

**FLUOR**<sup>®</sup>

2023 REPORT ON FORM 10-K

# REPOSITIONED

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Chevron's Eastridge Cogeneration Facility // Kern County, California, United States. Photo courtesy of Chevron.

## Forward-Looking Statements

This report contains statements that may constitute forward-looking statements involving risk and uncertainties, including statements about market outlook, new awards, backlog levels, competition and the implementation of strategic initiatives. These forward-looking statements reflect Fluor Corporation's current analysis of existing information as of the date of this document and are subject to various risks and uncertainties. As a result, caution must be exercised in relying on forward-looking statements. Due to known and unknown risks, Fluor's actual results may differ materially from our expectations or projections. Additional information concerning factors that may influence Fluor's results can be found in the form 10-K that is attached to this document.

Our 2023 reporting theme, **Repositioned**, showcases how our strategy has continued to serve us well over the last three years, enabling us to adapt to market trends and deliver consistent value for our employees, shareholders, partners and communities. It reflects our preparedness for the future and commitment to adaptability and growth.

Building a better world is our purpose. We care deeply about safety and seek to drive quality and efficiency in all that we do. We behave responsibly, inclusively and sustainably for a brighter future.

We support our clients in solving critical challenges. We operate throughout the project lifecycle, from conceptual design, engineering, procurement and construction to the operations and maintenance of facilities.

Clients, governments, partners and communities trust Fluor because we are here for the long term – delivering successful projects of both scale and significance for more than a century. From the spark of an idea to a project's completion, our over 30,000 colleagues in more than 60 locations around the globe provide professional and technical solutions with world-class expertise.

**This is Fluor... we are building a better world.**



*Savannah River Nuclear Solutions // Aiken, South Carolina, United States*



*Fluor Calgary Office // Alberta, Canada*

# CHAIRMAN AND CEO REFLECTIONS

## **REPOSITIONED TO DELIVER CONSISTENT VALUE**

Dear shareholder,

2023 was a milestone year for Fluor. Our continued focus on operational excellence and financial discipline allowed the company to emerge repositioned and healthy. We are poised to create sustainable stakeholder value across our business segments and capitalize on the various opportunities in the end markets we serve.

**David E. Constable**  
Chairman and Chief Executive Officer



## “We end 2023 with optimism for 2024. As we continue to execute on our strategy, we are repositioned to deliver consistent value with a strong backlog and prospect pipeline.”

Our strategy continues to serve us well and, in just three years, has helped us reposition the company to deliver value for our shareholders, clients, employees, partners and communities. We have made important progress toward being the preeminent leader in professional and technical solutions across all the industries we serve while maintaining our position in the marketplace as one of the few companies that can deliver both engineering and construction for large-scale, complex projects.

In 2023, our project mix was the most diverse it has been in years both in sector and geography, with non-traditional oil and gas projects comprising 65% of our revenue, while 76% of new awards are related to projects located outside of the United States. Our capital structure, along with our cash flow and earnings, continues to improve based on actions taken in 2023. Fueled by a robust backlog, a promising prospect pipeline and secure finances, we are making the most of the opportunities at hand.

While this letter is intended to summarize Fluor's financial and non-financial performance highlights, we will publish our integrated report in the second quarter of 2024 to provide more perspectives around these achievements and how Fluor has been repositioned.

### REFLECTING ON OUR PERFORMANCE

Our accomplishments in 2023 not only reflect significant progress against all areas of our ‘**building a better future**’ corporate strategy; they also illustrate the value Fluor brings to our stakeholders.

The following are a few of the key 2023 financial performance proof points:

- **Our total revenue increased by 13% to \$15.5 billion** versus \$13.7 billion in 2022. We aim to continue driving growth across the portfolio by increasing the percentage of non-traditional oil and gas project revenue from 65% to 70% in 2024.
- **Our new awards totaled \$19.5 billion**, 87% of which was reimbursable. Since implementing our strategic priorities in 2021, we have secured nearly \$50 billion in new high-quality contracts.
- **Our ending backlog of \$29.4 billion** means that 2024 and the years ahead will be both busy and exciting as our offices around the world gear up to execute megaprojects in the Americas, the Middle East, Europe and Asia.

- Fluor's **backlog mix has grown from 63% reimbursable in 2022 to 76%** at the end of 2023, providing a risk-balanced portfolio. We achieved our 75% goal one year ahead of schedule and intend to maintain this level of reimbursable backlog to ensure consistent and reliable earnings.
- We **reduced the stated interest rate on outstanding debt** by 100 basis points to a weighted average rate of 2.7%.
- Since year end 2020, we have **substantially improved our debt-to-capitalization ratio from 63% to 37%**.

Our strong client relationships continue to be a huge contributor to our financial success. We see a large portion of repeat business in our pipeline, which illustrates the trust our clients have in our ability to meet their project execution expectations.

In tandem, we made considerable progress in divesting non-core businesses to allow greater focus on our preferred markets. In 2023, we exited all equipment rental operations, sold Stork Latin America and reached an agreement to transact Stork's mainland operations in Europe, which we expect to close in early 2024.

### THE STRATEGIC PRIORITIES WE HAVE BEEN DELIVERING ON



**Drive growth across the portfolio** by expanding into markets outside of the traditional oil and gas sector, including energy transition and chemicals, critical minerals, life sciences, advanced technology, digitalization, government services and infrastructure.



**Pursue contracts with fair and balanced terms** that are risk-adjusted and reward Fluor for the value we bring.



**Reinforce financial discipline** by maintaining a solid capital structure and by generating predictable cash flow and earnings.



**Foster a high-performance culture with purpose** by delivering execution excellence, championing our inclusion efforts and advancing sustainability.

**“Our capital structure is robust and well positioned to serve the needs of our clients and shareholders. We are continuing to drive excellence in execution and safety across our projects.”**

## PROJECT EXECUTION HIGHLIGHTS



*Auxiliary Airfield Repair Project // Ascension Island*



*LNG Canada // Kitimat, British Columbia, Canada*



*Quellaveco Copper Mine // Moquegua, Peru*

### MISSION SOLUTIONS

We continue to work with the Federal Emergency Management Agency (FEMA) to provide support in the wake of natural disasters. In the aftermath of Hurricanes Ian and Nicole, Fluor deployed hundreds of personnel to aid in the recovery efforts in Florida.

We overcame significant logistical challenges to complete the reconstruction of the military runway on remotely located Ascension Island, enabling the reopening of this critical transportation hub.

Fluor is on the team the Department of Energy selected to complete the decontamination and decommissioning of its former uranium enrichment facility in Portsmouth, Ohio, finishing the work we began 12 years ago as part of Fluor-BWXT Portsmouth, LLC.

### ENERGY SOLUTIONS

The last of 215 modules was delivered to the LNG Canada project in July, a major milestone for the project. We turned our efforts to module installation and hookup in advance of pre-commissioning and commissioning activities in 2024.

We were pleased to extend our relationship with Dow through their award of two contracts for construction of the world's first net-zero integrated ethylene cracker and derivatives complex in Fort Saskatchewan, Canada. The project represents a key step toward Dow's decarbonization commitment.

### URBAN SOLUTIONS

We announced the completion of Bayer's first global cell therapy facility that will be used to produce therapies for neurological degenerative disorders, cardiovascular disease and other currently unmet medical needs.

We completed construction on the Quellaveco Open Pit Copper Mine, one of the largest and most technologically advanced copper mines in the world.

Beyond these achievements, I would like to highlight the progress we have made in several other key areas:

- We are **leaders in safety**. Through our continued focus on safety, we improved our total case incident rate (TCIR) and our days away, restricted or transferred (DART) to 0.29 and 0.15, respectively, in 2023 compared to 0.34 and 0.19 in 2022. We are proud of being awarded the International Safety Award from the British Safety Council; and we remain committed to sending our people, our partners and our subcontractor personnel home safely to their families and loved ones every day.
- Our **people focus** remains front and center. We are investing in our people and creating a more inclusive work environment, ensuring that there are avenues for career growth. In 2023, talent acquisition efforts led to 5,000 staff additions notwithstanding a significant headcount reduction related to the divestment of Stork Latin America. Of the 5,000 hires, 28% were rehires – a testament to the compelling career and growth opportunities we offer globally.
- We are **reaching our sustainability goals**. Fluor achieved our Net Zero 2023 commitment, reducing the Scope 1 and Scope 2 greenhouse gas emissions of our offices and associated fleet to net zero. This is a significant milestone in our sustainability journey as we shift our focus to helping our clients achieve their sustainability goals, which has a much greater global impact.
- Our **energy transition portfolio** has been gaining momentum. In 2023, nearly 40% of our new awards were energy transition-related, led by projects in renewable fuels, the battery value chain and carbon reduction.
- As a company and through our employees, **we continue our focus of giving back to the communities** in which we live and work. Illustrating their generosity and purposeful commitment to philanthropy, our employees increased their volunteer hours by nearly 50% compared to 2022.

## LOOKING AHEAD TO 2024

We end 2023 with optimism for 2024. As we continue to deliver on our strategy, we have repositioned Fluor with a strong backlog and prospect pipeline. Our capital structure is robust and well positioned to serve the needs of our clients and shareholders.

In Energy Solutions, we will continue to focus on energy transition markets along with chemicals opportunities globally. Within Urban Solutions, we are strengthening our footprint in life sciences, as we pursue additional work in the semaglutide market. In mining and metals, we are leveraging our strong performance on the Quellaveco project to secure additional awards in the metals sector. In Mission Solutions, we are expanding our presence in the national security market, which includes intelligence technical services.

## PERSONAL APPRECIATION

To our employees, thank you for your unwavering commitment, focus and passion, which is delivering significant value for all our stakeholders. I am proud of your resiliency, dedication and accomplishments, both collectively and individually.

I would like to commend Fluor's management team for their leadership and dedication in executing our strategy.

To our Board of Directors, your continued support and guidance remain invaluable. On behalf of the Board, we are pleased to welcome back Lisa Glatch, a former executive of Sempra Energy and Fluor, to our Board of Directors.

To our clients, we appreciate your trust in us with your capital projects and allowing us to support you in solving many of your challenges and pursuits. Finally, to our partners, shareholders and investors, thank you for continuing to believe in Fluor and for recognizing the value we work so hard to deliver every day.

Delivering on our strategic priorities, taken together, is deleveraging our balance sheet and derisking our backlog. Our actions are helping to drive revenue growth in new markets and enhance project execution. We are confident that our strategy is meeting our stakeholder aspirations and creating a business that generates consistent earnings and cash flow.

Please stay safe and keep well.



**David E. Constable**  
Chairman and Chief Executive Officer  
Fluor Corporation

# OUR 2023 YEAR IN REVIEW

Our 2023 performance proved that Fluor's strategy is delivering results and has repositioned the company for growth. In this infographic, we highlight a few of our key financial and non-financial metrics.



## FINANCIAL PERFORMANCE

Revenue

**\$15.5b**

(2022: \$13.7b)

New awards

**\$19.5b**

(2022: \$19.8b)

Percentage of reimbursable backlog

**76%**

(2022: 63%)



## PROJECTS AND PARTNERSHIPS

LNG Canada project is nearly

**90%**

complete

**\$2.2b\***

contracts with indigenous businesses

\*Item shown in \$CAD

Won

**\$7.0b**

new awards related to energy transition

Expanding presence in the **national security market**





## HEALTH, SAFETY AND ENVIRONMENT

**24**

silver medallions awarded to employees who performed life-saving actions

**Achieved our Net Zero 2023 commitment**

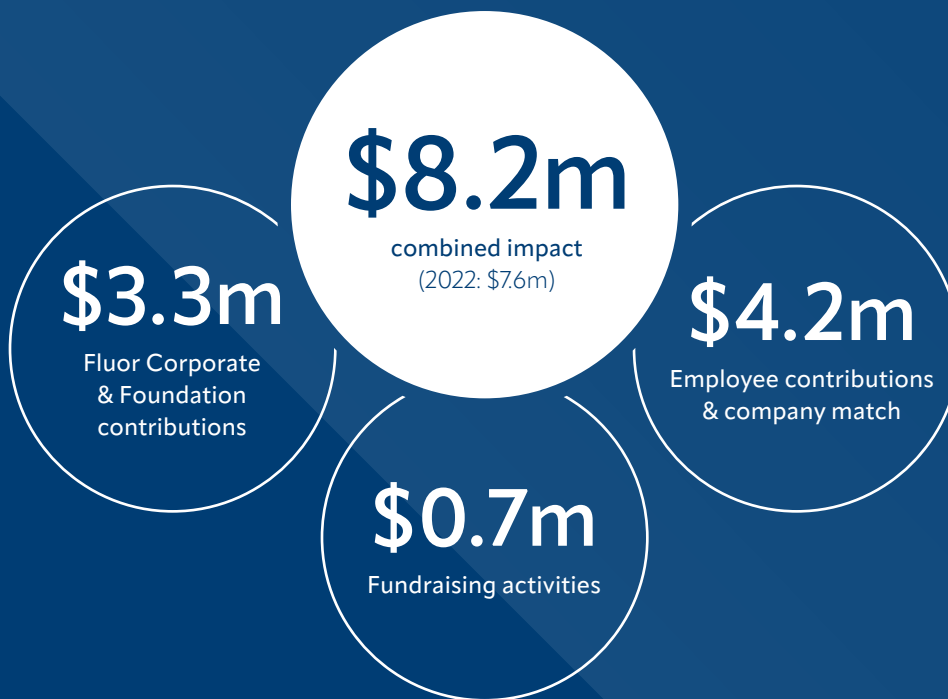
(Scope 1 & 2 greenhouse gas emissions of offices and fleet)

**30%**

of our backlog is energy transition projects (2022: 17%)



## PEOPLE AND COMMUNITIES



Focus on recruitment led to

**5,000**

staff additions in 2023

**28%**

of new employees were rehires

**33,700**

volunteer hours (2022: 22,500 hours)



*Toolbox Talk at LNG Canada Project // Kitimat, British Columbia, Canada*

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-K**

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

**For the fiscal year ended December 31, 2023**

or

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

**For the transition period from**

**to**

**Commission file number: 1-16129**

**FLUOR CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**

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

**6700 Las Colinas Boulevard**

**Irving, Texas**

*(Address of principal executive offices)*

**33-0927079**

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

**75039**

*(Zip Code)*

**469-398-7000**

*(Registrant's telephone number, including area code)*

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

| Title of Each Class                     | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|---|-------------------|---|
| Common Stock, \$.01 par value per share | FLR               | New York Stock Exchange                   |

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

**None**

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2023, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$4.2 billion based on the closing sale price as reported on the New York Stock Exchange.

As of January 31, 2024, 170,405,512 shares of the registrant's common stock, \$0.01 par value per share, were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

**FLUOR CORPORATION**  
**INDEX TO ANNUAL REPORT ON FORM 10-K**  
**For the Fiscal Year Ended December 31, 2023**

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## Glossary of Terms

The definitions and abbreviations set forth below apply to the indicated terms used throughout this filing.

| Abbreviation/Term | Definition  |
|-------------------|---|
| 2023 10-K         | Annual Report on Form 10-K for the year ended December 31, 2023 |
| AMECO             | American Equipment Company, Inc.                                |
| AOCI              | Accumulated other comprehensive income (loss)                   |
| APIC              | Additional paid-in capital                                      |
| ASC               | Accounting Standards Codification                               |
| ASU               | Accounting Standards Update                                     |
| CFM               | Customer-furnished materials                                    |
| Cont Ops          | Continuing operations   |
| COVID             | Coronavirus pandemic  |
| CPS               | Convertible preferred stock                                     |
| CTA               | Currency translation adjustment                                 |
| DB plan           | Defined benefit pension plan                                    |
| DC plan           | Defined contribution pension plan                               |
| Disc Ops          | Discontinued operations   |
| DOE               | U.S. Department of Energy                                       |
| DOJ               | U.S. Department of Justice                                      |
| EPC               | Engineering, procurement and construction                       |
| EPS               | Earnings per share  |
| ESG               | Environmental, social and governance                            |
| Exchange Act      | Securities Exchange Act of 1934                                 |
| FASB              | Financial Accounting Standards Board                            |
| FEMA              | U.S. Federal Emergency Management Agency                        |
| Fluor             | Fluor Corporation   |
| FTC               | Foreign tax credit  |
| G&A               | General and administrative expense                              |
| GAAP              | Accounting principles generally accepted in the United States   |
| GILTI             | Global Intangible Low-Taxed Income                              |
| ICFR              | Internal control over financial reporting                       |
| IT                | Information technology  |
| LNG               | Liquefied natural gas   |
| NCI               | Noncontrolling interests  |
| NM                | Not meaningful  |
| NOL               | Net operating loss  |
| NRC               | U.S. Nuclear Regulatory Commission                              |
| NuScale           | NuScale Power Corporation                                       |
| OCI               | Other comprehensive income (loss)                               |
| PBO               | Projected benefit obligation                                    |
| PIPE              | Private investment in public equity                             |
| PP&E              | Property, plant and equipment                                   |
| RSU               | Restricted stock units  |
| RUPO              | Remaining unsatisfied performance obligations                   |
| SEC               | Securities and Exchange Commission                              |
| SGI               | Stock growth incentive awards                                   |

|       |                                     |
|-------|-------------------------------------|
| SMR   | Small modular reactor               |
| SPA   | Sale and purchase agreement         |
| SPAC  | Special purpose acquisition company |
| Stork | Stork Holding B.V. and subsidiaries |
| TSR   | Total shareholder return            |
| VIE   | Variable interest entity            |

### **Forward-Looking Information**

From time to time, we make certain comments and disclosures in reports and statements, including this 2023 10-K, or statements are made by its officers or directors, that, while based on reasonable assumptions, may be forward-looking in nature. Under the Private Securities Litigation Reform Act of 1995, a "safe harbor" may be provided to us for certain of these forward-looking statements. We caution readers that forward-looking statements, including disclosures which use words such as "will," "may," "could," "should" "believes," "anticipates," "plans," "expects," "intends," "estimates," "projects," "potential," "continue" and similar statements are subject to various future risks and uncertainties which could cause actual results of operations to differ materially from expectations.

Any forward-looking statements that we may make are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those anticipated by us. Any forward-looking statements are subject to the risks, uncertainties and other factors that could cause actual results of operations, financial condition, cost reductions, acquisitions, dispositions, financing transactions, operations and other events to differ materially from those expressed or implied in such forward-looking statements.

We are subject to known risks and to potentially unknown risks. While most risks affect only future cost or revenue anticipated by us, some risks may relate to accruals that have already been reflected in earnings. Our failure to receive payments of expected amounts or the incurrence of liabilities in excess of amounts recorded, could result in charges against future earnings. As a result, we caution readers to recognize and consider the inherently uncertain nature of forward-looking statements and not to place undue reliance on them.

These factors include those referenced or described in this 2023 10-K (including in "Item 1A. — Risk Factors"). We cannot control all risks and uncertainties, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. You should consider these risks and uncertainties when you are evaluating us and deciding whether to invest in our securities. Except as otherwise required by law, we undertake no obligation to publicly update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

### **Defined Terms**

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

**PART I**

**Item 1. Business**

Fluor is **building a better world** by applying world-class expertise in order to solve our clients' greatest challenges. We provide professional and technical solutions that deliver safe, well-executed, capital-efficient projects to our clients around the globe. Fluor Corporation was incorporated in Delaware in September 2000. However, through our predecessors, we have been in business for more than 110 years, providing services that have formed the essential building blocks of development and progress over that time. We believe we are poised to continue helping our clients meet similar needs into the foreseeable future.

Acting through our many subsidiaries and interests in joint ventures, we are one of the larger global professional services firms providing EPC, fabrication and modularization, and project management services. We provide these services to our clients in diverse industries worldwide including advanced technologies and manufacturing, chemicals, infrastructure, life sciences, LNG, mining and metals, nuclear project services, energy transition, and oil and gas production and fuels. We are also a service provider to the U.S. federal government and governments abroad.

We operate our business through 3 principal segments: Energy Solutions, Urban Solutions and Mission Solutions. We also have a smaller Other segment.

**Strategic Priorities**

Since January 2021, we have been guided by 4 strategic priorities for driving value creation for our shareholders:

- **Drive growth across our portfolio**, by diversifying markets outside of the traditional oil and gas sector, including energy transition, advanced technology and life sciences, high-demand metals, infrastructure and nuclear and civil, defense and intelligence for governments;
- **Pursue contracts with fair and balanced commercial terms**, focusing on more favorable, risk-adjusted agreements that reward Fluor for delivering value to our clients;
- **Reinforce financial discipline**, maintaining a solid balance sheet by generating predictable cash flow and earnings with right-sized cost structure; and
- **Foster a high-performance culture with purpose**, through excellence in execution, which brings value to all our stakeholders, and by advancing our social agenda such as our inclusion efforts and environmental sustainability.

In 2023, we continued to make progress on our strategic priorities. 65% of our revenue in 2023 was from outside of our traditional oil and gas markets. As of December 31, 2023, 76% of our backlog is reimbursable. In August 2023, we issued \$575 million in convertible senior notes due 2029 and principally used the proceeds to repay or purchase securities that were used to repay the 2024 Notes. In September 2023 we converted our CPS into common stock.

**Our Core Values**

Our Core Values serve as our behavioral compass, guiding all of our actions. They are not only what we believe, they are the foundation of how we achieve our purpose to build a better world.

| SAFETY  | INTEGRITY  | TEAMWORK   | EXCELLENCE   |
|---|--|--|--|
| <b>We care for each other</b>   | <b>We do what is right</b>                               | <b>We work better together</b>   | <b>We deliver solutions</b>  |
| Living Safer Together <sup>SM</sup> promotes the well-being of all people, our communities and the environment. | Trust, accountability and fairness define our character. | Collectively we thrive when we include, respect and empower one another. | Our high-performance teams embrace opportunities, solve challenges and continuously improve. |

**Competitive Strengths**

As a world-class provider of technical and professional services, we believe that we bring capital efficient business solutions to our clients. We believe that our business advantages and global positioning provide us with significant competitive strengths, including:

**Safety.** Maintaining a **safe and secure workplace** is a key business driver for us and our clients. In our experience, whether in an office or at a jobsite, a safe environment decreases risks, provides for the well-being of all workers, enhances

morale, improves productivity, reduces project cost and generally improves client relationships. We believe that our commitment to safety is one of our most distinguishing features.

