievement for 2012

The actual achievement for the 2012 VDI awards was 147% of the target payout level, based on performance from January 1, 2012 to December 31, 2012. The first half of the award was paid to named executives in 2013 based on the closing stock price on February 28, 2013; and the remainder will vest in February 2015. The number of performance units granted in connection with the 2012 VDI awards, as adjusted for actual performance, is shown below and is included in the Outstanding Equity Awards at 2012 Fiscal Year End table on page 47.

Named Executive	2012 Grant Amount	Number of Units Granted[(1)]	Earned Units[(2)]
David T. Seaton	$2,371,438	37,943	55,778
Biggs C. Porter	$668,020		