*Global Execution Platform.* As one of the larger publicly-traded EPC companies, we have a **global footprint** with employees located throughout the world. Our global presence enables us to build local relationships to capitalize on opportunities as well as mobilize quickly to project sites around the world and to draw on our local knowledge and talent pools. We regularly form strategic alliances with local partners, leverage our supply chain expertise and emphasize local training programs. We also provide around-the-clock services from our distributed execution centers on a cost-efficient basis.

*Excellence in Execution.* We believe that our ability to **execute, maintain and manage complex projects**, large or small and often in geographically challenging locations, gives us a distinct competitive advantage. We strive to complete our projects meeting or exceeding all client specifications. We have continued to shift toward data-driven execution, which we expect will enhance our ability to meet our clients' needs.

*Market Diversity.* We provide services across a **broad spectrum of industries** around the globe. This diversification helps to mitigate the impact of the cyclicity in the markets we serve and allows us to strive for more consistent growth. We believe that maintaining a good mixture within our entire business portfolio permits us to both focus on our more stable business markets and to capitalize on cyclical or emerging markets when the timing is appropriate.

*Client Relationships.* We actively pursue relationships with new clients while also building on our long-term relationships with existing clients. We believe that long-term relationships with existing clients serve us well by allowing us to better understand and **be more responsive** to their requirements. Regardless of whether our clients are new or have been with us for many decades, our ability to successfully foster relationships is a key strength.

*Risk Management.* We believe we have the ability to assess, mitigate and manage project risk, especially in difficult locations or circumstances. We have an experienced management and execution team, and utilize a **systematic and disciplined approach** towards identifying, assessing and managing risks. We believe that our risk management approach helps us control costs and meet clients' schedules.

*Sustainability.* Our sustainability charter is to conduct business with social, economic and environmental responsibility. Sustainability is integrated into our business practices, and our employees are engaged in delivery on our charter, enabling us to **build and sustain the global community** and provide value for our stakeholders.

## General Operations

Our services fall into 6 broad categories and can range from basic consulting activities, often at the early stages of a project, to complete design-build, operations and maintenance contracts.

- In **engineering and design**, we develop solutions to address our clients' most complex problems. Our engineering services range from traditional engineering disciplines such as piping, mechanical, electrical, control systems, civil, structural and architectural to advanced engineering specialties including process engineering, chemical engineering, simulation, integrated automation processes and interactive 3-D modeling. Through our design solutions, we can provide clients with varied offerings which can include front-end engineering, conceptual design, estimating, feasibility studies, permitting, process simulation, technology and licensing evaluation, scope definition and siting.
- **Project management** involves managing all aspects of the effort to deliver projects on schedule and within budget, and is critical on every project. We are often hired as the overall program manager on large complex projects where various contractors and subcontractors are involved and multiple activities need to be integrated into an execution plan to ensure the success of the overall project. Such services include logistics, development of project execution plans, detailed schedules, cost forecasts, progress tracking and reporting, and the integration of EPC efforts. Project management helps us deliver on our clients' safety, functionality and financial performance requirements.
- Our **procurement** offerings represent supply chain solutions aimed at improving product quality and performance while also reducing project cost and schedule. Our clients draw upon our global sourcing and supply expertise, global purchasing power, technical knowledge, processes, systems and experienced global resources. Our procurement activities include strategic sourcing, material management, contracts management, buying, expediting, supplier quality inspection and logistics.
- In **construction**, we mobilize, execute and commission projects on a self-perform and/or subcontracted basis. Generally, we are responsible for the completion of a project, often in difficult locations and under challenging



circumstances. We are frequently designated as program manager, and serve as such in cases where the client has facilities in multiple locations, complex phases in a single project location, or a large-scale investment in one facility.

- We offer operations and maintenance services intended to enhance the efficiency of or extend the life of our clients' facilities. This may include the delivery of services to include facility management, technical facility operations, plant readiness, commissioning, start-up and maintenance technology, small capital projects, turnaround and outage services and recapitalization of facilities and infrastructure. Among other things, we can provide key management, staffing and management skills to clients on-site at their facilities.
- We also provide a variety of fabrication and modularization services, including integrated engineering and modular fabrication and assembly, as well as modular construction and asset support services to clients around the globe from our joint ventures. By leveraging internal and third-party capabilities in key regions of the world, we help our clients achieve cost and schedule savings by reducing on-site craft needs and shifting work to inherently safer and more controlled work environments.

## **Business Segments**

### **Energy Solutions**

We are a partner in the production of safer, cleaner and sustainable solutions to meet the world's increasing energy and chemicals demand. Our Energy Solutions segment provides EPC services for the production and fuels, chemicals, LNG and power markets. We serve the oil, gas, chemical and power industries with full project life-cycle services, including expansion and modernization projects as well as in sustaining capital work. We have an extensive skill set that is focused on energy transition markets, including asset decarbonization, carbon capture, renewable fuels, waste-to-energy, green chemicals, hydrogen, nuclear power and other low-carbon energy sources.

While we perform work on projects that range greatly in size and scope, we believe that one of our distinguishing features is our global strength and experience to perform very large projects in difficult locations. As energy and chemicals projects have become more challenging geographically, geopolitically or otherwise, we believe that clients will continue to look to us to manage such complex projects to draw upon our size, strength, global reach, experience, technical expertise and proven track record.

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

In production and fuels, we execute projects for the oil and gas production, processing and refining industries, including an increasing component of energy transition. In the upstream sector, our typical projects involve the production, processing and transporting of oil and gas, including the development of infrastructure associated with major new fields and pipelines. We are also involved in offshore production facilities and in gas processing projects. In the downstream sector, our clients have been modernizing and modifying existing refineries to increase capacity, improve margins and reduce environmental impact. We are active in the repurposing of existing refining facilities for the production of renewable fuels. We are also focused on other transition markets, such as carbon capture and sequestration, blue and green hydrogen, ammonia and other low carbon solutions, as an increasing number of clients and countries implement stronger sustainable energy goals.

We have been very active for several decades in the chemicals and petrochemicals market, with major projects in the ethylene-based markets as well as in a variety of specialty chemicals. We are also active in battery chemicals projects and we execute projects to implement lower carbon solutions on existing and new chemical facilities.

In LNG and power, we have participated in a wide variety of LNG developments, including liquefaction, floating LNG facilities, mid-scale LNG solutions and regasification terminals. Our work in LNG includes feasibility studies, technology evaluations, process equipment optimization and selection, basic design, front-end engineering and design, detailed EPC and start-up assistance. In the power market, we provide a full range of services utilizing small modular reactor technologies, as well as conventional and advanced nuclear reactor technologies. We selectively execute non-nuclear power projects, typically in connection with energy transition or infrastructure facilities.

## **Urban Solutions**

We believe that continued urbanization will drive demand for innovative and sustainable solutions in advanced technologies and manufacturing, life sciences, mining and metals, infrastructure and professional staffing project teams. Urban Solutions includes businesses to meet our clients' needs in addressing these evolving and growing markets.

For the advanced technologies and manufacturing market, we provide program management and EPC services to a wide variety of companies on a global basis. Our experience spans a wide variety of market segments, including advanced materials, data centers, fast-moving consumer goods, food and beverage, semiconductors, smart batteries and specialty products. We specialize in designing projects that incorporate lean manufacturing concepts while also satisfying clients' sustainability goals.

In life sciences, we provide front end studies and EPC services to the pharmaceutical, biotechnology, medical device and animal health industries. We also specialize in providing validation and commissioning services where we not only bring new facilities online, but we also extend the life, or improve capabilities, of existing facilities. We believe the ability to complete projects on a large-scale basis, especially where time to market is critical, enables us to better serve our clients and is a key competitive advantage.

In mining and metals, we provide a full range of services to our clients who produce a variety of commodities, including copper, iron ore, bauxite, alumina, aluminum, steel, diamond, gold, phosphates and rare earth minerals. We support our clients as they meet the growing demand for copper and battery metals, including lithium, platinum and nickel. We also serve the fertilizer industry and provide services in the downstream metals market. Our services include conceptual and feasibility studies through detailed EPC, commissioning and startup support. Many of our opportunities are being developed in remote and logistically challenging environments, such as the Andes Mountains, Western Australia and Africa. We believe we are one of the few companies with the size, regional presence and experience to execute large scale mining and metals projects, regardless of location.

In infrastructure, we support the development of infrastructure projects with a focus on state departments of transportation. We provide a broad range of services including consulting, design, planning, financial structuring, engineering and construction and operation and maintenance services often delivered under joint ventures with other companies. Continuing urbanization and the replacement and expansion of aging infrastructure in North America continues to drive project opportunities.

The segment's staffing services are often provided through TRS Staffing Solutions®, a global staffing specialist that provides us and third-party clients with technical, professional and craft resources either on a contract or permanent placement basis.

We provide operations, maintenance and reliability services, primarily in North America, through Plant & Facility Services.

## **Mission Solutions**

Mission Solutions provides high-end technical solutions to the U.S. and other governments. We believe the segment's nuclear and civil business holds a tier 1 position with differentiated expertise in managing complex national security missions across the Department of Energy and the National Nuclear Security Administration. We deliver solutions for nuclear security and operations, nuclear waste management and laboratory management. Additionally, we are an industry leader in nuclear remediation at governmental facilities providing site management, environmental remediation, and decommissioning of facilities and have been successful in addressing environmental and regulatory challenges associated with nuclear sites. We also provide services to commercial nuclear clients. In civil services, we are a partner to FEMA for disaster recovery and emergency response.

In defense, we deliver operations and maintenance, global logistics, EPC, life support and operations of mission-critical facilities across U.S. military service organizations. We can rapidly mobilize people and equipment to deliver solutions across the globe and often in the harshest environments. We believe we can deliver solutions to our military clients irrespective of the location or the speed required. We believe we have unmatched capabilities in this regard.

For our intelligence clients, we have more than 600 security-cleared personnel providing critical solutions such as data center management, operations and maintenance of secure facilities and technology platform services. We construct and renovate secure facilities around the world for various agencies in support of their enduring missions.

**Other**

Our Other operations include the operations of Stork and NuScale, in which we are the majority investor. NuScale has developed SMR technology that is NRC approved, which we believe will be important in the development of light water, passively safe SMRs. They remain an early-stage business that bears significant expenses and losses to advance toward commercialization of their reactor technology. NuScale's success could yield opportunities for EPCM in our principal business segments. Stork provides asset maintenance and asset integrity services to the oil and gas, chemicals, life sciences, power, mining and metals, consumer products and manufacturing industries.

In the first quarter of 2023, we sold our AMECO South America operations, thereby completing the divestiture of our equipment business. In the third quarter of 2023, we agreed to sell Stork's European business. This transaction is expected to close in the first half of 2024. During the fourth quarter of 2023, we sold the Stork business in Latin America, largely for the assumption of debt by the purchaser.

**Other Matters**

*Types of Contracts*

While the basic terms and conditions of the contracts that we perform may vary considerably, we typically perform our work under two broad types of contracts: (a) reimbursable contracts and (b) lump-sum or guaranteed maximum contracts. In some limited markets, we are seeing hybrid contracts containing both lump-sum and reimbursable elements. As of December 31, 2023, the following table summarizes contract type within our ending backlog:

| (in millions)                   | December 31,<br>2023 |      | December 31,<br>2022 |      |
|---------------------------------|----------------------|------|----------------------|------|
| Reimbursable                    | \$ 22,302            | 76 % | \$ 16,500            | 63 % |
| Lump-Sum and Guaranteed Maximum | 7,139                | 24 % | 9,549                | 37 % |

In accordance with industry practice, most of our contracts are subject to termination at the discretion of our client. In such situations, our contracts typically provide for the payment of fees earned through the date of termination and the reimbursement of other costs incurred including demobilization costs.

Under reimbursable contracts, the client reimburses us based upon negotiated rates and pays us a pre-determined fee, or a fee based upon a percentage of the cost incurred in completing the project. Our profit may be in the form of a fee, a simple markup applied to labor cost incurred in performing the contract, or a combination of the two. The fee element may also vary. The fee may be an incentive fee based upon achieving certain performance factors, milestones or targets; it may be a fixed amount in the contract; or it may be based upon a percentage of the cost incurred. In some cases, reimbursable contracts may be converted into lump-sum contracts. Reimbursable contracts may include significant estimated amounts of CFM when we believe that we are acting as a principal rather than as an agent and we have visibility into the amount the customer is paying for the materials or there is a reasonable basis for estimating the amount.

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

Under lump-sum contracts, we may bid based upon preliminary engineering drawings and specifications provided by the client. This type of contracting presents risk because, among other things, it requires us to predetermine the work to be performed, the project execution schedule and all costs associated with the work based on incomplete information, all of which requires us to make pricing assumptions based on judgment informed by prior experience on other projects. This risk may be greater when we provide a lump-sum bid in competition with other contractors because we may not be selected for the work if our bid is higher than the competition. Another type of lump-sum contract is a negotiated fixed-price contract, under which we are selected as contractor first and then negotiate a lump-sum price with the client. This may reduce the risk associated with bidding in competition. Furthermore, negotiated fixed-price contracts may occur under a compensation model in which we perform some of the early work on a project, including to advance the engineering, on a reimbursable basis before agreeing upon and converting to a lump-sum price for the remainder of the project. Depending upon when a project converts from reimbursable to lump-sum, our risk may be lesser because we may hold greater insight into the details

of the project scope, engineering and schedule thereby reducing the number and character of the pricing assumptions in the agreed-upon lump-sum price. Another type of lump-sum contract is a unit price contract under which we are paid a set amount for every “unit” of work performed. If we perform well under any type of lump-sum contract, we can benefit from cost savings gained from the effects of our efficiencies. However, if the project does not proceed as originally planned, we may not be able to recover cost overruns, which may cause us to lose money.

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

Some of our contracts, regardless of type, may operate under joint ventures or other teaming arrangements. Typically, we prefer to enter into these arrangements with companies with whom we have worked previously. These arrangements are generally made to strengthen our market position or technical skills, or where the size, scale or location of the project directs the use of such arrangements.

### *Competition*

The markets served by our business are highly competitive and, for the most part, require substantial resources and highly skilled and experienced technical personnel. A large number of companies compete against us, including U.S.-based companies such as AECOM, Amentum Services, Inc., Bechtel Group, Inc., Black & Veatch, EMCOR Group, Inc., Jacobs Solutions, Inc., KBR, Inc., Kiewit Corporation, Granite Construction, Inc., Quanta Services, Inc. and V2X, Inc., and international-based companies such as ACS Actividades de Construccion y Servicios, Balfour Beatty plc, Chiyoda Corporation, Exyte GmbH, Hyundai Engineering & Construction Company, Ltd., JGC Corporation, McDermott International, Inc., Petrofac Limited, SNC-Lavalin Group, Inc., Samsung Engineering, Stantec Inc., Technip Energies N.V., Wood Group plc, and WorleyParsons Limited.

Competition for our Energy Solutions and Urban Solutions segments is based on an ability to provide the design, engineering, planning, management and project execution skills required to complete complex projects in a safe, timely and cost-efficient manner. We believe our engineering, procurement, fabrication and construction business derives its competitive strength from our market diversity, excellence in execution, reputation for quality, technology, cost-effectiveness, worldwide procurement capability, project management expertise, geographic coverage, ability to meet client requirements by performing construction on either a union or an open shop basis, ability to execute complex projects of varying sizes, strong safety record and lengthy experience with a wide range of services and technologies.

The temporary staffing business is a highly fragmented market with over 1,000 companies competing globally. The key competitive factors in this business line are price, service, quality, client relationships, breadth of service and the ability to identify and retain qualified personnel and geographic coverage.

In our Mission Solutions segment, key competitive factors are primarily centered on performance, qualified personnel and the ability to provide the design, engineering, planning, management and project execution skills required to complete complex projects in a safe, timely, cost-efficient and compliant manner.

### *Raw Materials*

The principal products we use in our business include structural steel, metal plate, concrete, cable and various electrical and mechanical components. These products and components are subject to raw material (aluminum, copper, nickel, iron ore, etc.) availability and pricing fluctuations, which we monitor on a regular basis. We have access to numerous global supply sources; however, the availability and cost of these products, components and raw materials may vary significantly from year to year due to various factors including the logistics market, client demand, producer capacity, inflation, market conditions and specific material shortages. Our pursuit of balanced contractual risk often permits us to recoup inflationary or market-based raw material price increases from our clients, even under otherwise lump-sum contracts.

### **Compliance with Government Regulations**

We operate at sites throughout the world, some of which involve activities related to nuclear facilities, hazardous waste, hydrocarbon production, distribution and transport, the military and infrastructure. Some of our work can be performed adjacent to environmentally sensitive locations such as wetlands, lakes and rivers. We also contract with governments to remediate hazardous materials, including chemical agents, as well as to decontaminate and decommission nuclear sites. These activities can require us to manage, handle, remove, treat, transport and dispose of toxic, radioactive or hazardous substances, and are subject to many environmental, health and safety laws and regulations.

We believe that we are compliant with all environmental, health and safety laws and regulations. We further believe that any reserves associated with future environmental costs are adequate and that any future costs will not have a material

effect on our financial position or future results of operations. Some factors, however, could result in the recognition of additional expense. These include the imposition of more stringent requirements under environmental laws or regulations, new developments or changes regarding site cleanup costs or the allocation of such costs among potentially responsible parties, or a determination that we are potentially responsible for the release of hazardous substances at sites other than those currently identified.

**Human Capital**

We believe we have built a high-performance culture with purpose and foster a diverse and inclusive workplace as a business imperative because people are our most critical asset. A high performance culture, where everyone is treated fairly and respectfully and has equal access to opportunities based on capabilities and performance, regardless of background, raises both the individual and collective performance of our company. Our culture drives employee engagement, productivity and a sustainable competitive advantage.

The following summarizes our human capital information as of December 31, 2023:

|                            | Number of Employees |
|----------------------------|---------------------|
| Salaried Employees         | 20,340              |
| Craft and Hourly Employees | 7,764               |
| TRS Agency                 | 2,083               |
| <b>Total</b>               | <b>30,187</b>       |

The number of craft and hourly employees can vary in relation to the number, size and phase of execution of our projects. The decrease in craft and hourly employees during 2023 primarily relates to the sale of our Stork business in Latin America.

We have employees in the following regions:

| Region                            | % of Global Workforce |
|-----------------------------------|-----------------------|
| North America                     | 48 %                  |
| Europe, Africa and Middle East    | 29 %                  |
| Central and South America         | 5 %                   |
| Asia Pacific (includes Australia) | 18 %                  |

*Health and Safety*

Safety is one of our core values. We are committed to taking care of our employees and preventing injuries in our offices and project locations. Our robust programs and procedures help us mitigate the hazards inherent in the work we do. We are committed to fostering a caring, preventive culture founded on proactive action by engaged employees. We call this Safer Together<sup>SM</sup>. Our 2023 safety performance, calculated in accordance with OSHA record keeping requirements, resulted in a total case incident rate of 0.29, which outperformed our goal of less than 0.38 and was well below comparable industry benchmarks. We also provide resources to improve employee wellbeing including various mental health awareness campaigns, our global Employee Assistance Program, site-specific wellbeing programs, and suicide prevention and mental health first aid training.

*Inclusion*

We are committed to fostering an inclusive workplace where everyone feels they belong, have a voice and are valued for who they are and what they contribute. We encourage diversity of cultures and perspectives as we build inclusive, high-performance teams. We strive to listen actively, respect one another and foster an environment where every employee has what they need to fully participate in our organization.

We are focused on delivering 4 key impact pillars to advance inclusion:

- Champion an inclusive culture;
- Recruit, develop and retain talent;
- Enhance employee experience; and

- Improve social progress and impact.

We work with a variety of outreach, community and education organizations, including a range of universities. We sponsor 24 advanced educational institutions across 6 continents and we continue to grow our relationships across a range of diverse colleges and technical schools with the majority of funding focused on underserved minorities, women and veterans.

We are committed to strengthening our talent pipeline by adjusting our recruitment efforts to cast a wide net to expand our applicant pools. We post our job openings internally and externally to reach a broad, diverse pool of candidates from all backgrounds. We use inclusive language and review job descriptions and requirements to ensure all qualified candidates feel welcome to apply. Our balanced slate interview practice supports an inclusive hiring process based on panel interviews and candidates' capability, skills and qualifications for positions across our offices and business lines.

We have established 5 regional inclusion councils, with 11 chapters, to drive a global alignment of effort while implementing region-specific initiatives. We also have 5 employee resource groups promoting specific career stage, gender, ethnicity and LGBTQ+ and allyship of our employees. These groups are important in strengthening our culture of inclusion by providing representation, encouraging employee engagement, helping to attract and retain talent and helping to build a sense of community among all our employees.

Our goal is to create a workplace that:

- respects, supports and values all individuals at all levels of our organization;
- embraces listening and learning as a positive, progressive philosophy;
- challenges ourselves to hold space for the individuality of our colleagues without judgment or prejudice;
- promotes the physical, emotional and psychological well-being of every employee;
- offers an inclusive environment that is representative of the communities in which we operate and across all of our businesses; and
- provides employee training, development and education opportunities.

#### *Development Opportunities*

One of our top priorities is to provide ongoing training and development for our employees through multiple avenues. In 2023, we extended our catalog of leadership development offerings and methods of delivery. This included delivery of critical learning opportunities to our executives, project execution and functional employees based in offices, remote locations and project field assignments. Additionally, employees can access Fluor University, our online platform, where they select from a wide variety of self-paced, online, virtual and instructor-led training courses. Topics range from our internally developed courses focused on discipline-specific training, to commercially available technical learning and general knowledge topics, such as leadership, business acumen, communication and inclusive management. In 2023, our employees received nearly 130,000 hours of training through Fluor University, nearly double compared to 2022. For group-focused development and networking, our global mentoring circles provide an avenue for small groups to generate dialogue about meaningful and relevant topics related to the company, work environment and career development.

#### *Community Responsibility*

To foster a high-performance culture with purpose, we offer our employees robust and enriching opportunities to help meet our goal of building a better world. For more than 70 years, our employee giving and volunteering program, Fluor Cares, has empowered employees to give back to the communities where we live and work. In 2023, Fluor and our Fluor Foundation contributed \$4.2 million to community initiatives and programs with the majority of funding allocated to programs that support underserved minorities and women. Through Fluor Cares, we empower our employees to invest in organizations and causes that best resonate with them. This employee-driven giving and volunteering effort now includes 22 countries on six continents and resulted in donations of \$4 million in 2023. In 2023, thousands of our employees donated more than 33,700 volunteer hours, a 50% increase over 2022, to improve the communities where we live and operate.

We remain true to our long history of giving back with global programs and local efforts tailored to the needs of the communities where we live and work. Through our charitable partners and the volunteerism of our employees, we delivered nearly 1 million hours of STEM (science, technology, engineering and math) instruction and workforce development to 238,000 individuals to help develop the next-generation workforce. We provided 706,000 meals to the hungry. We planted 29,000 trees, including reconstituting a mangrove forest on the Philippines' coast, in addition to large scale, multi-year tree planting efforts on 4 continents.

## Information about our Executive Officers

The following information is being furnished with respect to our executive officers as of February 7, 2024:

| Name                 | Age | Position with the Company(1)                                      |
|----------------------|-----|---|
| Joseph L. Brennan    | 56  | Executive Vice President and Chief Financial Officer              |
| James R. Breuer      | 55  | Group President, Energy Solutions                                 |
| Alvin C. Collins III | 50  | Group President, Corporate Development and Sustainability         |
| David E. Constable   | 62  | Chairman and Chief Executive Officer                              |
| Thomas P. D'Agostino | 65  | Group President, Mission Solutions                                |
| Stacy L. Dillow      | 50  | Executive Vice President and Chief Human Resources Officer        |
| Mark E. Fields       | 65  | Group President, Project Execution                                |
| Anthony Morgan       | 57  | Group President, Urban Solutions                                  |
| John C. Regan        | 54  | Executive Vice President, Controller and Chief Accounting Officer |
| John R. Reynolds     | 67  | Executive Vice President, Chief Legal Officer and Secretary       |

(1) All references are to positions held with Fluor Corporation. All officers serve in their respective capacities at the pleasure of the Board of Directors.

### ***Joseph L. Brennan***

Mr. Brennan has been Executive Vice President and Chief Financial Officer since July 2020. Prior to that, he was Senior Vice President and Operations Controller in 2020, Senior Vice President and Segment Controller — Energy & Chemicals from 2018 to 2020. Mr. Brennan joined the company in 1991.

### ***James R. Breuer***

Mr. Breuer has been Group President, Energy Solutions since January 2021. Prior to that, he was President, Downstream — Energy & Chemicals from 2019 to 2021, Vice President and General Manager, South America — Mining & Metals from 2017 to 2019. Mr. Breuer joined the company in 1993.

### ***Alvin C. Collins III***

Mr. Collins has been Group President, Corporate Development and Sustainability since January 2021. Prior to that, he was Senior Vice President, Operations — Energy & Chemicals from 2019 to 2021, Senior Vice President, Global Business Development — Energy & Chemicals in 2019 and Senior Vice President, Operations in Europe, Africa and the Middle East — Energy & Chemicals from 2016 to 2019. Mr. Collins joined the company in 1994.

### ***David E. Constable***

Mr. Constable has been Chief Executive Officer since January 2021, after serving as a member of Fluor's Board of Directors since 2019. He previously served as Chief Executive Officer (from 2011) and Chief Executive Officer and President (from 2014) of Sasol Ltd., an integrated energy and chemical company, until 2016. Mr. Constable first joined the company in 1982. Mr. Constable was appointed Chairman of the Board in May 2022.

### ***Thomas P. D'Agostino***

Mr. D'Agostino has been Group President, Mission Solutions since January 2021. Prior to that, he was Group President, Government from 2017 to 2021. Mr. D'Agostino joined the company in 2013.

### ***Stacy L. Dillow***

Ms. Dillow has been Executive Vice President and Chief Human Resources Officer since 2019. Prior to that, she was Head of Supply Chain Transformation, Southeast Asia and Australasia at Unilever, a consumer goods company, from 2018 to 2019. Ms. Dillow first joined the company in 1996.

### ***Mark E. Fields***

Mr. Fields has been Group President, Project Execution since January 2021. Prior to that, he was Group President, Energy & Chemicals from 2019 to 2021, Senior Vice President, Energy & Chemicals Americas from 2017 to 2019. Mr. Fields joined the company in 1981.

### ***Anthony Morgan***

Mr. Morgan has been Group President, Urban Solutions since January 2024. Prior to that, he was Business Line President, Mining & Metals from 2017 to 2023. Mr. Morgan joined the company in 1990.

### ***John C. Regan***

Mr. Regan has been Executive Vice President, Controller and Chief Accounting Officer since June 2020. He was previously Executive Vice President and Chief Financial Officer of Alta Mesa Resources, Inc., an upstream exploration and production company, from 2019 to 2020. Mr. Regan is a Certified Public Accountant recognized by the State of Texas.

### ***John R. Reynolds***

Mr. Reynolds has been Executive Vice President and Chief Legal Officer since 2019 and Secretary since 2020. Prior to that, he was Vice President and Senior Managing General Counsel from 2017 to 2019. Mr. Reynolds joined the company in 1985.

## **Available Information**

Our website address is [www.fluor.com](http://www.fluor.com), where we provide free electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports on the “Investor Relations” section. These reports, and any amendments to them, are also available at the SEC’s website, [www.sec.gov](http://www.sec.gov). We also use our investor relations website as a channel of distribution for important company information. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for e-mail alerts and RSS feeds. We also maintain information on our website related to our corporate governance including our Corporate Governance Guidelines, our Board Committee Charters and our Code of Business Conduct and Ethics for Members of the Board of Directors.

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

*We operate in a complex and rapidly changing global environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our business, financial condition, results of operations, and stock price. The risks described below highlight some of the factors that have affected and could affect us in the future. We may also be affected by unknown risks or risks that we currently think are immaterial. If any such events actually occur, our business, financial condition, results of operations, and stock price could be materially adversely affected.*

### **Summary Risk Factors**

The following summarizes the risks and uncertainties that could materially adversely affect our business, financial condition, results of operation and stock price. You should read this summary together with the more detailed description of each risk factor contained below.

#### **Risks Related to our Operations**

- We are vulnerable to the cyclical nature of the markets we serve.
- Our revenue and earnings are largely dependent on new awards.
- The nature of our contracts, particularly our lump-sum contracts, subject us to risks associated with delays and cost overruns, which may not be recoverable and may result in reduced profits or losses that could have a material impact on us.
- Intense competition in the EPC industry can impact our revenue and profits.
- Our ability to grow requires us to hire and retain qualified personnel.
- The success of teaming arrangements and joint ventures depends on the satisfactory performance by our venture partners over whom we may have little or no control, and the failure of those partners to perform their obligations could impose additional obligations on us that could have a material impact on us.
- We are dependent upon suppliers and subcontractors to complete many of our contracts.
- Cybersecurity breaches of our systems and IT could adversely impact us.
- Systems and IT interruption, as well as new systems implementation, could adversely impact our ability to operate.
- We have international operations that are subject to foreign economic and political uncertainties and risks. Unexpected and adverse changes in the foreign countries in which we operate could result in project disruptions, increased cost and potential losses.
- Our backlog is subject to unexpected adjustments and cancellations.
- Our employees work on projects that are inherently dangerous and in locations where there are high security risks, and a failure to maintain a safe work site could result in significant losses.



- Our businesses could be materially and adversely affected by events outside of our control.
- Our actual results could differ from the estimates used to prepare our financial statements.
- If we experience delays or defaults in client payments, we could be negatively impacted.
- Our U.S. government contracts and contracting rights may be terminated or otherwise adversely impacted at any time, and our inability to win or renew government contracts during regulated procurement processes could harm our operations and reduce our projects and revenues.
- Our effective tax rate and tax positions may vary.
- It can be very difficult and expensive to obtain the insurance we need for our business operations.
- If we do not have adequate indemnification for our nuclear services, it could adversely affect our business and financial condition.
- Foreign currency risks could have an adverse impact on us.
- The loss of one or a few clients could have an adverse effect on us.
- Our business may be negatively impacted if we are unable to adequately protect intellectual property rights.
- Climate change, natural disasters and related environmental issues could have a material adverse impact on us.
- Increasing scrutiny and changing expectations from stakeholders with respect to sustainability practices may impose additional costs on us or expose us to reputational or other risks.
- We may be unsuccessful in implementing our strategic initiatives.

#### **Risks Related to Indebtedness and other Credit Related Risks**

- Adverse credit and financial market conditions, including increasing or continued high interest rates, could impair our clients', our partners' and our own borrowing capacity, which could negatively affect us.
- Our indebtedness could lead to adverse consequences or adversely affect our financial position and prevent us from fulfilling our obligations under such indebtedness, and any refinancing of this debt could be at significantly higher interest rates.
- We may be unable to win new contract awards if we cannot provide clients with financial assurances.

#### **Legal and Regulatory Risks**

- We are involved in litigation and regulatory proceedings, potential liability claims and contract disputes that may have a material impact on our financial condition and results of operations.
- Our failure to recover adequately on claims against project owners, subcontractors or suppliers for payment or performance could have a material effect on our financial results.
- We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.
- We could be adversely impacted if we fail to comply with domestic and international import and export laws.
- Employee, agent or partner misconduct or our overall failure to comply with laws or regulations could impair our ability to compete for contracts.
- New or changing legal requirements could adversely affect us.
- Past and future environmental, safety and health regulations could impose significant additional costs on us.

#### **Risks Related to our Equity and Corporate Governance Documents**

- If we issue additional equity securities, stockholders' ownership percentages would be diluted.
- Delaware law and our charter documents may impede or discourage a takeover or change of control.

#### **Risks Related to our Operations**

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

The demand for our services is dependent upon our clients' capital investments. Our clients' interest in approving new projects, budgets for capital expenditures and need for our services have in the past been, and may in the future be, adversely affected by, among other things, poor economic conditions (including inflation, slow growth or recession, changes to governments' fiscal or monetary policy and higher interest rates), low oil prices, political uncertainties and currency fluctuations. Clients have been and remain selective in how they allocate their capital, especially the larger scale projects in which we specialize. For example, in our Energy Solutions segment, capital expenditures by our clients are influenced by factors such as prevailing hydrocarbon prices and expectations about future prices for underlying commodities, technological advances, the costs of exploration, production and delivery of product, domestic and international political, military, regulatory and economic conditions and other similar factors. There is no guarantee that current oil prices will be sufficient to justify clients' capital expenditures, and the timing and extent of any future improvements in demand remain uncertain. Industries served by that segment and many of the others we serve have historically been and will continue to be vulnerable to general downturns, which in turn could materially and adversely affect the demand for our services.

***Our revenue and earnings are largely dependent on new awards.***

The awarding and timing of projects is unpredictable and driven by our clients. Awards, including expansions of existing projects, often involve complex and lengthy negotiations and competitive bidding processes. These processes can be impacted by a wide variety of factors including a client's decision to not proceed with the development of a project, governmental approvals, financing contingencies, oil prices, environmental conditions and overall market and economic conditions. We may not win contracts that we have bid on due to price, a client's perception of our ability to perform and/or perceived technology advantages held by others. Many of our competitors may be more inclined to take greater risks or include terms and conditions that we might not deem acceptable, especially when the markets for the services we typically offer are relatively soft. Because a significant portion of our revenue is generated from large projects, our results can fluctuate depending on whether and when large project awards occur and the commencement and progress of work under large contracts already awarded. As a result, we are subject to the risk of losing new awards to competitors or the risk that revenue may not be derived from awarded projects as quickly as anticipated. Additionally, uncertain economic and political conditions may make it difficult for our clients, our vendors and us to accurately forecast and plan future business activities. For example, changes to U.S. policies related to global trade and tariffs in recent years, and responsive changes in policy by foreign jurisdictions, have resulted in uncertainty surrounding the future of the global economy as well as retaliatory trade measures implemented by other countries. We cannot predict the outcome of changing trade policies or other unanticipated economic or political conditions, nor can we predict the timing, strength or duration of any worldwide economic recovery or downturn or in the markets that we serve.

***The nature of our contracts, particularly our lump-sum contracts, subject us to risks associated with delays and cost overruns, which may not be recoverable and may result in reduced profits or losses that could have a material impact on us.***

Because our projects are often technically complex, with multiple phases occurring over several years, we incur risks in our project execution activities. These risks could result in project delays, cost overruns or other problems and can include the following:

- Evolving estimates related to productivity, scheduling estimates or future economic conditions, including with respect to the impacts of inflation on lump-sum contracts;
- Unanticipated technical problems, including design or engineering issues;
- Inaccurate representations of site conditions and unanticipated changes in the project execution plan;
- Project modifications creating unanticipated costs or delays and failure to properly manage project modifications;
- Inability to achieve guaranteed performance or quality standards with regard to engineering, construction or project management obligations;
- Insufficient or inadequate project execution tools and systems needed to record, track, forecast and control cost and schedule;
- Reliance on historical cost and/or execution data that is not representative of current economic and/or execution conditions;
- Failure to accurately estimate the timing and cost of projects, including due to inflation, supply chain disruption, rising construction costs or unforeseen increases in the cost of labor;
- Unanticipated increases in the cost of raw materials, components or equipment, including due to inflation or the imposition of import tariffs;
- Failure to properly make judgments in accordance with applicable professional standards, including engineering standards;
- Failure to properly assess and update appropriate risk mitigation strategies and measures;
- Poor performance of our clients, partners, subcontractors, suppliers or other third parties;
- Delays or productivity issues caused by weather; and
- Changes in local laws or difficulties or delays in obtaining permits, rights of way or approvals.

These and other risks have in the past, and may in the future, result in our failure to achieve contractual cost or schedule commitments, safety performance, overall client satisfaction or other performance criteria. As a result, we may receive lower fees or lose our ability to earn incentive fees. In other cases, our fee will not change but we will have to continue to perform work without additional fees until the performance criteria is achieved. We may also incur liquidated damages if we fail to complete a project on schedule. In addition, if we fail to meet guaranteed performance or quality standards, we may be held responsible under the guarantee or warranty provisions of our contract for cost impact to the client, generally in the form of contractually agreed-upon liquidated damages or an obligation to re-perform work. To the extent these events occur, the total cost to the project (including any liquidated damages) could be material and could, in some circumstances, equal or exceed the full value of the contract. In such events, our financial condition or results of operations could be materially and negatively impacted.

In circumstances where the contract is lump-sum or the revenue is otherwise fixed, we bear significant risk for delays and cost overruns. Reimbursable contract types, such as those that include negotiated hourly billing rates, may restrict the kinds or amounts of costs that are reimbursable, therefore exposing us to the risk that we may incur certain costs in executing these contracts that are above our estimates and not recoverable from our clients.

***Intense competition in the EPC industry can impact our revenue and profits.***

We serve markets that are highly competitive and in which a large number of multinational companies compete. These markets require substantial resources, investment in technology and skilled personnel. We have seen a continuing influx of non-traditional competitors offering below-market pricing while accepting greater risk. Competition places downward pressure on our contract prices and profit margins, and could cause us to accept contractual terms and conditions that are not normal or customary, thereby increasing the risk of losses on such contracts. Intense competition is expected to continue in our markets, presenting us with challenges to maintain acceptable profit margins. To the extent we are unable to meet these competitive challenges, we could experience reduced profitability.

***Our ability to grow requires us to hire and retain qualified personnel.***

The success of our business is dependent upon being able to attract, develop and retain personnel, including engineers, project management, craft employees and management, who have the necessary and required experience and expertise, and who will perform these services at a reasonable and competitive rate. Competition for experienced personnel is intense. It may be difficult to attract and retain qualified individuals with the expertise and in the timeframe demanded by our clients. In certain geographic areas, for example, we may be unable to satisfy the demand for our services because of our inability to deploy qualified personnel. Also, it may be difficult to replace personnel who hold government required credentials. Loss of the services of, or failure to recruit, qualified technical and management personnel, including a preference by some candidates to work remotely, could limit our ability to successfully complete existing projects and compete for new projects. In addition, as costs related to our workforce are dependent on market conditions, inflationary pressure has increased, and may continue to increase, labor costs in certain geographic areas.

As some of our executives and other key personnel approach retirement age or otherwise leave the company, we need to provide for smooth transitions, which requires succession planning to identify and integrate new personnel into leadership roles. Changes in our management team may disrupt our business and the failure to successfully transition and assimilate executives or other key personnel could adversely affect our results. If we are unable to employ a sufficient number of skilled personnel or effectively implement appropriate succession plans, our ability to pursue projects may be adversely affected, the costs of executing our existing and future projects may increase.

In addition, the cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. For example, the uncertainty of contract award timing can present difficulties in matching our workforce size with project needs. If an expected contract award is delayed or not received, we could incur costs resulting from excess staff, reductions in staff, or redundancy of facilities that could have a material adverse impact on us. Increased labor costs can also impact our customers' decision making with respect to the viability or timing of certain projects, which could result in project delays or cancellations and in turn have a material adverse impact on us.

***The success of teaming arrangements and joint ventures depends on the satisfactory performance by our venture partners over whom we may have little or no control, and the failure of those partners to perform their obligations could impose additional obligations on us that could have a material impact on us.***

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

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

At times, we also participate in ventures with other parties. In such instances, we may have limited control over venture decisions and actions, including ICFR, which may have an impact on our business. If internal control problems arise within a venture, or if our venture partners have financial or operational issues, there could be a material impact on our business, financial condition or results of operations.

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

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

Some of the work performed under our contracts is performed by third-party subcontractors. We also rely on third-party suppliers to provide much of the equipment and materials used for projects. If we are unable to hire qualified subcontractors or find qualified suppliers, our ability to successfully or timely complete a project could be impaired. If the amount we are required to pay for subcontractors or equipment and supplies exceeds what we have estimated, especially in lump-sum contracts, we may suffer losses on them. If a supplier or subcontractor fails to provide supplies, technology, equipment or services as required under a contract to us, our joint venture partner, our client or any other party involved in the project for any reason, or provides supplies, technology, equipment or services that are not an acceptable quality, we may be required to source those supplies, technology, equipment or services on a delayed basis or at a higher price than anticipated, which could impact our profitability. In addition, faulty workmanship, equipment or materials could impact the overall project, resulting in claims against us for failure to meet required project specifications. These risks may be intensified during an economic downturn if these suppliers or subcontractors experience financial difficulties or find it difficult to obtain sufficient financing to fund their operations or access to bonding, and are not able to provide the services or supplies necessary for our business. A failure by a third-party subcontractor or supplier to comply with applicable laws, rules or regulations could negatively impact our business and reputation and could result in fines, penalties, suspension, or in the case of government contracts, even debarment.

***Cybersecurity breaches of our systems and IT could adversely impact us.***

We face risks related to cybersecurity threats, which could adversely affect us. Our business is dependent on the secure processing, storage, and transmission of confidential and sensitive information, including personal data of our employees, subcontractors, suppliers, business partners and clients. While we have implemented various measures to protect our systems and data from unauthorized access, cyber-attacks, and other security breaches and have endeavored to require our vendors to adhere to industry recognized security standards, these measures may be insufficient to prevent all security breaches or cyber-attacks. In addition, because the techniques used to obtain unauthorized access to IT systems change frequently, we may be unable to anticipate these techniques or implement adequate preventative measures. For example, the rapid evolution and increased adoption of artificial intelligence may intensify our cybersecurity risks.

In the event of a security breach or cyber-attack, we may experience operational disruptions, financial losses, legal claims, and reputational damage. We may also incur significant costs to remediate the effects of such incidents, including costs associated with investigating the incident, repairing or replacing damaged systems and compensating affected parties.

We may also be subject to legal and regulatory actions, investigations, and penalties related to cybersecurity incidents, which may result in significant fines, sanctions, and legal fees, as well as damage to our reputation and customer relationships. In addition, data protection and cybersecurity laws are continuously evolving at a rapid pace and on a global

level, which add heightened risk and additional costs in assessing, implementing and managing compliance measures that affect business operations. Any failure to comply with these laws and regulations could have a negative impact on us.

While we maintain insurance that specifically covers cybersecurity threats, our coverage may not sufficiently cover all types of losses or claims that we might experience.

***Systems and IT interruption, as well as new systems implementation, could adversely impact our ability to operate.***

We are heavily reliant on computer, information and communications technology and related systems, some of which are hosted by third party providers. From time to time, we experience system interruptions and delays that may be planned for upgrades or that may be unplanned. Unplanned interruptions could result from natural disasters, power loss, telecommunications failures, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error and similar events or disruptions. Any of these or other events could cause system interruptions, delays, loss of critical or sensitive data (including personal or financial data) or loss of funds; could delay or prevent operations (including the processing of transactions and reporting of financial results); and could adversely affect our reputation or our operating results. While we have and require the maintenance of reasonable safeguards designed to protect against unavailability or loss of data, these safeguards may not be sufficient. We may be required to incur significant costs to protect against or alleviate damage caused by systems interruptions and delays, which could have a material adverse effect on our business and results of operations.

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

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

Our business is subject to international economic and political conditions that change (sometimes frequently) for reasons that are beyond our control. We expect that a significant portion of our revenue and profits will continue to come from non-U.S. projects for the foreseeable future.

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

- abrupt changes in government policies, laws, treaties (including those impacting trade), regulations or leadership;
- embargoes or other trade restrictions, including sanctions;
- restrictions on currency movement;
- tax or tariff changes and withholding requirements;
- currency exchange rate fluctuations;
- changes in labor conditions and difficulties in staffing and managing international operations, including logistical and communication challenges;
- U.S. government trade or other policy changes in relation to the foreign countries in which we operate;
- other regional, social, political and economic instability, including recessions and other economic crises;
- natural disasters and public health crises, including pandemics;
- expropriation and nationalization of our assets;
- international hostilities, such as the ongoing conflict between Russia and Ukraine, which has resulted in the imposition by the U.S. and other nations of restrictive actions against Russia and certain banks, companies and individuals; and
- unrest, civil strife, acts of war, terrorism and insurrection.

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

***Our backlog is subject to unexpected adjustments and cancellations.***

Our backlog generally consists of projects for which we have an executed contract or commitment with a client and reflects our expected revenue from the contract or commitment, which is often subject to revision over time. We cannot guarantee that the revenue projected in our backlog will be realized or profitable or will not be subject to delay or suspension. Project cancellations, scope adjustments or deferrals, or foreign currency fluctuations may occur with respect to contracts reflected in our backlog and could reduce the value of our backlog and the revenue and profits that we actually earn; or, may cause the rate at which we perform on our backlog to decrease. Most of our contracts have termination for convenience provisions in them allowing clients to cancel projects. Our contracts typically provide for the payment of fees earned through the date of termination and the reimbursement of costs incurred including demobilization costs. In addition, projects may remain in our backlog for an extended period of time. During periods of economic slowdown, or decreases and/or instability in oil prices, the risk of projects being suspended, delayed or canceled generally increases. Finally, poor project or contract performance could also impact our backlog and profits. Such developments could have a material adverse effect on our business and our profits.

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

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

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

Extraordinary or force majeure events beyond our control, such as natural or man-made disasters, severe weather conditions, public health crises, supply chain disruption, political crises or other catastrophic events, could negatively impact our ability to operate or increase our costs to operate. Such events may result in disruptions to our operations; evacuation of personnel; increased labor and material costs or shortages; inability to deliver materials, equipment and personnel to jobsites in accordance with contract schedules; and loss of productivity. We may remain obligated to perform our services after any such events, unless a contract provision provides us with relief from our obligations. The extra costs incurred as a result of these events may not be reimbursed by our clients. If we are not able to react quickly to such events, or if a high concentration of our projects are impacted by such an event, our operations may be adversely affected. In addition, if we cannot complete our contracts on time, we may be subject to potential liability claims by our clients, which may reduce our profits and result in losses.

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

In preparing our financial statements, we make estimates and assumptions that affect the reported values of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities. Areas requiring significant estimates by our management include:

- determination of profitability;

- recognition of project incentives, awards, change orders, claims or other variable consideration we expect to receive;
- estimated amounts for project losses, warranty costs, contract close-out or other costs;
- collectability of receivables and the need and amount of any allowance;
- income tax provisions and related valuation allowances;
- determination of potential liabilities under pension and other post-retirement benefit programs; and
- accruals for other estimated liabilities, including litigation and insurance reserves and receivables.

Estimates are based on management's reasonable assumptions and experience, but are only estimates. Our actual business and financial results could differ from our estimates of such results due to changes in facts and circumstances, which could have a material negative impact on our financial condition and results of operations. Further, we recognize contract revenue as work on a contract progresses. The cumulative amount of revenue recorded on a contract at any point is that percentage of total estimated revenue that costs incurred to date bear to estimated total costs. Accordingly, contract revenue and total cost estimates are reviewed and revised as the work progresses. Adjustments are reflected in contract revenue in the period when such estimates are revised. Such adjustments could be material and could result in reduced profitability.

***If we experience delays or defaults in client payments, we could be negatively impacted.***

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

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

We have a significant portfolio of government contracts, including those that we have in place with the DOE and U.S. Department of Defense. U.S. government contracts are subject to various uncertainties, restrictions and regulations, including oversight audits by government agencies and profit and cost controls, which could result in withholding or delay of payments to us. U.S. government contracts are also subject to uncertainties associated with congressional funding, including the potential impacts of budget deficits, government shutdowns and federal sequestration. A significant reduction in federal government spending or a change in budgetary priorities could reduce demand for our services, cancel or delay federal projects, and result in the closure of federal facilities and significant personnel reductions. Changes in U.S. government priorities, which can occur due to policy changes or economic changes, could adversely impact our revenues. The U.S. government is under no obligation to maintain program funding at any specific level, and funds for a program may even be eliminated. Our U.S. government clients may terminate or decide not to renew our contracts with little or no prior notice.

In addition, U.S. government contracts are subject to specific regulations such as the Federal Acquisition Regulation ("FAR"), the Truth in Negotiations Act, the Cost Accounting Standards ("CAS"), the Service Contract Act and Department of Defense security regulations. Failure to comply with any of these regulations and other government requirements may result in contract price adjustments, financial penalties or contract termination. Our U.S. government contracts are also subject to audits, cost reviews and investigations by U.S. government oversight agencies such as the U.S. Defense Contract Audit Agency (the "DCAA"). The DCAA reviews the adequacy of, and our compliance with, our internal controls and policies (including our labor, billing, accounting, purchasing, estimating, compensation and management information systems). The DCAA also has the ability to review how we have accounted for costs under the FAR and CAS. The DCAA presents its findings to the Defense Contract Management Agency ("DCMA"). Should the DCMA determine that we have not complied with the terms of our contract and applicable statutes and regulations, or if they believe that we have engaged in inappropriate accounting or other activities, payments to us may be disallowed or we could be required to refund previously collected payments. Additionally, we may be subject to criminal and civil penalties, suspension or debarment from future government contracts, and qui tam litigation brought by private individuals on behalf of the U.S. government under the False Claims Act, which could include claims for treble damages. These suits may remain under seal (and hence, be unknown to us) for some time while the government decides whether to intervene on behalf of the qui tam plaintiff. Furthermore, if we have significant

disagreements with our government clients concerning costs incurred, negative publicity could arise, which could adversely affect our industry reputation and our ability to compete for new contracts in the government arena or otherwise.

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

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

***Our effective tax rate and tax positions may vary.***

We are subject to income taxes where we do business. A change in tax laws, treaties or regulations, or their interpretation, in any country in which we operate could change our overall tax rate, which could have a material impact on our results of operations. In addition, significant judgment is required in determining our worldwide provision for income taxes and our judgments could prove inaccurate. There are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities, and our tax estimates and tax positions could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new tax accounting standards, legislation, regulations and related interpretations, our global mix of earnings, our ability to realize deferred tax assets and changes in uncertain tax positions. Future changes in our tax rate or adverse changes in tax laws could have a material adverse effect on our profitability and liquidity. We may also be exposed to limitations on our ability to reinvest earnings from operations in one country to fund our operations in other countries due to tax laws in different jurisdictions.

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

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

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

We provide services to the DOE and the nuclear energy industry in the on-going maintenance and modification of nuclear facilities as well as decontamination and decommissioning activities of nuclear plants. The Price-Anderson Act generally indemnifies parties performing services to nuclear power plants and DOE contractors; however, not all of our activities are covered. Thus, if the Price-Anderson Act indemnification protections do not apply to our services, or if the exposure occurs outside of the U.S. in a region that does not have protections comparable to the Price-Anderson Act, our business and financial condition could be adversely affected by our client's refusal to contract with us, by our inability to obtain commercially reasonable insurance or third party indemnification, or by the potentially significant monetary damages we could incur.

***Foreign currency risks could have an adverse impact on us.***

Our contracts may subject us to foreign currency risk, particularly when project revenue is denominated in a currency different than the expected costs. Contracts may be denominated in different currencies at various points in time as a project progresses. We may attempt to minimize our exposure to foreign currency risk by obtaining contract provisions that protect us from foreign currency fluctuations and/or by implementing hedging strategies utilizing derivatives. However, these actions may not always eliminate all foreign currency risk, and as a result, our profitability could be affected.



Our monetary assets and liabilities denominated in nonfunctional currencies are subject to remeasurement. In addition, the U.S. dollar value of our backlog may from time to time increase or decrease significantly due to foreign currency volatility.

***The loss of one or a few clients could have an adverse effect on us.***

A few clients, including the U.S. government, state governments and governmental agencies comprise a significant portion of our revenue. Although we have long-standing relationships with many of our significant clients, our clients may unilaterally reduce, fail to renew or terminate their contracts with us at any time. Most of our contracts have "termination for convenience" provisions in them. The loss of business from a significant client could have a material adverse effect on our business, financial position and results of operations.

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

Our success is impacted by our ability to differentiate our services through our technologies and know-how. This includes the ability to protect intellectual property rights. We utilize a combination of patents, copyrights, trade secrets, confidentiality agreements and other contractual arrangements to protect our interests. However, these methods only provide limited protection and may not adequately protect our interests. Our employees, contractors and joint venture partners are subject to confidentiality obligations, but this protection may be inadequate to deter or prevent misappropriation of our confidential information and/or infringement of our intellectual property rights. This can be especially true in certain foreign countries where intellectual property does not have equivalent protections as in the U.S., or when our joint venture partner is a competitor who will gain access to our procedures and know-how while working with us in the performance of services.

Our clients require broad ownership rights in the work product and other materials we deliver. If we are unable to retain ownership of our intellectual property and improvements thereto, it may affect our ability to provide similar services to other clients in the future, which ultimately, could have a material adverse effect on our operations.

Our competitors or others may independently develop technology substantially similar to our trade secret technology or we may be unsuccessful in preserving our intellectual property rights in the future. Our intellectual property rights could be invalidated, circumvented, challenged or infringed upon. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management's attention.

In addition, our clients or other third parties may also provide us with their technology and intellectual property. There is a risk that we may not sufficiently protect against improper use, access or dissemination and, as a result, we could be subject to claims and litigation and resulting liabilities, loss of contracts or other consequences that could have an adverse impact on us.

We also hold licenses from third parties utilized in our business operations. If we are no longer able to license such technology on commercially reasonable terms or otherwise, we could be adversely affected. When we license our intellectual property to third parties, the scope of such license grant is generally limited. If such third party exceeds the scope of the license grant, and if we are unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights, our revenue and margins will be adversely impacted, and the value of our intellectual property portfolio may be adversely affected.

***Climate change, natural disasters and related environmental issues could have a material adverse impact on us.***

Climate-related events, such as increased frequency and severity of storms, floods, wildfires, droughts, hurricanes, freezing conditions, and other natural disasters, may have a long-term impact on our business, financial condition and results of operation. While we seek to mitigate our business risks associated with climate change, we recognize that there are inherent climate related risks regardless of where we conduct our businesses. For example, a catastrophic natural disaster could negatively impact any of our office locations and the locations of our clients. Access to clean water and reliable energy in the communities where we conduct our business is critical to our operations. Accordingly, a natural disaster has the potential to disrupt our and our clients' businesses and may cause us to experience work stoppages, supply chain disruptions, project delays, financial losses and additional costs to resume operations, including increased insurance costs or loss of cover, legal liability and reputational losses.

Further, the risks caused by climate change span across the full spectrum of the industries we serve. The direct physical risks that climate change poses through chronic environmental changes, such as rising sea levels and temperatures, and acute events, such as hurricanes, droughts and wildfires, is common to each of these industries. Our clients could face increased costs to maintain their assets, which could result in reduced profitability and fewer resources for strategic investment. These types of physical risks could in turn lead to transitional risks (i.e., the degree to which society responds to the threat of climate change). For example, growing concerns about climate change may result in activism, protests, legislation, international

protocols or treaties, regulation or other restrictions on greenhouse gas emissions or that otherwise seek to address climate change that could affect our clients, including those who (a) are involved in the exploration, production or refining of fossil fuels, such as our Energy Solutions clients, (b) emit greenhouse gases through the combustion of fossil fuels or (c) emit greenhouse gases through the mining, manufacture, utilization or production of materials or goods. Such actions could increase the costs of projects for us and our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for our services, which would in turn have a material adverse impact on us. However, policy changes and climate legislation could also accelerate energy transition, including the development of carbon capture and storage projects, alternative transportation, alternative energy facilities, such as wind farms or nuclear reactors, or incentivize increased implementation of clean fuels projects, which could positively impact the demand for our services. We cannot predict when or whether any of these legislative proposals may become law or what effect will be on us and our clients.

We may also incur additional expenses implementing U.S. and international regulations requiring additional disclosures regarding GHG emissions and/or broader ESG-related factors. Compliance with such regulations and the associated potential costs is complicated by various countries and regions following different approaches to the regulation of climate change.

***Increasing scrutiny and changing expectations from stakeholders with respect to sustainability practices may impose additional costs on us or expose us to reputational or other risks.***

Investors, clients and other stakeholders have increasingly focused on the ESG practices of companies, including practices with respect to human capital, emissions and environmental impact and political spending. Expectations and requirements evolve rapidly and are largely out of our control, and our ESG initiatives and disclosures in response to such expectations and requirements may result in increased costs (including but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), change in demand for certain services, enhanced compliance or disclosure obligations, or other adverse impacts to our business or results of operations. While we have programs and initiatives in place related to our ESG practices, investors may decide to reallocate capital or to not commit capital as a result of their assessment of our practices. In addition, our clients may require that we adhere to varying ESG standards. Our failure to comply with investor or client standards, which are evolving, or if we are perceived to not have responded appropriately to the growing concern for these issues could also cause reputational harm to our business and could have a material adverse effect on us. In addition, organizations that provide ratings information to investors on ESG matters may have unfavorable views on us, which may lead to negative sentiment.

In addition, while we may create and publish voluntary disclosures regarding ESG matters, many of the statements in those voluntary disclosures are based on expectations and assumptions that may not be representative of current or actual risks, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. In addition, we expect that there will likely be increasing levels of regulation, disclosure-related and otherwise, with respect to ESG matters. For example, the SEC has published proposed rules that would require companies to provide significantly expanded climate-related disclosures. Requirements from the SEC, European or other regulators may require us to incur significant costs to comply and distract our management and Board of Directors.

***We may be unsuccessful in implementing our strategic initiatives.***

We have announced a number of strategic initiatives, including plans to divest our remaining Stork operations and reduce our ownership of NuScale. Our ability to successfully execute these initiatives is subject to various risks and uncertainties, including regulatory intervention, which may negatively impact the realization of expected benefits. Our failure to realize the anticipated benefits, which may be due to our inability to execute, competition, economic conditions, and other risks described herein, could have a material adverse effect on us. Divesting businesses involves risks and uncertainties, such as the difficulty separating assets related to such businesses from the businesses we retain, employee distraction, and the need to obtain regulatory approvals and other third-party consents, which potentially disrupts customer and vendor relationships. Such actions also involve significant costs and require time and attention of our management, which may divert attention from other business operations. Because of these challenges, as well as market conditions or other factors, anticipated divestitures may take longer or be costlier or generate fewer benefits than expected and may not be completed at all. If we are unable to complete the divestitures or to successfully transition divested businesses, our business and financial results could be negatively impacted. If we dispose of a business, we may not be able to successfully cause a buyer of a divested business to assume the liabilities of that business or, even if such liabilities are assumed, we may have difficulties enforcing our rights, contractual or otherwise, against the buyer. We may retain exposure on financial or performance guarantees and other contractual, employment, pension and severance obligations, and potential liabilities that may arise under law because of the disposition or the subsequent failure of an acquirer.

## **Risks Related to Indebtedness and other Credit Related Risks**

***Adverse credit and financial market conditions, including increasing or continued high interest rates, could impair our clients', our partners' and our own borrowing capacity, which could negatively affect us.***

Our ability to generate cash is important for the funding of our operations, investing in ventures, the servicing of our indebtedness, paying dividends and making acquisitions. To the extent that existing cash balances and operating cash flow, together with borrowing capacity under our credit facilities, are insufficient to make investments or acquisitions or provide needed working capital, we may require additional financing from other sources. Our ability to obtain such additional financing will depend upon prevailing capital market conditions, including those arising due to events occurring in our industry, as well as conditions in our business and our operating results; and those factors may affect our efforts to negotiate terms that are acceptable to us. Furthermore, if global economic, industry, political or other market conditions adversely affect the financial institutions that provide credit to us, it is possible that our ability to establish or draw upon our credit facilities, or refinance borrowings as they mature, may be impacted. In addition, a downgrade in our credit rating could increase the cost of our borrowings or their refinancing, limit access to sources of financing or lead to other adverse consequences such as requirements for liens or other forms of financial assurance. If adequate funds are not available, or are not available on acceptable terms, we may be unable to make future investments, take advantage of acquisitions or other opportunities, or respond to competitive challenges.

In addition, adverse credit and financial market conditions, including increasing or continued high interest rates, also adversely affect our clients' and our partners' borrowing capacity, which could result in contract cancellations or suspensions, project award and execution delays, payment delays or defaults by our clients. These disruptions could materially impact our backlog and profits.

***Our indebtedness could lead to adverse consequences or adversely affect our financial position and prevent us from fulfilling our obligations under such indebtedness, and any refinancing of this debt could be at significantly higher interest rates.***

Our indebtedness could have important consequences, including but not limited to:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our operating cash flow to servicing our debt, thereby reducing the availability of cash to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes; and
- limiting our flexibility in planning for, or reacting to, challenges and opportunities, and changes in our businesses and the markets in which we operate.

Our ability to service our debt will depend on our future operating performance and financial results, which may be subject to factors beyond our control, including general economic, financial and business conditions. If we do not have sufficient cash flow to service our debt, we may need to refinance all or part of our existing debt, borrow more money or sell securities or assets, some or all of which may not be available to us at acceptable terms or at all. In addition, we may need to incur additional debt in the future in the ordinary course of business. Although the terms of our credit agreements and our bond indentures allow us to incur additional debt, there are limitations which may preclude us from incurring the desired amount.

Our current debt and any future additional debt we may incur impose, or may impose, significant operating and financial restrictions on us. In addition, our credit facilities require us to maintain specified financial covenants. A breach of any of these covenants could result in a default. If a default occurs, the relevant lenders could elect to accelerate payments due. If our operating performance declines, or if we are unable to comply with any covenant, we may need to obtain amendments to our credit agreements or waivers from the lenders to avoid default. These factors could have a material adverse effect on us.

***We may be unable to win new contract awards if we cannot provide clients with financial assurances.***

It is a common industry practice for clients to require us to provide surety bonds, letters of credit, bank guarantees or other forms of financial assurance as credit enhancements. Surety bonds, letters of credit or guarantees indemnify our clients if we fail to perform our contractual obligations. Historically, we have had strong surety bonding capacity due to our credit ratings, but bonding is provided at the surety's sole discretion. In addition, because of the overall limitations in worldwide bonding capacity, we may find it difficult to access sufficient surety bonding capacity to meet our total surety bonding needs. For letters of credit, we have historically had adequate capacity under our existing credit facilities, but any capacity that may be required in excess of our credit limits would be at our lenders' sole discretion. Failure to provide credit enhancements on terms required by a client may result in an inability to compete for or win a project.

**Legal and Regulatory Risks**

***We are involved in litigation and regulatory proceedings, potential liability claims and contract disputes that may have a material impact on our financial condition and results of operations.***

We are subject to a variety of legal or regulatory proceedings, liability claims or contract disputes. Our operating activities expose us to claims against us by clients, subcontractors or suppliers for recovery of costs they incurred in excess of what they expected to incur, or for which they believe they are not contractually liable. We may be named as a defendant in legal proceedings where parties may make a claim for damages or other remedies with respect to our projects or other matters, including shareholder litigation. During times of economic uncertainty, especially with regard to our commodity-based clients, claim frequencies and amounts tend to increase.

In proceedings where it is determined that we have liability, we may not be covered by insurance or these liabilities may exceed our coverage. In addition, even where insurance is maintained for such exposure, the policies have deductibles resulting in our assuming exposure for a layer of coverage with respect to any such claims. Our professional liability coverage is on a "claims-made" basis covering only claims actually made during the policy period. Any liability not covered by our insurance, in excess of our insurance limits or, if covered by insurance but subject to a high deductible, could have a material adverse impact on us.

In other legal or regulatory proceedings, liability claims or contract disputes, we may be covered by indemnification agreements that may at times be difficult to enforce. Even if enforceable, it may be difficult to recover under these agreements if the indemnitor does not have the ability to financially support the indemnity. Litigation and regulatory proceedings are subject to inherent uncertainties, and unfavorable rulings could occur, including for monetary damages. If we were to receive an unfavorable ruling in a matter, our business and results of operations could be materially harmed. Such proceedings can also be costly, time-consuming, disruptive to operations and distracting to management, regardless of the outcome.

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

We occasionally bring claims against clients for additional costs exceeding the contract price or for amounts not included in the original contract price. Similarly, we present change orders and claims to our subcontractors and suppliers. If we fail to properly provide notice or document the nature of change orders or claims, or are otherwise unsuccessful in negotiating a reasonable settlement, we could incur reduced profits, cost overruns and in some cases a loss on the project. These types of claims can occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional cost. These claims can result in lengthy and costly proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and while unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial results.

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

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials or others for the purpose of obtaining or retaining business. While our policies mandate compliance with these anti-bribery laws, we operate in many parts of the world that have experienced corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We train our personnel concerning anti-bribery laws and issues, and we also inform our partners, subcontractors, suppliers, agents and others who work for us or on our behalf that they must comply with anti-bribery law requirements. We also have procedures and controls in place to monitor compliance. However, there is no assurance that our internal controls will always protect us from the possible reckless or criminal acts

committed by our employees or agents. If we are found to be liable for anti-bribery law violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others including our partners, agents, subcontractors or suppliers), we could suffer from criminal or civil penalties or other sanctions, including contract cancellations or debarment, and damaged reputation, any of which could have a material adverse effect on our business. Litigation or investigations relating to alleged or suspected violations of anti-bribery laws, even if ultimately such litigation or investigations demonstrate that we did not violate anti-bribery laws, could be costly and could distract management.

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

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

***Employee, agent or partner misconduct or our overall failure to comply with laws or regulations could impair our ability to compete for contracts.***

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

***New or changing legal requirements could adversely affect us.***

Our business and results of operations could be affected by the passage of laws, policies and regulations. The implementation of trade barriers, countervailing duties, or border taxes, or the addition, relaxation or repeal of laws, policies and regulations regarding the industries and sectors in which we work could result in a decline in demand for our services, or may make the manner in which we perform our services, less profitable. Furthermore, changes to existing trade agreements may impact our business operations. We cannot predict when or whether any of these various legislative and regulatory proposals may become law or what their effect will be on us and our clients.

***Past and future environmental, safety and health regulations could impose significant additional costs on us.***

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

We are subject to a number of regulations such as those from the U.S. Nuclear Regulatory Commission and non-U.S. regulatory bodies, such as the International Atomic Energy Commission and the European Union, which can have a substantial effect on our nuclear operations and investments. Delays in receiving necessary approvals, permits or licenses, the failure to maintain sufficient compliance programs, and other problems encountered during construction (including changes to such regulatory requirements) could have an adverse effect on us.

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

### **Risks Related to our Equity and Corporate Governance Documents**

#### ***If we issue additional equity securities, stockholders' ownership percentages would be diluted.***

We may in the future issue additional equity securities to pay for potential acquisitions or to otherwise fund our corporate initiatives. If we do issue additional equity securities, the issuance may dilute our earnings per share and stockholders' percentage ownership.

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

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

- stockholders may not act by written consent;
- there are various restrictions on the ability of a stockholder to call a special meeting or to nominate a director for election; and
- our Board of Directors can authorize the issuance of preferred shares.

These types of provisions in our charters and bylaws could also make it more difficult for a third party to acquire us, even if the acquisition would be beneficial to our equity holders.

#### **Item 1B. *Unresolved Staff Comments***

None.

#### **Item 1C. *Cybersecurity***

##### ***Risk Management and Strategy***

We maintain a cybersecurity program designed to assess, identify and manage risks from cybersecurity threats that may result in adverse effects on the confidentiality, integrity and availability of our information systems. Dedicated security, privacy, information governance and compliance professionals administer the program with oversight by our senior management team.

We have integrated cybersecurity risk into our broader enterprise risk management framework. Our cyber risk program leverages internationally recognized standards as appropriate. We use a combination of technology controls, human oversight and processes to actively monitor and protect our network and systems. All employees participate in a number of information security training programs. Employees receive training on how to spot and report cyber risks and events through our global cybersecurity awareness program. In addition, we hold cybersecurity risk insurance.

We engage outside experts to evaluate and review our cybersecurity programs. These external reviews include regular audits, threat assessments, vulnerability scans, simulated attacks and other advice regarding information security practices. We regularly conduct incident response exercises with key stakeholders.

To manage risks associated with third-party service providers, we typically require new vendors with access to our computing environment or sensitive data to undergo a risk assessment from our information security team. We conduct periodic reviews of these vendors to evaluate compliance with our cybersecurity policies. We strive to ensure that our contracts with such vendors require them to maintain security controls in line with industry best practices, applicable laws and our policies. We rely on vendors to notify us in a timely manner of material cybersecurity incidents, by virtue of the documents governing their relationship with us or applicable law.

## **Governance**

Cybersecurity is overseen by our Board of Directors with assistance from the Audit Committee. Our Board of Directors receives quarterly reports from management which may address a broad range of cybersecurity and IT topics, including trends, regulatory developments, data security policies and practices, cybersecurity incidents, current and projected threat assessments and ongoing efforts to prevent, detect and respond to critical threats.

Our Audit Committee, which is responsible for oversight of cybersecurity risks, periodically reviews and discusses with management, including the Chief Information Officer, risk issues associated with cybersecurity and policies and controls intended to mitigate those risks.

Our Chief Information Security Officer (“CISO”), who has extensive cybersecurity knowledge and skills gained from over 25 years of work experience, heads the team responsible for cybersecurity. Our CISO’s team is responsible for leading enterprise-wide cybersecurity strategy, policy, standards and processes. The team includes senior professionals, many with more than 15 years of cybersecurity expertise and industry certifications such as Certified Information Security Systems Professional, CompTIA Security+, Global Information Assurance Certification, and Certified Ethical Hacker. Members of the team are provided with opportunities to attend external training, conferences, and other events to keep abreast of the latest cybersecurity trends. Our CISO receives ongoing updates from his team regarding the prevention, detection, mitigation, and remediation of cybersecurity incidents.

Our CISO reports to our Chief Information Officer, who meets with our Audit Committee at least annually to discuss cybersecurity risk and related issues. These meetings may encompass a broad range of topics, including:

- cybersecurity initiatives and strategies,
- cybersecurity events,
- emerging threats,
- regulatory requirements, and
- industry standards.

In the event of a cybersecurity incident, we have an incident response plan which sets forth a framework to report and document such incidents to our cybersecurity incident response team. This framework is designed with the goal of enabling the response team to take actions to monitor, mitigate and remediate such incidents in a timely manner. Cybersecurity incidents are regularly reported to the Chief Information Officer and certain critical events are reported to the CEO and the crisis management team comprised of senior executives. We also have protocols in place by which certain cybersecurity incidents are reported to the Board of Directors as part of their oversight of cybersecurity matters.

## **Cybersecurity Risks, Threats and Material Incidents**

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected us, including our business strategy, results or operations or financial condition, and we do not believe that such risks are reasonably likely to have such an effect over the long term. While we are not aware of any cybersecurity incidents through the date of this report that have materially affected us, there can be no guarantee that we will not be the subject of future material cybersecurity incidents. Additional information on cybersecurity risks we face can be found in Item 1A of this 10-K, which should be read in conjunction with the foregoing information.

## **Item 2. Properties**

### **Major Facilities**

Our operations are conducted at both owned and leased properties in U.S. and foreign locations totaling approximately 7.1 million rentable square feet, which is comparable to last year. Our executive offices are located at 6700 Las Colinas Boulevard, Irving, Texas. As our business frequently changes, the extent of utilization of the facilities by particular segments cannot be accurately stated. In addition, certain of our properties are leased or subleased to third party tenants. While we have operations worldwide, the following summarizes our more significant existing facilities:

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

In addition, we lease or own a number of individually insignificant offices, warehouses and equipment yards strategically located throughout the world. We also own or lease fabrication yards in China and Mexico through various joint ventures.

**Item 3. *Legal Proceedings***

As part of our normal business activities, we are party to a number of legal proceedings and other matters in various stages of development. We periodically assess our liabilities and contingencies for these matters based upon the latest information available.

For information on legal proceedings and matters in dispute, see the Consolidated Financial Statements in this report.

**Item 4. *Mine Safety Disclosures***

None.



**PART II**

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

Our common stock is traded on the New York Stock Exchange under the symbol "FLR."

We have paid no dividends on our common stock since April 2020. Any future cash dividends will depend upon our results of operations, financial condition, cash requirements and such other factors as our Board of Directors may deem relevant.

At January 31, 2024, there were 3,842 stockholders of record of our common stock.

**Issuer Purchases of Equity Securities**

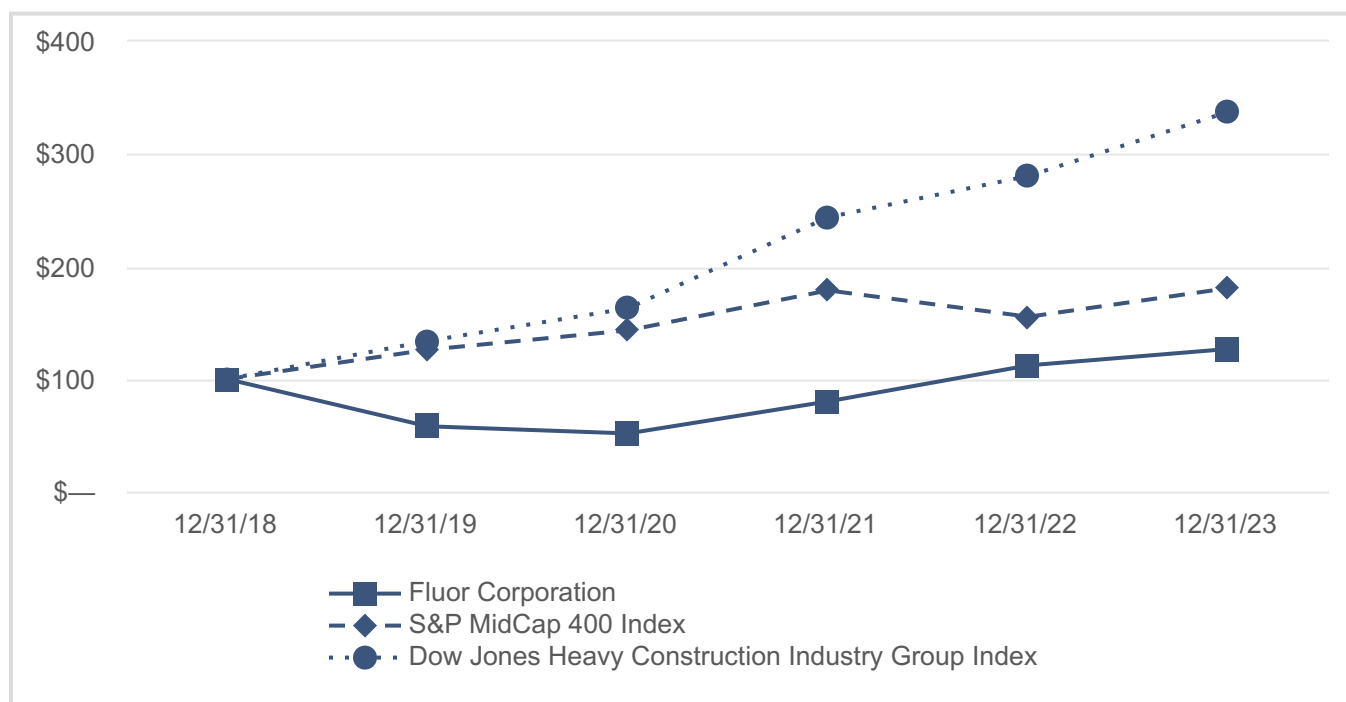
The following table provides information for the 3 months ended December 31, 2023 about purchases by the company of equity securities that have been registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

| Period                       | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs <sup>(1)</sup> |
|------------------------------|----------------------------------|------------------------------|--|---|
| October 1–October 31, 2023   | —                                | \$ —                         | —  | 10,513,093  |
| November 1–November 30, 2023 | —                                | —                            | —  | 10,513,093  |
| December 1–December 31, 2023 | —                                | —                            | —  | 10,513,093  |
| <b>Total</b>                 | <b>—</b>                         | <b>\$ —</b>                  | <b>—</b>   | <b>—</b>  |

(1) The share repurchase program, as amended, totals 34,000,000 shares. We may repurchase shares from time to time in open market transactions or privately negotiated transactions, including through pre-arranged trading programs, at our discretion, subject to market conditions and other factors and at such time and in amounts that we deem appropriate.

**Performance Graph**

Set forth below is a performance graph comparing the cumulative total return (assuming reinvestment of dividends), in U.S. Dollars, for the calendar years ended December 31, 2019, 2020, 2021, 2022 and 2023 of \$100 invested on December 31, 2018 in our common stock, the S&P MidCap 400 Index and the Dow Jones Heavy Construction Industry Group Index.



|   | Year Ended December 31, |           |           |           |           |           |
|---|-------------------------|-----------|-----------|-----------|-----------|-----------|
|   | 2018                    | 2019      | 2020      | 2021      | 2022      | 2023      |
| Fluor Corporation                                 | \$ 100.00               | \$ 58.07  | \$ 51.70  | \$ 80.19  | \$ 112.21 | \$ 126.81 |
| S&P MidCap 400 Index                              | \$ 100.00               | \$ 126.09 | \$ 143.39 | \$ 178.85 | \$ 155.42 | \$ 180.90 |
| Dow Jones Heavy Construction Industry Group Index | \$ 100.00               | \$ 133.82 | \$ 162.88 | \$ 243.89 | \$ 280.60 | \$ 337.69 |

**Item 6. [Reserved]**

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

The following discussion and analysis should be read in conjunction with our financial statements. A discussion and analysis of the operating results of 2022 compared to 2021 are included in our 2022 10-K and have not been repeated in this 10-K.

**Developments in Our Business**

We have retained Stork's North American operations, which largely consists of our operations and maintenance business owned by Fluor prior to our acquisition of Stork. This business, renamed Plant & Facility Services, is included in our Urban Solutions segment for all periods presented.

In March 2023, we sold our AMECO South America business, which included operations in Chile and Peru. This transaction marked the completion of the AMECO divestiture for total proceeds of \$144 million, including \$17 million in 2023. Previous AMECO divestitures included assets in Africa, the Caribbean, Mexico and North America. Upon the sale of AMECO South America in 2023, we recognized a \$60 million negative earnings impact, including \$35 million associated with foreign currency translation.

In August and September 2023, we completed the issuance of the 2029 Notes and the conversion of all our CPS. In December 2023, we discharged the remaining outstanding 2024 Notes. In doing so, we irrevocably transferred interest-bearing Treasury securities to the trustee of the 2024 Notes.

In 2023, we agreed to sell Stork's European business. This transaction is expected to close in the first half of 2024. However, the conditions imposed by the SPA prevent us from classifying the business as held-for-sale. In December 2023, we sold the Stork business in Latin America, largely for the assumption of debt by the purchaser. We recognized a \$93 million negative earnings impact on sale, including \$33 million associated with foreign currency translation.

**Results of Operations**

| (in millions)  | YEAR ENDED DECEMBER 31, |               |              |               |            |               |              |
|--|-------------------------|---------------|--------------|---------------|------------|---------------|--------------|
|  | 2023                    |               | 2022         |               | 2021       |               |              |
| <b>Revenue</b>   |                         |               |              |               |            |               |              |
| Energy Solutions   | \$                      | 6,307         | \$           | 5,872         | \$         | 4,956         |              |
| Urban Solutions  |                         | 5,262         |              | 4,373         |            | 4,832         |              |
| Mission Solutions  |                         | 2,655         |              | 2,289         |            | 3,063         |              |
| Other  |                         | 1,250         |              | 1,210         |            | 1,305         |              |
| <b>Total revenue</b>   | <b>\$</b>               | <b>15,474</b> | <b>\$</b>    | <b>13,744</b> | <b>\$</b>  | <b>14,156</b> |              |
| <b>Segment profit (loss) \$ and margin %</b>                             |                         |               |              |               |            |               |              |
| Energy Solutions   | \$                      | 381           | 6.0 %        | \$            | 301        | 5.1 %         |              |
| Urban Solutions  |                         | 268           | 5.1 %        |               | 17         | 0.4 %         |              |
| Mission Solutions  |                         | 116           | 4.4 %        |               | 136        | 5.9 %         |              |
| Other  |                         | (228)         | NM           |               | (27)       | NM            |              |
| <b>Total segment profit \$ and margin %<sup>(1)</sup></b>                | <b>\$</b>               | <b>537</b>    | <b>3.5 %</b> | <b>\$</b>     | <b>427</b> | <b>3.1 %</b>  |              |
| G&A  |                         | (232)         |              | (237)         |            | (226)         |              |
| Impairment   |                         | —             |              | 24            |            | (290)         |              |
| Gain (loss) on pension settlement  |                         | —             |              | 42            |            | (198)         |              |
| Foreign currency gain (loss)   |                         | (98)          |              | 25            |            | (13)          |              |
| Interest income (expense), net   |                         | 168           |              | 35            |            | (73)          |              |
| Earnings (loss) from Cont Ops attributable to NCI                        |                         | (60)          |              | (72)          |            | 39            |              |
| Earnings (loss) from Cont Ops before taxes                               |                         | 315           |              | 244           |            | (346)         |              |
| Income tax (expense) benefit   |                         | (236)         |              | (171)         |            | (20)          |              |
| Net earnings (loss) from Cont Ops  |                         | 79            |              | 73            |            | (366)         |              |
| Less: Net earnings (loss) from Cont Ops attributable to NCI              |                         | (60)          |              | (72)          |            | 39            |              |
| <b>Net earnings (loss) from Cont Ops attributable to Fluor</b>           |                         | <b>139</b>    |              | <b>145</b>    |            | <b>(405)</b>  |              |
| Less: Dividends on CPS   |                         | 29            |              | 39            |            | 24            |              |
| Less: Make-whole payment on conversion of CPS                            |                         | 27            |              | —             |            | —             |              |
| Net earnings (loss) from Cont Ops available to Fluor common stockholders | <b>\$</b>               | <b>83</b>     |              | <b>\$</b>     | <b>106</b> | <b>\$</b>     | <b>(429)</b> |
| <b>New awards</b>  |                         |               |              |               |            |               |              |
| Energy Solutions   | \$                      | 6,871         | \$           | 6,512         | \$         | 3,313         |              |
| Urban Solutions  |                         | 10,141        |              | 6,900         |            | 2,877         |              |
| Mission Solutions  |                         | 1,055         |              | 5,347         |            | 2,718         |              |
| Other  |                         | 1,461         |              | 1,056         |            | 1,062         |              |
| <b>Total new awards</b>  | <b>\$</b>               | <b>19,528</b> | <b>\$</b>    | <b>19,815</b> | <b>\$</b>  | <b>9,970</b>  |              |
| New awards related to projects located outside of the U.S.               |                         | 76 %          |              | 46 %          |            | 61 %          |              |

| (in millions)   | December 31, 2023 | December 31, 2022 |           |               |
|---|-------------------|-------------------|-----------|---------------|
| <b>Backlog<sup>(2)(3)</sup></b>                         |                   |                   |           |               |
| Energy Solutions  | \$                | 9,722             | \$        | 9,134         |
| Urban Solutions   |                   | 14,848            |           | 10,270        |
| Mission Solutions                                       |                   | 3,945             |           | 5,666         |
| Other   |                   | 926               |           | 979           |
| <b>Total backlog</b>                                    | <b>\$</b>         | <b>29,441</b>     | <b>\$</b> | <b>26,049</b> |
| Backlog related to projects located outside of the U.S. |                   | 62 %              |           | 49 %          |
| Backlog related to lump-sum projects                    |                   | 24 %              |           | 37 %          |

- (1) Total segment profit is a non-GAAP financial measure. We believe that total segment profit provides a meaningful perspective on our results as it is the aggregation of individual segment profit measures that we use to evaluate and manage our performance.
- (2) Backlog represents the total amount of revenue we expect to record in the future based upon contracts that have been awarded to us. Backlog is stated in terms of gross revenues and may include significant estimated amounts of third-party, subcontracted, CFM and pass-through costs. For projects related to proportionately consolidated joint ventures, we include only our percentage ownership of each joint venture's backlog. We recognize new awards into backlog when we and our client have approved the contract (written or verbal) and are committed to perform our respective obligations. Although backlog reflects business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. Backlog is adjusted to reflect any known project cancellations, revisions to project scope and cost, foreign currency exchange fluctuations and project deferrals, as appropriate. Backlog differs from RUPO discussed elsewhere in this 10-K. Backlog includes the amount of revenue we expect to recognize under ongoing operations and maintenance contracts for the remainder of the current year renewal period plus up to 3 additional years if renewal is considered to be probable, while RUPO includes only the amount of revenue we expect to recognize under contracts with definite terms and substantive termination provisions.
- (3) Includes backlog of \$1.3 billion and \$1.8 billion for legacy projects in a loss position as of December 31, 2023 and 2022, respectively.

While we experienced reductions in demand for certain services and the delay or abandonment of ongoing or anticipated projects during the COVID pandemic, our ability to win work was not materially impacted by COVID during 2023, as most of our markets and our clients' spending patterns have returned to pre-COVID norms. Although many of our projects are in a state we consider normal, we continue to deal with the effects of COVID on our operating results as our estimates are inclusive of COVID effects and client recoveries. For example, in the fourth quarter of 2023, we finalized an agreement for COVID-related relief on a single infrastructure project that caused our project level revenue assumptions to increase by \$127 million.

Consolidated revenue increased in 2023 due to the ramp up of execution activities on several projects in Energy Solutions, Urban Solutions and Mission Solutions partially offset by declines in the volume of execution activity for projects which were completed or nearing completion.

Segment profit for 2023 significantly improved due to higher execution activity on several projects as well as the initial recognition of inflation-adjusted variable consideration on certain downstream projects and incentive fees on a mining project. Segment profit in 2023 further benefitted from the settlement of project claims and arbitration. Despite the improvements in segment profit in 2023, we recognized charges on 3 legacy projects for cost growth and also recognized \$153 million negative earnings impact on the sales of our AMECO and Stork businesses in Latin America.

The effective tax rate on earnings from Cont Ops was 75%, 70% and (6%) for 2023, 2022 and 2021, respectively. A reconciliation of U.S. statutory federal income tax expense (benefit) to income tax expense (benefit) follows:

| (in millions)                                | Year Ended December 31, |               |              |
|--|-------------------------|---------------|--------------|
|  | 2023                    | 2022          | 2021         |
| U.S. statutory federal tax expense (benefit) | \$ 66                   | \$ 51         | \$ (73)      |
| Increase (decrease) in taxes resulting from: |                         |               |              |
| State and local income taxes                 | 6                       | —             | 12           |
| Goodwill Impairment                          | —                       | 10            | 36           |
| Sale of foreign subsidiaries                 | (10)                    | —             | —            |
| NCI  | 13                      | 15            | (7)          |
| Foreign tax differential, net                | 48                      | (106)         | (11)         |
| Valuation allowance, net                     | 122                     | 194           | 103          |
| Stranded tax effects from AOCI               | —                       | —             | (52)         |
| Other, net                                   | (9)                     | 7             | 12           |
| <b>Total income tax expense</b>              | <b>\$ 236</b>           | <b>\$ 171</b> | <b>\$ 20</b> |

In 2021, the Organization for Economic Cooperation and Development announced a framework on base erosion and profit shifting. The framework includes Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of large multinational corporations, at a minimum rate of 15%. Multiple sets of guidance have been and continue to be issued. Many non-US tax jurisdictions have either recently enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in 2024 with the adoption of additional components in later years or are in the process of enacting legislation in future years. Pillar Two is expected to be applicable to us beginning January 1, 2024. We are continuing to evaluate the impacts of proposed, pending, and enacted legislation in the non-US tax jurisdictions we operate in as new guidance becomes available.

Our results were significantly impacted by evolving foreign currency rates in 2023. During 2023, the U.S. dollar depreciated against the Euro, British Pound and Canadian Dollar.

Our profit margin percentages may be favorably or unfavorably impacted by a change in the amount of CFM recorded. We record revenue on a gross basis, including CFM when we have concluded that we are a principal with respect to such materials and services.

The increase in backlog resulted from significant new awards booked during 2023 in Energy Solutions and Urban Solutions. In 2024, we expect to perform approximately half of our ending 2023 backlog.

### **Impairment**

Impairment expense, included in Cont Ops, for 2022 and 2021 is summarized as follows:

| <i>(in millions)</i>                            | Year Ended December 31, |               |
|---|-------------------------|---------------|
|   | 2022                    | 2021          |
| Impairment:                                     |                         |               |
| Goodwill associated with Stork and AMECO        | \$ 40                   | \$ 13         |
| Energy Solutions' equity method investments     | —                       | 28            |
| IT assets                                       | —                       | 16            |
| Fair value adjustment of Stork and AMECO assets | (63)                    | 233           |
| Total impairment                                | <u>\$ (24)</u>          | <u>\$ 290</u> |

We did not recognize any material impairment expense in 2023. During 2022, we reversed \$63 million in impairment originally recognized in 2021 when our Stork and AMECO businesses were classified as held for sale, due primarily to remeasurement under held and used impairment criteria, for which CTA balances are excluded from carrying value.

### **Gain (Loss) on Pension Settlement**

In 2021, we settled the majority of the obligations of our then largest DB plan, which provided retirement benefits to certain employees in the Netherlands, and recognized a loss on settlement of \$198 million. In 2022, we finalized the settlement of the remaining obligations of this plan and recognized a gain on settlement of \$42 million.

### **Segment Operations**

We are one of the larger global professional services firms providing EPC, fabrication and modularization, and project management services.

#### **Energy Solutions**

Revenue in 2023 increased due to the ramp up of execution activities on our refinery projects in Mexico, chemicals projects in China and mid-scale LNG projects. These increases to revenue were partially offset by a decline in execution activity for projects nearing completion and lower revenue on an LNG project.

Segment profit in 2023 improved significantly primarily due to the initial recognition of inflation-adjusted variable consideration on certain downstream projects and due to increased execution activities on those same projects as well as construction activities on a large LNG project and the effects of favorable foreign currency remeasurement, partially offset by charges totaling \$91 million for cost growth and schedule extension on a large upstream legacy project and a charge for the net arbitration result of a longstanding claim. Segment profit in 2023 also included a loss of \$17 million on embedded foreign currency derivatives compared to a loss of \$3 million in 2022. The increase in segment profit margin in 2023 reflects these same factors.

New awards and backlog increased in 2023 due to awards for reimbursable EPCM contracts for 2 large chemicals projects in North America as well as a chemicals project in Poland.

*Results for the fourth quarter of 2023.* Segment profit in the fourth quarter of 2023 declined compared to 2022 primarily due to a large project nearing completion as well as an adjustment of \$33 million for cost growth and schedule extension on the large upstream legacy project.

### **Urban Solutions**

Revenue in 2023 increased due to the ramp up of execution activities on several recently awarded projects including a large metals project in the U.S., two life sciences projects and a semiconductor project as well as the settlement of a claim on an international bridge project. The revenue increases in 2023 were partially offset by declines in the volume of execution activity for projects nearing completion including a large mining project.

Segment profit in 2023 significantly improved. Segment profit in 2023 includes the settlement of a claim on an international bridge project compared to the recognition of \$54 million in cost growth and delay mitigation costs on the same project in 2022. In 2023, we also recognized a discretionary incentive fee award on a completed mining project as well as a benefit from the favorable outcome of arbitration on a separate mining project. The increase in segment profit in 2023 compared to 2022 was also due to an \$86 million charge recognized in 2022 for additional rework and schedule delays on a highway project recognized in 2022. Segment profit in 2023 also includes a favorable determination on a claim on a legacy infrastructure project. Earlier in 2023, we recognized a \$59 million charge on this project for rework associated with subcontractor design errors and related schedule impacts, and we recognized a similar charge of \$35 million in 2022. The increase in segment profit margin in 2023 reflects these same factors.

New awards significantly increased in 2023 due to awards for a large mining project, a metals project and a life sciences project. Backlog increased during 2023 due to the new award activity. Our staffing business does not report new awards or backlog.

*Results for the fourth quarter of 2023.* Segment profit in the fourth quarter of 2023 significantly increased compared to 2022 due to the settlement of a claim on an international bridge project and a favorable determination on a legacy infrastructure project.

### **Mission Solutions**

Revenue increased in 2023 due to increased execution activities for 3 DOE contracts, 2 defense contracts, a nuclear power project that was recently terminated and FEMA hurricane support. The increase in revenue was partially offset by the completion of a contingency and humanitarian support project in 2022 and an airfield construction project in early 2023.

The decline in segment profit was substantially driven by a \$30 million charge recognized in the first half of 2023 for cost growth associated with additional schedule delays on a weapons facility project as well as the completion of the 2 projects mentioned above, which offset contributions from projects with increased execution activities. We are conducting our due diligence to recover cost growth that has resulted from directed and constructive changes from the client on the weapons facility project.

New awards decreased during 2023 due to a large award booked in the prior year for a 4-year contract extension on the DOE Savannah River Site. The decline in backlog during 2023 resulted from work performed outpacing new award activity. Backlog included \$2.7 billion and \$3.9 billion of unfunded government contracts as of December 31, 2023 and 2022, respectively. Unfunded backlog reflects our estimate of future revenue under awarded government contracts for which funding has not yet been appropriated.

## Other

Other includes the operations of NuScale, Stork and the remaining AMECO business prior to their sale.

| (in millions)          | YEAR ENDED DECEMBER 31, |                |                |
|------------------------|-------------------------|----------------|----------------|
|                        | 2023                    | 2022           | 2021           |
| NuScale <sup>(1)</sup> | \$ (106)                | \$ (73)        | \$ (69)        |
| Stork                  | (55)                    | 45             | 32             |
| AMECO                  | (67)                    | 1              | 6              |
| Segment profit (loss)  | <u>\$ (228)</u>         | <u>\$ (27)</u> | <u>\$ (31)</u> |

<sup>(1)</sup>NuScale expenses included in the determination of segment profit were as follows:

|                                 |                 |                |                |
|---------------------------------|-----------------|----------------|----------------|
| NuScale expenses                | \$ (246)        | \$ (179)       | \$ (169)       |
| Less: DOE reimbursable expenses | 64              | 74             | 69             |
| NuScale expenses, net           | (182)           | (105)          | (100)          |
| Less: Attributable to NCI       | 76              | 32             | 31             |
| NuScale profit (loss)           | <u>\$ (106)</u> | <u>\$ (73)</u> | <u>\$ (69)</u> |

Segment profit in 2023 includes a \$60 million negative earnings impact on the sale of our AMECO South America business (including \$35 million for foreign currency translation) and a \$93 million negative earnings impact on the sale of our Stork business in Latin America (including cash paid to the buyer of \$31 million and \$33 million for foreign currency translation). In January 2024, NuScale announced austerity measures to reduce cost including a workforce reduction, which is expected to lessen NuScale's losses in future periods.

## G&A

| (in millions)                             | YEAR ENDED DECEMBER 31, |               |               |
|---|-------------------------|---------------|---------------|
|   | 2023                    | 2022          | 2021          |
| G&A                                       |                         |               |               |
| Compensation                              | \$ 165                  | \$ 145        | \$ 164        |
| SEC investigation / Internal review costs | 1                       | 38            | 27            |
| Facilities                                | 14                      | 16            | 14            |
| Exit costs                                | 6                       | 7             | —             |
| Reserve for legacy legal claims           | 3                       | 5             | —             |
| Severance                                 | 5                       | 1             | 8             |
| Gain on sale of land and buildings        | —                       | (11)          | (13)          |
| Other                                     | 38                      | 36            | 26            |
| G&A                                       | <u>\$ 232</u>           | <u>\$ 237</u> | <u>\$ 226</u> |

The increase in compensation expense in 2023 was driven by higher performance-based compensation, including annual bonus projections and the effects of our higher stock price on stock-based liability awards.

## Net Interest Income (Expense)

The increase in net interest income during 2023 was primarily due to an increase in interest rates earned on cash deposits including at our joint ventures in Canada and Mexico as well as the interest savings following the redemption of the 2023 Notes. Interest income was also favorably impacted by the purchase of treasury securities at a discount to their face amount using proceeds from the issuance of the 2029 Notes. These securities were irrevocably transferred to the trustee of the 2024 Notes in making their discharge.

## Critical Accounting Policies and Estimates

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

*Revenue Recognition for Long-Term Contracts.* We recognize our engineering and construction contract revenue over time as we provide services to satisfy our performance obligations. We generally use the cost-to-cost percentage-of-completion measure of progress as it best depicts how control transfers to our clients. The cost-to-cost approach measures progress towards completion based on the ratio of cost incurred to date compared to total estimated contract cost. Use of the cost-to-cost measure of progress requires us to prepare estimates of total expected revenue and cost to complete our projects.

CFM are included in revenue and cost of revenue when (1) we believe that we are acting as a principal rather than as an agent, (2) the contract includes construction activity and (3) we have visibility into the amount the customer is paying for the materials or there is a reasonable basis for estimating the amount. If we lose visibility mid-project, we cease recognizing future CFM but do not de-recognize previous amounts of CFM.

Due to the nature of our industry, there is significant complexity in our estimation of total expected revenue and cost, for which we must make significant judgments. Our contracts with our customers may contain several types of variable consideration, including claims, unpriced change orders, award and incentive fees, liquidated damages and penalties or other provisions that can either increase or decrease the contract price to arrive at estimated revenue. Certain variable consideration, such as award and incentive fees, generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and can be based upon customer discretion. We estimate variable consideration at the most likely amount to which we expect to be entitled upon completion of a project. We include estimated amounts in the transaction price to the extent it is probable we will realize that amount. Our estimates of variable consideration and our determination of its inclusion in project revenue are based on an assessment of our anticipated performance and other information that may be available to us.

At a project level, we have specific practices and procedures to review our estimate of total revenue and cost. Each project team reviews the progress and execution of our performance obligations, which impact the project's accounting outcome. As part of this process, the project team reviews information such as any outstanding key contract matters, progress towards completion and the related program schedule and identified risks and opportunities. The accuracy of our revenue and profit recognition in a given period depends on the accuracy of our project estimates, which can change from period to period due to a variety of factors including:

- Complexity in original design;
- Extent of changes from original design;
- Different site conditions than assumed in our bid;
- The productivity, availability and skill level of labor;
- Limitations associated with workforce distancing;
- Weather conditions when executing a project;
- The technical maturity of the technologies involved;
- Length of time to complete the project;
- Availability and cost of equipment and materials;
- Subcontractor and joint venture partner performance;
- Expected costs of warranties; and
- Our ability to recover for additional contract costs.

We recognize changes in contract estimates on a cumulative catch-up basis in the period in which the changes are identified. Such changes in contract estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior periods. Changes in contract estimates may also result in the reversal of previously recognized revenue if the current estimate adversely differs from the previous estimate. If we estimate that a project will have costs in excess of revenue, we recognize the total loss in the period it is identified.

*Fair Value Measurements.* We are required to use fair value measurement techniques with inputs that require the use of estimates and involve significant judgment. These circumstances include:

- Impairment testing of goodwill and indefinite-lived intangibles when quantitative analysis is deemed necessary
- Impairment testing of long-lived assets when impairment indicators are present
- Impairment testing of investments as part of other than temporary impairment assessments when impairment indicators are present
- Fair value assessments of businesses held for sale that are reported at fair value less cost to sell

When performing quantitative fair value or impairment evaluations, we estimate the fair value of our assets by considering the results of either or both income-based and market-based valuation approaches. Under the income approach, we prepare a discounted cash flow valuation model using recent forecasts and compare the estimated fair value of each asset



to its carrying value. Cash flow forecasts are discounted using the appropriate weighted-average cost of capital at the date of evaluation. The weighted-average cost of capital is comprised of the cost of equity and the cost of debt with a weighting for each that reflects our current capital structure which can be significantly impacted by volatility in interest rates as seen during 2023. Preparation of long-term forecasts involve significant judgments involving consideration of our backlog, expected future awards, customer attrition, working capital assumptions, and general market trends and conditions. Significant changes in these forecasts or any valuation assumptions, such as the discount rate selected, could affect the estimated fair value of our assets and could result in impairment expenses. Under the market approach, we consider market information such as multiples of comparable publicly traded companies and/or completed sales transactions to develop or validate our fair value conclusions, when appropriate and available.

### **Recent Accounting Pronouncements**

Item is described more fully in the Notes to Financial Statements.

### **Litigation and Matters in Dispute Resolution**

Item is described more fully in the Notes to Financial Statements.

### **LIQUIDITY AND CAPITAL RESOURCES**

Our liquidity arises from available cash and cash equivalents and marketable securities, cash generated from operations, capacity under our credit facilities and, when necessary, access to capital markets. We have committed and uncommitted lines of credit available for revolving loans and letters of credit. We believe that for at least the next 12 months, anticipated cash generated from operations, along with our unused credit capacity and cash position, is sufficient to support operating requirements and debt maturities. We regularly review our sources and uses of liquidity and may pursue opportunities to address our liquidity needs.

Our credit facility contains provisions that will require us to provide collateral to secure the facility should we be downgraded to BB by S&P and Ba2 by Moody's, which is a one notch downgrade from both agencies' current ratings. If we are required to provide collateral, it would consist broadly of liens on our U.S. assets.

In August 2023, we issued \$575 million of 1.125% Convertible Senior Notes due August 15, 2029 and received net proceeds of \$560 million. Concurrently, we entered into capped call transactions with certain banks for \$73 million. We believe the entry into the capped call transactions provides us with significant protection against the potential dilution associated with the 2029 Notes. In August 2023, we completed a tender offer in which we repurchased \$115 million of outstanding 2024 Notes using the proceeds from the issuance of the 2029 Notes. In January 2023, we redeemed the remaining €129 million of outstanding 2023 Notes for \$140 million using cash on hand.

In December 2023, we extinguished the remaining outstanding \$266 million principal amount of our 2024 Notes through a legal discharge, whereby we irrevocably transferred \$262 million in interest-bearing Treasury securities to the trustee of the 2024 Notes. These securities will yield sufficient principal and interest over their remaining term to permit the trustee to satisfy the remaining principal and interest due on the 2024 Notes. Thus, we are no longer the primary obligor under the 2024 Notes.

As of December 31, 2023, letters of credit totaling \$477 million were outstanding under our \$1.8 billion credit facility, which matures in February 2026 and was amended in August 2023 to permit the issuance of the 2029 Notes. This credit facility contains customary financial covenants, including a debt-to-capitalization ratio that cannot exceed 0.60 to 1.00, a limitation on the aggregate amount of debt of the greater of \$750 million or €750 million for our subsidiaries, and a minimum liquidity threshold of \$1.2 billion, all as defined in the amended credit facility, which may be reduced to \$1.0 billion upon the repayment of debt. Borrowings under the facility, which may be denominated in USD, EUR, GBP or CAD, bear interest at a base rate, plus an applicable borrowing margin. As of December 31, 2023 and through the issuance of this 10-K, we had not made any borrowings under our credit facility. We have a sublimit of up to \$1.0 billion in aggregate cash advances and financial letters of credit available to us under our credit facility with a current borrowing capacity of \$775 million.

Cash and cash equivalents combined with marketable securities were \$2.6 billion as of both December 31, 2023 and 2022. Cash balances as of December 31, 2023 and 2022 include cash and cash equivalents and marketable securities held by NuScale of \$118 million and \$338 million, respectively. Cash and cash equivalents are held in numerous accounts throughout the world to fund our global project execution activities. Non-U.S. cash and cash equivalents amounted to \$1.1 billion as of both December 31, 2023 and 2022. Non-U.S. cash and cash equivalents exclude deposits of U.S. legal entities that are invested in offshore, overnight accounts or short-term time deposits, to which there is unrestricted access.

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In evaluating our liquidity needs, we consider cash and cash equivalents held by our consolidated variable interest entities (joint ventures and partnerships). These amounts (which totaled \$491 million and \$706 million as of December 31, 2023 and 2022, respectively) were not necessarily readily available for general purposes. We do not include our share of cash held by our proportionately consolidated joint ventures and partnerships in our consolidated cash balances even though these amounts may be significant. We also consider the extent to which client advances (which totaled \$80 million and \$102 million as of December 31, 2023 and 2022, respectively) are likely to be sustained or consumed over the near term for project execution activities and the cash flow requirements of our various foreign operations. In some cases, it may not be financially efficient to move cash and cash equivalents between countries due to statutory dividend limitations and/or adverse tax consequences. We did not consider any cash to be permanently reinvested outside the U.S. as of December 31, 2023 and 2022, other than unremitted earnings required to meet our working capital and long-term investment needs in non-U.S. foreign jurisdictions where we operate.

| (in millions)  | Year Ended December 31, |          |          |
|--|-------------------------|----------|----------|
|  | 2023                    | 2022     | 2021     |
| <b>OPERATING CASH FLOW</b>   | \$ 212                  | \$ 31    | \$ 25    |
| <b>INVESTING CASH FLOW</b>   |                         |          |          |
| Proceeds from sales and maturities (purchases) of marketable securities  | (141)                   | (64)     | (104)    |
| Capital expenditures   | (106)                   | (75)     | (75)     |
| Proceeds from sales of assets (net of cash divested)                     | (5)                     | 95       | 146      |
| Investments in partnerships and joint ventures                           | (33)                    | (53)     | (80)     |
| Other  | 8                       | 19       | (9)      |
| Investing cash flow  | (277)                   | (78)     | (122)    |
| <b>FINANCING CASH FLOW</b>   |                         |          |          |
| Proceeds from issuance of 2029 Notes, net of issuance costs              | 560                     | —        | —        |
| Capped call transactions related to 2029 Notes                           | (73)                    | —        | —        |
| Purchases and retirement of debt   | (249)                   | (41)     | (525)    |
| Proceeds from NuScale de-SPAC transaction                                | —                       | 341      | —        |
| Proceeds from sale of NuScale interest                                   | —                       | 107      | —        |
| Proceeds from issuance of CPS  | —                       | —        | 582      |
| Dividends paid on CPS  | (29)                    | (39)     | (19)     |
| Make-whole payment on conversion of CPS                                  | (27)                    | —        | —        |
| Distributions paid to NCI  | (53)                    | (60)     | (109)    |
| Capital contributions by NCI   | 10                      | 21       | 202      |
| Other  | (12)                    | (14)     | (9)      |
| Financing cash flow  | 127                     | 315      | 122      |
| Effect of exchange rate changes on cash                                  | 18                      | (38)     | (15)     |
| Increase in cash and cash equivalents                                    | 80                      | 230      | 10       |
| Cash and cash equivalents at beginning of year                           | 2,439                   | 2,209    | 2,199    |
| Cash and cash equivalents at end of year                                 | \$ 2,519                | \$ 2,439 | \$ 2,209 |
| Cash paid during the year for:   |                         |          |          |
| Interest   | \$ 53                   | \$ 54    | \$ 90    |
| Income taxes (net of refunds)  | 169                     | 99       | 75       |
| Noncash investing and financing activities:                              |                         |          |          |
| Marketable securities transferred to trustee to discharge the 2024 Notes | \$ 262                  | \$ —     | \$ —     |
| Debt assumed by buyer of Stork Latin America                             | 19                      | —        | —        |

### *Operating Activities*

Cash flows from operating activities result primarily from our EPC activities and are affected by our earnings levels and changes in working capital associated with such activities. Working capital levels vary from period to period and are primarily affected by our volume of work and billing schedules on our projects. These levels are also impacted by the stage of completion and commercial terms of engineering and construction projects, as well as our execution of our projects compared to their budget. Working capital requirements also vary by project and the payment terms agreed to with our clients, vendors and subcontractors. Most contracts require payments as the projects progress. Additionally, certain projects receive advance payments from clients. A typical trend for our lump-sum projects is to have higher cash balances during the initial phases of execution due to deposits paid to us which then diminish toward the end of the construction phase. As a result, our cash position is reduced as customer advances are utilized, unless they are replaced by advances on other projects. We maintain cash reserves and borrowing facilities to provide additional working capital in the event that a project's net operating cash outflows exceed its available cash balances. As of December 31, 2023, our backlog included \$1.3 billion for loss projects, including \$344 million of estimated unfunded losses associated therewith. The comparable amounts in 2022 were \$1.8 billion of backlog and \$454 million of unfunded losses.

Our operating cash flow for 2023 was positively impacted by cash settlements on certain project claims and disputes and cash distributions from 2 of our largest proportionately consolidated joint ventures and negatively impacted by increases in working capital on several large projects and higher tax payments. We also funded an estimated \$129 million on loss projects during 2023. Our operating cash flow is typically lower in the first quarter of each year due to the timing of payout of employee incentive awards from the prior year. In 2024, we expect to receive a significant tax refund.

### *Investing Activities*

2023 investing activities were significantly impacted by the purchase of U.S. Treasury securities which were subsequently transferred to the trustee of the 2024 Notes in discharging them.

We hold cash in bank deposits and marketable securities which are governed by our investment policy. This policy focuses on, in order of priority, the preservation of capital, maintenance of liquidity and maximization of yield. These investments may include money market funds, bank deposits placed with highly-rated financial institutions, repurchase agreements that are fully collateralized by U.S. Government-related securities, high-grade commercial paper and high quality short-term and medium-term fixed income securities.

Capital expenditures were primarily related to construction equipment on certain infrastructure projects as well as expenditures for facilities and investments in IT.

Proceeds from sales of assets (net of cash divested) during 2023 included proceeds of \$17 million for the sale of our AMECO South America business as well as \$31 million in cash divested as part of the sale of the Stork business in Latin America.

Investments in unconsolidated partnerships and joint ventures in 2023 included capital contributions to a Mission Solutions joint venture and 3 infrastructure joint ventures.

### *Financing Activities*

In August 2023, we issued \$575 million of 1.125% Convertible Senior Notes (the "2029 Notes") due August 15, 2029 and received net proceeds of \$560 million. Interest on the 2029 Notes is payable semi-annually on February 15 and August 15, beginning on February 15, 2024. The conversion rate for the 2029 Notes is 22.0420 shares of common stock per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of \$45.37 per share. Holders may convert their 2029 Notes any time before May 2029 under the following conditions:

- if the last reported price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to \$58.98 on each applicable trading day;
- during the 5-business day period after any 5-consecutive trading day period in which the trading price of the 2029 Notes was less than 98% of the product of the last reported stock price and the conversion rate;
- if we call any or all of the 2029 Notes for redemption; or
- upon the occurrence of specified events as described in the applicable indenture.

In addition, holders may convert their 2029 Notes any time beginning in May 2029 and prior to maturity without regard to the foregoing circumstances. Upon any conversion, we will repay the principal amount of the notes in cash and may elect

to convey the conversion premium in any combination of cash and shares of our common stock. Certain events could cause the conversion rate to increase, including a make-whole fundamental change or redemption, but in no event will the conversion rate for a single note exceed 29.2056 shares of our common stock, other than for customary adjustments described in the applicable indenture.

After August 2026, we may elect to redeem up to all of the outstanding 2029 Notes if our common stock has a prevailing per share closing price in excess of \$58.98. In such election, all principal would be settled in cash and could result in a make-whole premium if the holders also elect to convert. We may elect to pay any make-whole premium in any combination of cash and shares of our common stock.

In connection with the 2029 Notes offering, we entered into capped call transactions with certain banks. The capped call transactions are not part of the terms of the 2029 Notes and are accounted for as separate transactions. As the capped call options are indexed to our own stock, they were recorded in shareholders' equity and are not accounted for as derivatives. The cost of the capped call transactions was \$73 million which was recorded as a permanent reduction to APIC, and will not be subject to periodic remeasurement. The strike price of the capped call options corresponds to the conversion price of the 2029 Notes of \$45.37 per share. The capped call options are expected to offset potential dilution to our common stock upon conversion of any 2029 Notes and/or offset any cash payments we are required to make for any conversion premium if our stock price is greater than \$45.37. The upper limit of the capped calls is \$68.48 per share. If our stock price exceeds \$68.48, there would be unmitigated dilution and/or no offset of any cash payments attributable to the amount by which our stock exceeds the cap price. We will not be required to make any cash payments to option counterparties upon the exercise of capped call options, but we will be entitled to receive from them shares of our common stock or an amount of cash based on the amount by which the market price of our common stock exceeds the strike price of the capped calls.

In August 2023, we completed a tender offer in which we repurchased \$115 million of outstanding 2024 Notes, excluding accrued interest, for consideration of \$975.03 per \$1,000 principal amount of the notes. In January 2023, we redeemed the remaining €129 million of outstanding 2023 Notes for \$140 million. In June 2022, we redeemed €22 million of outstanding 2023 Notes for \$23 million.

In September 2023, we exercised our mandatory conversion rights on our CPS in which each of the outstanding shares of CPS converted to 44.9585 shares of our common stock, plus a cash payment of \$45.23 per CPS for a make-whole premium. The total make-whole premium amounted to \$27 million, approximately \$2 million less than the remaining undiscounted guaranteed dividend stream. First, second and third quarter CPS dividends of \$10 million were paid in February, May and August 2023. Upon conversion, all dividends on the CPS have ceased. There was no obligation for accumulated but unpaid dividends after the last record date.

As a result of the reverse recapitalization, NuScale recognized cash of \$341 million during 2022, consisting of \$235 million in PIPE funding and \$145 million in cash in trust, partially offset by transaction costs of \$39 million. In April 2022, we sold approximately 5% of the ownership of NuScale to Japan NuScale Innovation, LLC for \$107 million.

Distributions paid to holders of NCI represent cash outflows to partners of consolidated partnerships or joint ventures created primarily for the execution of single contracts or projects. Distributions in 2023 related to a Mission Solutions joint venture and 2 infrastructure joint ventures.

We have a common stock repurchase program, authorized by our Board of Directors, to purchase shares in the open market or privately negotiated transactions at our discretion. As of December 31, 2023, over 10 million shares could still be purchased under the existing stock repurchase program, although we do not have any immediate intent to begin such repurchases.

#### *Letters of Credit*

As of December 31, 2023, letters of credit totaling \$477 million were outstanding under committed lines of credit. As of December 31, 2023, letters of credit totaling \$918 million were outstanding under uncommitted lines of credit including letters of credit totaling \$345 million for two lump-sum projects in Kuwait that are substantially complete except for the resolution of unapproved change orders and extension of time claims. Letters of credit are ordinarily provided to indemnify our clients if we fail to perform our obligations under our contracts. Surety bonds may be used as an alternative to letters of credit.

#### *Guarantees*

The maximum potential amount of future payments that we could be required to make under outstanding performance guarantees, which represents the remaining cost of work to be performed, was estimated to be \$15 billion as of December 31, 2023.

Financial guarantees, made in the ordinary course of business in certain limited circumstances, are entered into with financial institutions and other credit grantors and generally obligate us to make payment in the event of a default by the borrower. These arrangements generally require the borrower to pledge collateral to support the fulfillment of the borrower's obligation.

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

We have cash and marketable securities on deposit with major banks throughout the world. Such deposits are placed with high quality institutions and the amounts invested in any single institution are limited to the extent possible in order to minimize concentration of counterparty credit risk. Marketable securities may consist of time deposits, registered money market funds, U.S. agency securities, U.S. Treasury securities, commercial paper, non-U.S. government securities and corporate debt securities. We have not incurred any credit risk losses related to deposits in cash or investments in marketable securities.

Certain of our contracts are subject to foreign currency risk. We limit exposure to foreign currency fluctuations in most of our contracts through provisions that specify client payments in currencies corresponding to the currency in which cost is expected to be incurred. As a result, we generally have limited situations in which we have to mitigate foreign currency exposure with derivatives.

Our results reported by foreign subsidiaries with non-U.S. dollar functional currencies are also affected by foreign currency volatility. When the U.S. dollar appreciates against the non-U.S. dollar functional currencies of these subsidiaries, our reported revenue, cost and earnings, after translation into U.S. dollars, are lower than what they would have been had the U.S. dollar depreciated against the same foreign currencies or if there had been no change in the exchange rates.

Our long-term debt typically features a fixed-rate coupon. The fees we pay on our outstanding letters of credit are also fixed rates based on our credit spread. Therefore, our exposure to floating interest rates is not material. However, in the future, any new debt issuances could be exposed to increasing interest rates or feature floating interest rates.

**Item 8. *Financial Statements and Supplementary Data***

The information required by this Item is submitted as a separate section of this Form 10-K as described in Item 15.

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

None.

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

***Evaluation of Disclosure Controls and Procedures***

As defined in Rule 13a-15 and 15d-15 of the Exchange Act, our management, with the participation of our CEO and CFO, is responsible for establishing and maintaining disclosure controls and procedures. These controls and procedures should be designed to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

Based on their evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of December 31, 2023.

***Management's Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate ICFR that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

Our management, including our CEO and CFO, conducted an assessment of the effectiveness of our ICFR as of December 31, 2023 based upon the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) and concluded that our ICFR was effective.

Ernst & Young LLP, our independent registered public accounting firm, has issued an attestation report on the effectiveness of our ICFR. Their report follows this management report.

### **Changes in Internal Control over Financial Reporting**

There have been no changes in our ICFR during the fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our ICFR.

### **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Fluor Corporation

#### **Opinion on Internal Control Over Financial Reporting**

We have audited Fluor Corporation's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Fluor Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 20, 2024 expressed an unqualified opinion thereon.

#### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control Over Financial Reporting**

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

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

/s/ Ernst & Young LLP

Dallas, Texas

February 20, 2024

**Item 9B. *Other Information***

**Rule 10b5-1 Trading Plans**

During the quarter ended December 31, 2023, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

**Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not Applicable.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

**Directors, Executive Officers, Promoters and Control Persons**

The information required by Paragraph (a), and Paragraphs (c) through (g) of Item 401 of Regulation S-K (except for information required by Paragraphs (d) — (f) of that Item to the extent the required information pertains to our executive officers) and Item 405 of Regulation S-K will be set forth in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the close of our fiscal year (our "Proxy Statement") and is incorporated herein by reference. The information required by Paragraph (b) of Item 401 of Regulation S-K, as well as the information required by Paragraphs (d) — (f) of that Item to the extent the required information pertains to our executive officers, is set forth herein at Part I, Item 1 of this 2023 10-K under the heading "Information about our Executive Officers."

**Code of Ethics**

We have long maintained and enforced a *Code of Business Conduct and Ethics* that applies to all employees, including our CEO, CFO and CAO. A copy of our *Code of Business Conduct and Ethics*, as amended, has been posted on the "Sustainability" — "Ethics and Compliance" portion of our website ([www.fluor.com](http://www.fluor.com)).

We have disclosed and intend to continue to disclose any changes or amendments to our code of ethics or waivers from our code of ethics applicable to our CEO, CFO and CAO by posting such changes or waivers to our website.

**Corporate Governance**

We have adopted corporate governance guidelines, which are available under "Sustainability" on our website ([www.fluor.com](http://www.fluor.com)). Information regarding the Audit Committee is hereby incorporated by reference from the information that will be contained in our Proxy Statement.

**Item 11. Executive Compensation**

Information required by this item will be included in our Proxy Statement, which information is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2023 with respect to the shares of common stock that may be issued under our equity compensation plans:

| Plan Category   | (a)<br>Number of securities to be issued upon exercise of outstanding options, warrants and rights | (b)<br>Weighted average exercise price of outstanding options, warrants and rights | (c)<br>Number of securities available for future issuance under equity compensation plans (excluding securities listed in column (a)) |
|---|--|--|---|
| Equity compensation plans approved by stockholders <sup>(1)</sup>     | 6,328,041  | \$36.88 <sup>(3)</sup>   | 8,364,067   |
| Equity compensation plans not approved by stockholders <sup>(2)</sup> | 336,784  | \$16.55 <sup>(3)</sup>   | —   |
| <b>Total</b>  | <b>6,664,825</b>   |  | <b>8,364,067</b>  |

(1) Consists of (a) the Amended and Restated 2008 Executive Performance Incentive Plan, under which 1,686,044 shares are issuable upon exercise of outstanding options, and under which no shares remain for future issuance; (b) the 2017 Performance Incentive Plan, under which 1,258,429 shares are issuable upon exercise of outstanding options, and under which no shares remain available for issuance; (c) the 2020 Performance Incentive Plan, under which 910,716 shares are issuable upon exercise of outstanding options, 864,071 shares are issuable upon vesting of outstanding RSUs, 1,315,580 shares are issuable if specified performance targets are met under outstanding performance-based award units, and under which 8,364,067 remain available for issuance; (d) 11,974, 30,082 and 57,582 vested RSUs under the 2008 Executive Performance Plan, 2017 Performance Incentive Plan and 2020 Performance Incentive Plan, respectively, that were deferred by non-associate directors participating in the 409A Director Deferred Compensation Program that are



distributable in the form of shares; and (e) 193,563 vested RSUs and performance-based award units deferred by executive officers under the 2008 Executive Performance Incentive Plan.

- (2) Consists of inducement awards made to Mr. David E. Constable in connection with his appointment as CEO in 2021.
- (3) Weighted-average exercise price of outstanding options only.

The additional information required by this item will be included in our Proxy Statement, which information is incorporated by reference.

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

Information required by this item will be included in our Proxy Statement, which information is incorporated herein by reference.

**Item 14. *Principal Accountant Fees and Services***

Information required by this item will be included in our Proxy Statement, which information is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a) Documents filed as part of this 2023 10-K:

1. *Financial Statements:*

Our consolidated financial statements at December 31, 2023 and 2022 and for each of the 3 years in the period ended December 31, 2023, together with the report of our independent registered public accounting firm on those consolidated financial statements are hereby filed as part of this 2023 10-K, beginning on page F-1.

2. *Financial Statement Schedules:*

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

3. *Exhibits:*

**EXHIBIT INDEX**

| <b>Exhibit</b> | <b>Description</b>  |
|----------------|---|
| 3.1            | <a href="#">Amended and Restated Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on May 8, 2012).</a>  |
| 3.2            | <a href="#">Certificate of Designations, Preferences, and Rights of Series A 6.50% Cumulative Perpetual Convertible Preferred Stock of the registrant (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on May 18, 2021).</a>             |
| 3.4            | <a href="#">Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on November 4, 2022).</a>   |
| 4.1            | <a href="#">Senior Debt Securities Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of September 8, 2011 (incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on September 8, 2011).</a> |
| 4.2            | <a href="#">First Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of September 13, 2011 (incorporated by reference to Exhibit 4.4 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on September 13, 2011).</a>   |
| 4.3            | <a href="#">Second Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of June 22, 2012 (incorporated by reference to Exhibit 4.2 to the registrant's Registration Statement on Form S-3 (Commission file number 333-182283) filed on June 22, 2012).</a> |
| 4.4            | <a href="#">Third Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of November 25, 2014 (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on November 25, 2014).</a>     |
| 4.5            | <a href="#">Fourth Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of March 21, 2016 (incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on March 21, 2016).</a>          |
| 4.6            | <a href="#">Fifth Supplemental Indenture between Fluor Corporation and Wells Fargo Bank, National Association, as trustee, dated as of August 29, 2018 (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on August 29, 2018).</a>         |
| 4.7            | <a href="#">Indenture, dated August 10, 2023, between Fluor Corporation and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on August 11, 2023).</a>                          |
| 4.8            | <a href="#">Form of 1.125% Convertible Senior Note due 2029 (included in Exhibit 4.7).</a>  |
| 4.9            | <a href="#">Description of Securities (incorporated by reference to Exhibit 4.7 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 21, 2023).</a>  |
| 10.1           | <a href="#">Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on May 3, 2013).</a> **   |
| 10.2           | <a href="#">Form of Option Agreement (2015 grants) under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.26 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16129) filed on April 30, 2015).</a> **           |

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| <b>Exhibit</b> | <b>Description</b>   |
|----------------|--|
| 10.3           | <a href="#">Form of Option Agreement (2017 grants) under the Fluor Corporation Amended and Restated 2008 Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.6 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 17, 2017).</a> ** |
| 10.4           | <a href="#">Fluor Corporation 2017 Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the registrant's Registration Statement on Form S-8 (Commission file number 333-217653) filed on May 4, 2017).</a> **  |
| 10.5           | <a href="#">Form of Option Agreement under the Fluor Corporation 2017 Performance Incentive Plan (incorporated by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16129) filed on May 3, 2018).</a> **  |
| 10.6           | <a href="#">Form of Option Agreement (2020 grant) under the Fluor Corporation 2017 Performance Incentive Plan (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16129) filed on December 10, 2020).</a> **                              |
| 10.7           | <a href="#">Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 99.1 to the registrant's Registration Statement on Form S-8 (Commission file number 333-251426) filed on December 17, 2020).</a> **  |
| 10.8           | <a href="#">Form of Option Agreement (2021 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.17 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 22, 2022).</a> **                                |
| 10.9           | <a href="#">Form of Option Agreement (2022 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16129) filed on May 6, 2022).</a> **                                    |
| 10.10          | <a href="#">Form of Option Agreement (2023 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16120) filed on May 5, 2023).</a> **                                    |
| 10.11          | <a href="#">Form of Restricted Stock Unit Agreement (2021 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.18 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 22, 2022).</a> **                 |
| 10.12          | <a href="#">Form of Restricted Stock Unit Agreement (2022 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16129) filed on May 6, 2022).</a> **                     |
| 10.13          | <a href="#">Form of Restricted Stock Unit Agreement (2023 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16120) filed on May 5, 2023).</a> **                     |
| 10.14          | <a href="#">Form of Performance Award Agreement (2021 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.19 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 22, 2022).</a> **                     |
| 10.15          | <a href="#">Form of Performance Award Agreement (2022 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16129) filed on May 6, 2022).</a> **                         |
| 10.16          | <a href="#">Form of Performance Award (2023 grant) under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16120) filed on May 5, 2023).</a> **                                   |
| 10.17          | <a href="#">Fluor Executive Deferred Compensation Plan, as amended and restated effective April 21, 2003 (incorporated by reference to Exhibit 10.5 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 29, 2008).</a> **                                      |
| 10.18          | <a href="#">Fluor 409A Executive Deferred Compensation Program, as amended and restated effective January 1, 2017 (incorporated by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q (Commission file number 1-16129) filed on November 2, 2017).</a> **                          |
| 10.19          | <a href="#">Executive Severance Plan (incorporated by reference to Exhibit 10.7 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 22, 2012).</a> **  |
| 10.20          | <a href="#">Offer Letter, dated October 30, 2020, between the registrant and David E. Constable (incorporated by reference to Exhibit 10.26 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 26, 2021).</a> **  |
| 10.21          | <a href="#">Option Agreement, dated December 23, 2020, between the registrant and David E. Constable (incorporated by reference to Exhibit 10.27 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 26, 2021).</a> **   |
| 10.22          | <a href="#">Restricted Stock Unit Agreement, dated December 23, 2020, between the registrant and David E. Constable (incorporated by reference to Exhibit 10.28 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 26, 2021).</a> **                          |

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| Exhibit | Description  |
|---------|--|
| 10.23   | <a href="#">Summary of Fluor Corporation Non-Management Director Compensation (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 21, 2023).</a>   |
| 10.24   | <a href="#">Form of Restricted Stock Unit Agreement granted to directors under the Fluor Corporation 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.32 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 26, 2021).</a> **   |
| 10.25   | <a href="#">Fluor Corporation Deferred Directors' Fees Program, as amended and restated effective January 1, 2002 (incorporated by reference to Exhibit 10.9 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on March 31, 2003).</a> **  |
| 10.26   | <a href="#">Fluor Corporation 409A Director Deferred Compensation Program, as amended and restated effective as of November 2, 2016 (incorporated by reference to Exhibit 10.22 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 17, 2017).</a> **  |
| 10.27   | <a href="#">Directors' Life Insurance Summary (incorporated by reference to Exhibit 10.12 to the registrant's Registration Statement on Form 10/A (Amendment No. 1) (Commission file number 1-16129) filed on November 22, 2000).</a> **   |
| 10.28   | <a href="#">Form of Indemnification Agreement entered into between the registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.21 to the registrant's Annual Report on Form 10-K (Commission file number 1-16129) filed on February 25, 2009).</a>  |
| 10.29   | <a href="#">Form of Change in Control Agreement entered into between the registrant and each of its executive officers (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on June 29, 2010).</a> **  |
| 10.30   | <a href="#">\$1,800,000 Third Amended and Restated Revolving Loan and Letter of Credit Facility Agreement dated as of February 17 2022, among Fluor Corporation, the Lenders thereunder, BNP Paribas, as Administrative Agent and an Issuing Lender, Bank of America, N.A., as Syndication Agent, and Citibank, N.A. and Wells Fargo Bank, National Association, as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on February 8, 2022).</a> |
| 10.31   | <a href="#">Amendment No. 1 to the Third Amended and Restated Revolving Credit Agreement, dated as of August 7, 2023, by and among Fluor Corporation, the lenders party thereto from time to time, and BNP Paribas, as administrative agent (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on August 11, 2023).</a>  |
| 10.32   | <a href="#">Form of Capped Call Confirmation (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K (Commission file number 1-16129) filed on August 11, 2023).</a>   |
| 21.1    | <a href="#">Subsidiaries of the registrant.</a> *  |
| 23.1    | <a href="#">Consent of Independent Registered Public Accounting Firm.</a> *  |
| 31.1    | <a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> *  |
| 31.2    | <a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> *  |
| 32.1    | <a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a> *  |
| 32.2    | <a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a> *  |
| 97.1    | <a href="#">Compensation Recoupment (Clawback) Policy for Executive Officers.</a> * **   |
| 101.INS | Inline XBRL Instance Document.*  |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.*   |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document.*   |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document.*   |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document.*  |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document.*  |
| 104     | The cover page from the Company's 2023 10-K for the year ended December 31, 2023, formatted in Inline XBRL (included in the Exhibit 101 attachments).*   |

\* Exhibit filed with this report.

\*\* Management contract or compensatory plan or arrangement.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statement of Operations for the years ended December 31, 2023, 2022 and 2021, (ii) the Consolidated Balance Sheet at December 31, 2023 and December 31, 2022, (iii) the Consolidated Statement of Cash Flows for

the years ended December 31, 2023, 2022 and 2021 and (iv) the Consolidated Statement of Equity for the years ended December 31, 2023, 2022 and 2021.

**Item 16. Form 10-K Summary**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this 2023 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

FLUOR CORPORATION

By: /s/ JOSEPH L. BRENNAN

Joseph L. Brennan,  
Chief Financial Officer

February 20, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this 2023 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature   | Title                                | Date              |
|---|--------------------------------------|-------------------|
| <p><b>Principal Executive Officer and Director:</b><br/> /s/ DAVID E. CONSTABLE<br/> <hr/> David E. Constable</p> | Chairman and Chief Executive Officer | February 20, 2024 |
| <p><b>Principal Financial Officer:</b><br/> /s/ JOSEPH L. BRENNAN<br/> <hr/> Joseph L. Brennan</p>                | Chief Financial Officer              | February 20, 2024 |
| <p><b>Principal Accounting Officer:</b><br/> /s/ JOHN C. REGAN<br/> <hr/> John C. Regan</p>                       | Chief Accounting Officer             | February 20, 2024 |
| <p><b>Other Directors:</b><br/> /s/ ALAN M. BENNETT<br/> <hr/> Alan M. Bennett</p>                                | Director                             | February 20, 2024 |
| <p>/s/ ROSEMARY T. BERKERY<br/> <hr/> Rosemary T. Berkery</p>   | Director                             | February 20, 2024 |
| <p>/s/ H. PAULETT EBERHART<br/> <hr/> H. Paulett Eberhart</p>   | Director                             | February 20, 2024 |
| <p>/s/ LISA GLATCH<br/> <hr/> Lisa Glatch</p>   | Director                             | February 20, 2024 |
| <p>/s/ JAMES T. HACKETT<br/> <hr/> James T. Hackett</p>   | Director                             | February 20, 2024 |
| <p>/s/ THOMAS C. LEPPERT<br/> <hr/> Thomas C. Leppert</p>   | Director                             | February 20, 2024 |
| <p>/s/ TERI P. MCCLURE<br/> <hr/> Teri P. McClure</p>   | Director                             | February 20, 2024 |
| <p>/s/ ARMANDO J. OLIVERA<br/> <hr/> Armando J. Olivera</p>   | Director                             | February 20, 2024 |
| <p>/s/ MATTHEW K. ROSE<br/> <hr/> Matthew K. Rose</p>   | Director                             | February 20, 2024 |

**FLUOR CORPORATION**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Fluor Corporation

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Fluor Corporation (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 20, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### **Long-term revenue recognition on certain engineering and construction contracts**

*Description of the Matter*

As described in Note 3 to the consolidated financial statements, the Company recognizes engineering and construction contract revenue over time, due to the continuous transfer of control to the customer, based on contract cost incurred to date compared to total estimated contract cost. Revenue recognition under this method is subject to judgment as it requires management to prepare estimates of total contract revenue and costs to complete in-process contracts.

Auditing management's estimates of total contract revenue and costs on certain engineering and construction contracts which are structured under lump-sum contractual terms and are larger in size and longer in duration was complex and subjective, requiring considerable auditor judgment in the evaluation of subjective assumptions related to certain forecasted costs and variable consideration.



*How We  
Addressed the  
Matter in Our  
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the estimation process that affect revenue recognition, including controls over management's review of project costs yet to be incurred and variable consideration estimates.

Our audit procedures included, among others, evaluating the appropriate application of the Company's revenue recognition method; testing significant assumptions used to develop the estimated variable consideration and costs to complete; and testing the completeness and accuracy of the underlying data. To assess the reasonableness of these estimates, we performed audit procedures that included, among others, agreeing the estimates to supporting documentation; conducting interviews with project personnel; observing select project review meetings; and performing sensitivity analyses or retrospective review using historical actual costs and trends.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1973.

Dallas, Texas

February 20, 2024

**FLUOR CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

| (in millions, except per share amounts)                     | Year Ended December 31, |           |           |
|---|-------------------------|-----------|-----------|
|   | 2023                    | 2022      | 2021      |
| Revenue   | \$ 15,474               | \$ 13,744 | \$ 14,156 |
| Cost of revenue   | (14,997)                | (13,389)  | (13,702)  |
| Gross profit  | 477                     | 355       | 454       |
| G&A   | (232)                   | (237)     | (226)     |
| Impairment  | —                       | 24        | (290)     |
| Gain (loss) on pension settlement                           | —                       | 42        | (198)     |
| Foreign currency gain (loss)                                | (98)                    | 25        | (13)      |
| Operating profit (loss)                                     | 147                     | 209       | (273)     |
| Interest expense  | (60)                    | (59)      | (90)      |
| Interest income   | 228                     | 94        | 17        |
| Earnings (loss) from Cont Ops before taxes                  | 315                     | 244       | (346)     |
| Income tax expense  | (236)                   | (171)     | (20)      |
| Net earnings (loss) from Cont Ops                           | 79                      | 73        | (366)     |
| Less: Net earnings (loss) from Cont Ops attributable to NCI | (60)                    | (72)      | 39        |
| Net earnings (loss) from Cont Ops attributable to Fluor     | 139                     | 145       | (405)     |
| Net earnings (loss) from Disc Ops attributable to Fluor     | —                       | —         | (35)      |
| Net earnings (loss) attributable to Fluor                   | \$ 139                  | \$ 145    | \$ (440)  |
| Less: Dividends on CPS                                      | 29                      | 39        | 24        |
| Less: Make-whole payment on conversion of CPS               | 27                      | —         | —         |
| Net earnings (loss) available to Fluor common stockholders  | \$ 83                   | \$ 106    | \$ (464)  |
| <b>Basic EPS available to Fluor common stockholders</b>     |                         |           |           |
| Net earnings (loss) from Cont Ops                           | \$ 0.55                 | \$ 0.75   | \$ (3.04) |
| Net earnings (loss) from Disc Ops                           | —                       | —         | (0.25)    |
| <b>Diluted EPS available to Fluor common stockholders</b>   |                         |           |           |
| Net earnings (loss) from Cont Ops                           | \$ 0.54                 | \$ 0.73   | \$ (3.04) |
| Net earnings (loss) from Disc Ops                           | —                       | —         | (0.25)    |

The accompanying notes are an integral part of these financial statements.

**FLUOR CORPORATION**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

| (in millions)   | Year Ended December 31, |        |          |
|---|-------------------------|--------|----------|
|   | 2023                    | 2022   | 2021     |
| Net earnings (loss) from Cont Ops                     | 79                      | 73     | (366)    |
| Net earnings (loss) from Disc Ops                     | —                       | —      | (35)     |
| Net earnings (loss)                                   | 79                      | 73     | (401)    |
| OCI, net of tax:                                      |                         |        |          |
| Foreign currency translation adjustment               | 99                      | (27)   | (38)     |
| Ownership share of equity method investees' OCI       | (7)                     | 31     | (2)      |
| DB plan adjustments                                   | 2                       | 5      | 101      |
| Unrealized gain (loss) on hedges                      | —                       | (7)    | (9)      |
| Total OCI, net of tax                                 | 94                      | 2      | 52       |
| Comprehensive income (loss)                           | 173                     | 75     | (349)    |
| Less: Comprehensive income (loss) attributable to NCI | (63)                    | (47)   | 40       |
| Comprehensive income (loss) attributable to Fluor     | \$ 236                  | \$ 122 | \$ (389) |

The accompanying notes are an integral part of these financial statements.

**FLUOR CORPORATION**  
**CONSOLIDATED BALANCE SHEET**

| (in millions, except share and per share amounts)   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| <b>Current assets</b>   |                      |                      |
| Cash and cash equivalents (\$491 and \$706 related to VIEs)   | \$ 2,519             | \$ 2,439             |
| Marketable securities (\$0 and \$130 related to VIEs)   | 69                   | 185                  |
| Accounts receivable, net (\$135 and \$196 related to VIEs)  | 1,137                | 1,109                |
| Contract assets (\$171 and \$186 related to VIEs)   | 991                  | 915                  |
| Other current assets (\$50 and \$30 related to VIEs)  | 347                  | 396                  |
| <b>Total current assets</b>   | <b>5,063</b>         | <b>5,044</b>         |
| <b>Noncurrent assets</b>  |                      |                      |
| PP&E, net (\$41 and \$45 related to VIEs)   | 458                  | 447                  |
| Investments   | 614                  | 584                  |
| Deferred taxes  | 51                   | 34                   |
| Deferred compensation trusts  | 241                  | 234                  |
| Goodwill  | 206                  | 206                  |
| Other assets (\$127 and \$54 related to VIEs)   | 340                  | 278                  |
| <b>Total noncurrent assets</b>  | <b>1,910</b>         | <b>1,783</b>         |
| <b>Total assets</b>   | <b>\$ 6,973</b>      | <b>\$ 6,827</b>      |
| <b>LIABILITIES AND EQUITY</b>   |                      |                      |
| <b>Current liabilities</b>  |                      |                      |
| Accounts payable (\$285 and \$253 related to VIEs)  | \$ 1,214             | \$ 1,017             |
| Short-term debt and current portion of long-term debt   | —                    | 152                  |
| Contract liabilities (\$276 and \$352 related to VIEs)  | 639                  | 742                  |
| Accrued salaries, wages and benefits (\$25 and \$24 related to VIEs)  | 653                  | 626                  |
| Other accrued liabilities (\$73 and \$46 related to VIEs)   | 657                  | 679                  |
| <b>Total current liabilities</b>  | <b>3,163</b>         | <b>3,216</b>         |
| Long-term debt  | 1,158                | 978                  |
| Deferred taxes  | 70                   | 73                   |
| Other noncurrent liabilities (\$20 and \$54 related to VIEs)  | 530                  | 564                  |
| <b>Contingencies and commitments</b>  |                      |                      |
| <b>Equity</b>   |                      |                      |
| <b>Shareholders' equity</b>   |                      |                      |
| Preferred stock — authorized 20,000,000 shares (\$0.01 par value); issued and outstanding — 600,000 shares in 2022  | —                    | —                    |
| Common stock — authorized 375,000,000 shares (\$0.01 par value); issued and outstanding — 170,405,512 and 142,322,247 shares in 2023 and 2022, respectively | 2                    | 1                    |
| APIC  | 1,228                | 1,254                |
| AOCI  | (269)                | (365)                |
| Retained earnings   | 979                  | 896                  |
| <b>Total shareholders' equity</b>   | <b>1,940</b>         | <b>1,786</b>         |
| NCI   | 112                  | 210                  |
| <b>Total equity</b>   | <b>2,052</b>         | <b>1,996</b>         |
| <b>Total liabilities and equity</b>   | <b>\$ 6,973</b>      | <b>\$ 6,827</b>      |

The accompanying notes are an integral part of these financial statements.

**FLUOR CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

| (in millions)  | Year Ended December 31, |          |          |
|--|-------------------------|----------|----------|
|  | 2023                    | 2022     | 2021     |
| <b>OPERATING CASH FLOW</b>   |                         |          |          |
| Net earnings (loss) from Cont Ops  | \$ 79                   | \$ 73    | \$ (401) |
| Adjustments to reconcile net earnings (loss) from Cont Ops to operating cash flow:                               |                         |          |          |
| Impairment   | —                       | (24)     | 290      |
| (Gain) loss on pension settlement  | —                       | (42)     | 198      |
| Depreciation and amortization  | 74                      | 73       | 74       |
| (Earnings) loss from equity method investments, net of distributions   | (9)                     | (15)     | (8)      |
| (Gain) loss on sales of assets (including Stork and AMECO-South America in 2023 and AMECO-North America in 2022) | 150                     | (35)     | (2)      |
| Stock-based compensation   | 48                      | 19       | 32       |
| Deferred taxes   | (13)                    | 17       | 28       |
| Changes in assets and liabilities  | (114)                   | (46)     | (197)    |
| Other  | (3)                     | 11       | 11       |
| Operating cash flow  | 212                     | 31       | 25       |
| <b>INVESTING CASH FLOW</b>   |                         |          |          |
| Purchases of marketable securities   | (426)                   | (428)    | (149)    |
| Proceeds from sales and maturities of marketable securities  | 285                     | 364      | 45       |
| Capital expenditures   | (106)                   | (75)     | (75)     |
| Proceeds from sales of assets (net of cash divested)   | (5)                     | 95       | 146      |
| Investments in partnerships and joint ventures   | (33)                    | (53)     | (80)     |
| Other  | 8                       | 19       | (9)      |
| Investing cash flow  | (277)                   | (78)     | (122)    |
| <b>FINANCING CASH FLOW</b>   |                         |          |          |
| Proceeds from issuance of 2029 Notes, net of issuance costs  | 560                     | —        | —        |
| Capped call transactions related to 2029 Notes   | (73)                    | —        | —        |
| Purchases and retirement of debt   | (249)                   | (41)     | (525)    |
| Proceeds from NuScale de-SPAC transaction  | —                       | 341      | —        |
| Proceeds from sale of NuScale interest   | —                       | 107      | —        |
| Proceeds from issuance of CPS  | —                       | —        | 582      |
| Dividends paid on CPS  | (29)                    | (39)     | (19)     |
| Make-whole payment on conversion of CPS  | (27)                    | —        | —        |
| Distributions paid to NCI  | (53)                    | (60)     | (109)    |
| Capital contributions by NCI   | 10                      | 21       | 202      |
| Other  | (12)                    | (14)     | (9)      |
| Financing cash flow  | 127                     | 315      | 122      |
| Effect of exchange rate changes on cash  | 18                      | (38)     | (15)     |
| Increase in cash and cash equivalents  | 80                      | 230      | 10       |
| Cash and cash equivalents at beginning of year   | 2,439                   | 2,209    | 2,199    |
| Cash and cash equivalents at end of year   | \$ 2,519                | \$ 2,439 | \$ 2,209 |

The accompanying notes are an integral part of these financial statements.

**FLUOR CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| (in millions, except per share amounts)                          | Preferred Stock |        | Common Stock |        | APIC     | AOCI     | Retained Earnings | Total Shareholders' Equity | NCI     | Total Equity |
|--|-----------------|--------|--------------|--------|----------|----------|-------------------|----------------------------|---------|--------------|
|  | Shares          | Amount | Shares       | Amount |          |          |                   |                            |         |              |
| <i>BALANCE AS OF DECEMBER 31, 2020</i>                           | —               | —      | 141          | \$ 1   | \$ 196   | \$ (417) | \$ 1,250          | \$ 1,030                   | \$ 233  | \$ 1,263     |
| Net earnings (loss)  | —               | —      | —            | —      | —        | —        | (440)             | (440)                      | 39      | (401)        |
| OCI  | —               | —      | —            | —      | —        | 51       | —                 | 51                         | 1       | 52           |
| Issuance of CPS  | 1               | —      | —            | —      | 582      | —        | —                 | 582                        | —       | 582          |
| Dividends on CPS (\$32.50 per share)                             | —               | —      | —            | —      | —        | —        | (19)              | (19)                       | —       | (19)         |
| Capital contributions by NCI, net of distributions               | —               | —      | —            | —      | —        | —        | —                 | —                          | 93      | 93           |
| Other NCI transactions   | —               | —      | —            | —      | 161      | —        | —                 | 161                        | (192)   | (31)         |
| Stock-based plan activity  | —               | —      | —            | —      | 28       | —        | —                 | 28                         | —       | 28           |
| <i>BALANCE AS OF DECEMBER 31, 2021</i>                           | 1               | —      | 141          | \$ 1   | \$ 967   | \$ (366) | \$ 791            | \$ 1,393                   | \$ 174  | \$ 1,567     |
| Net earnings (loss)  | —               | —      | —            | —      | —        | —        | 145               | 145                        | (72)    | 73           |
| OCI  | —               | —      | —            | —      | —        | 1        | —                 | 1                          | 1       | 2            |
| Dividends on CPS (\$65.00 per share)                             | —               | —      | —            | —      | —        | —        | (39)              | (39)                       | —       | (39)         |
| Distributions by NCI, net of capital contributions               | —               | —      | —            | —      | —        | —        | —                 | —                          | (39)    | (39)         |
| NuScale reverse recapitalization                                 | —               | —      | —            | —      | 147      | —        | —                 | 147                        | 145     | 292          |
| Sale of NuScale units to NCI                                     | —               | —      | —            | —      | 107      | —        | —                 | 107                        | —       | 107          |
| Other NCI transactions   | —               | —      | —            | —      | 20       | —        | —                 | 20                         | 1       | 21           |
| Stock-based plan activity  | —               | —      | 1            | —      | 13       | —        | (1)               | 12                         | —       | 12           |
| <i>BALANCE AS OF DECEMBER 31, 2022</i>                           | 1               | \$ —   | 142          | \$ 1   | \$ 1,254 | \$ (365) | \$ 896            | \$ 1,786                   | \$ 210  | \$ 1,996     |
| Net earnings (loss)  | —               | \$ —   | —            | \$ —   | \$ —     | \$ —     | \$ 139            | \$ 139                     | \$ (60) | \$ 79        |
| OCI  | —               | —      | —            | —      | —        | 96       | —                 | 96                         | (2)     | 94           |
| Dividends on CPS (\$48.75 per share)                             | —               | —      | —            | —      | —        | —        | (29)              | (29)                       | —       | (29)         |
| Conversion of CPS to common stock (including make-whole payment) | (1)             | —      | 27           | 1      | —        | —        | (27)              | (26)                       | —       | (26)         |
| Capped call transactions related to 2029 Notes                   | —               | —      | —            | —      | (73)     | —        | —                 | (73)                       | —       | (73)         |
| Distributions to NCI, net of contributions                       | —               | —      | —            | —      | —        | —        | —                 | —                          | (43)    | (43)         |
| Other NCI transactions   | —               | —      | —            | —      | 14       | —        | —                 | 14                         | 7       | 21           |
| Stock-based plan activity  | —               | —      | 1            | —      | 33       | —        | —                 | 33                         | —       | 33           |
| <i>BALANCE AS OF DECEMBER 31, 2023</i>                           | —               | \$ —   | 170          | \$ 2   | \$ 1,228 | \$ (269) | \$ 979            | \$ 1,940                   | \$ 112  | \$ 2,052     |

The accompanying notes are an integral part of these financial statements.

**FLUOR CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Description of Business**

Fluor Corporation (“we”, “us”, “our” or “the company”) is a holding company that owns many subsidiaries, as well as interests in joint ventures. Acting through these entities, we are one of the larger global professional services firms providing EPC, fabrication and modularization, and project management services. We provide these services to our clients in diverse industries worldwide including advanced technologies and manufacturing, chemicals, infrastructure, life sciences, LNG, mining and metals, nuclear project services, energy transition, and oil and gas production and fuels. We are also a service provider to the U.S. federal government and governments abroad.

We operate our business through 3 principal segments: Energy Solutions, Urban Solutions and Mission Solutions. We also have a smaller Other segment.

Energy Solutions provides EPC services for the production and fuels, chemicals, LNG and power markets. The segment serves the oil, gas and chemical industries with full project life-cycle services, including expansion and modernization projects as well as in sustaining capital work. The segment is also focused on energy transition markets, including asset decarbonization, carbon capture, renewable fuels, waste-to-energy, green chemicals, hydrogen, nuclear power and other low-carbon energy sources.

Urban Solutions provides EPC and project management services to the advanced technologies and manufacturing, life sciences, mining and metals, and infrastructure industries, as well as professional staffing services. In the first quarter of 2023, we decided to retain Stork's North American operations, which largely consists of our operations and maintenance business owned by Fluor prior to our acquisition of Stork. This business, renamed Plant & Facility Services, is included in our Urban Solutions segment for all periods presented.

Mission Solutions provides technical solutions to federal agencies across the U.S. government and other governments. These include, among others, the DOE, the Department of Defense, FEMA and intelligence agencies. The segment also provides services to commercial nuclear clients.

Our other operations include AMECO, Stork and NuScale, in which we are the majority investor. NuScale has developed SMR technology that is NRC approved.

In 2023, we sold Stork's Latin American business as well as our AMECO South America operations, thereby completing the divestiture of our equipment business.

**2. NuScale Reverse Recapitalization**

In the second quarter of 2022, NuScale became a public company (NYSE ticker:SMR) through a reverse recapitalization with a public shell company, Spring Valley Acquisition Corporation, resulting in the net receipt of \$341 million of cash and the assumption of \$48 million of warrant liabilities exercisable for shares of SMR. We continue to consolidate NuScale.

**3. Significant Accounting Policies**

*Principles of Consolidation*

The financial statements include the accounts of Fluor Corporation and its subsidiaries. All intercompany transactions of consolidated subsidiaries are eliminated. Certain amounts in 2022 and 2021 have been reclassified to conform to the 2023 presentation. Certain amounts in tables may not total or agree to the financial statements due to immaterial rounding differences. Management has evaluated all material events occurring subsequent to December 31, 2023 through the filing date of the 2023 10-K.

We frequently form joint ventures or partnerships with others primarily for the execution of single contracts or projects. If a joint venture or partnership is a VIE and we are the primary beneficiary, the joint venture or partnership is consolidated and our partners' interests are recognized as NCI. As is customary in our industry, for unconsolidated construction partnerships and joint ventures, we generally recognize our proportionate share of revenue, cost and profit and use the one-line equity method for the investment. In other instances, the cost and equity methods of accounting are used, depending on our respective ownership interest and amount of influence we have over the entity, as well as other factors. At times, we also execute projects through collaborative arrangements for which we recognize our relative share of revenue and cost.

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

*Use of Estimates*

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

*Earnings Per Share*

Potentially dilutive securities include convertible debt, stock options, RSUs, performance-based award units and, prior to their conversion in 2023, our CPS. Diluted EPS reflects the assumed exercise or conversion of all dilutive securities using the if-converted and treasury stock methods. In computing diluted EPS, only securities that are actually dilutive are included.

*Foreign Currency Translation*

Our reporting currency is the U.S. dollar. For our international subsidiaries, the functional currency is typically the currency of the primary economic environment in which each subsidiary operates. Translation gains and losses are recorded in OCI. Gains and losses from remeasuring foreign currency transactions into the functional currency are recognized in earnings.

*Revenue Recognition*

*Engineering and construction contracts.* We recognize engineering and construction contract revenue over time as we provide services to satisfy our performance obligations. We generally use the cost-to-cost percentage-of-completion measure of progress as it best depicts how control transfers to our clients. The cost-to-cost approach measures progress towards completion based on the ratio of cost incurred to date compared to total estimated contract cost. Engineering and construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services on a single project. Cost of revenue includes an allocation of depreciation and amortization. Where applicable, CFM, labor and equipment and subcontractor materials, labor and equipment, are included in revenue and cost of revenue when we believe that we are acting as a principal rather than as an agent (i.e., we integrate the materials, labor and equipment into the deliverables promised to the customer). CFM are only included in revenue and cost when the contract includes construction activity and we have visibility into the amount the customer is paying for the materials or there is a reasonable basis for estimating the amount. If we lose visibility mid-project, we cease recognizing future CFM but do not de-recognize previous amounts of CFM. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined as assessed at the contract level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client. Project mobilization costs are generally charged to project costs as incurred when they are an integrated part of the performance obligation being transferred to the client. Customer payments on engineering and construction contracts are typically due within 30 to 45 days of billing, depending on the contract.

*Service Contracts.* For the majority of our operations and maintenance contracts, revenue is recognized when services are performed and contractually billable. For all other service contracts, we recognize revenue over time using the cost-to-cost percentage-of-completion method. Service contracts that include multiple performance obligations are segmented between types of services. For contracts with multiple performance obligations, we allocate the transaction price to each performance obligation using an estimate of the stand-alone selling price of each distinct service in the contract. Customer payments on service contracts are typically due within 30 to 90 days of billing, depending on the contract.

*Warranties.* We generally provide limited duration warranties for work performed under our contracts. Historically, warranty claims have not resulted in material costs incurred, and any estimated costs for warranties are included in the individual project cost estimates for purposes of accounting for long-term contracts.

*Practical Expedients.* If we have a right to consideration from a customer in an amount that corresponds directly with the value of our performance completed to date (a service contract in which we bill a fixed amount for each hour of service provided), we recognize revenue in the amount to which we have a right to invoice for services performed. We do not adjust the contract price for the effects of a significant financing component where, at contract inception, the period between service provision and customer payment will be 1 year or less. We exclude from the measurement of the transaction price all taxes assessed by governmental authorities that are collected by us from our customers (use taxes, value added taxes, some excise taxes).



## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

*RUPO.* RUPO represents a measure of the value of work to be performed on contracts awarded and in progress. Although RUPO reflects business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. RUPO is adjusted to reflect any known project cancellations, revisions to project scope and cost, foreign currency exchange fluctuations and project deferrals, as appropriate. RUPO includes estimates of CFM in those instances where the criteria for recognition have been satisfied. For ongoing operations and maintenance contracts, RUPO includes only contracts with definite terms and substantive termination provisions.

*Project Estimates*

Due to the nature of our industry, there is significant complexity in our estimation of total expected revenue and cost, for which we must make significant judgments. Our contracts with our customers may contain several types of variable consideration, including claims, unpriced change orders, award and incentive fees, liquidated damages and penalties or other provisions that can either increase or decrease the contract price to arrive at estimated revenue. Certain variable consideration, such as award and incentive fees, generally are earned upon achievement of certain performance metrics, program milestones or cost targets and can be based upon customer discretion. We estimate variable consideration at the most likely amount to which we expect to be entitled upon completion of a project. We include estimated amounts in the transaction price to the extent it is probable we will realize that amount. Our estimates of variable consideration and our determination of its inclusion in project revenue are based on an assessment of our anticipated performance and other information that may be available to us.

At a project level, we have specific practices and procedures to review our estimate of total revenue and cost. Each project team reviews the progress and execution of our performance obligations, which impact the project's accounting outcome. As part of this process, the project team reviews information such as any outstanding key contract matters, progress towards completion and the related program schedule and identified risks and opportunities. The accuracy of our revenue and profit recognition in a given period depends on the accuracy of our project estimates, which can change from period to period due to a variety of factors including:

- Complexity in original design;
- Extent of changes from original design;
- Different site conditions than assumed in our bid;
- The productivity, availability and skill level of labor;
- Limitations associated with workforce distancing;
- Weather conditions when executing a project;
- The technical maturity of the technologies involved;
- Length of time to complete the project;
- Availability and cost of equipment and materials;
- Subcontractor and joint venture partner performance;
- Expected costs of warranties; and
- Our ability to recover for additional contract costs.

We recognize changes in contract estimates on a cumulative catch-up basis in the period in which the changes are identified. Such changes in contract estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior periods. Changes in contract estimates may also result in the reversal of previously recognized revenue if the current estimate adversely differs from the previous estimate. If we estimate that a project will have costs in excess of revenue, we recognize the total loss in the period it is identified.

*Contract Assets and Liabilities*

Contract assets represent revenue recognized in excess of amounts billed and include unbilled receivables (typically for cost reimbursable contracts) and contract work in progress (typically for fixed-price contracts). Unbilled receivables, which represent an unconditional right to payment subject only to the passage of time, are recognized as accounts receivable when they are billed. Advances that are payments on account of contract assets are deducted from contract assets. We anticipate that substantially all incurred cost associated with contract assets as of December 31, 2023 will be billed and collected within 1 year. Contract liabilities represent amounts billed to clients in excess of revenue recognized to date.

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

*Segment Reporting*

Management evaluates segment performance based on segment profit. We incur cost and expenses and hold certain assets at the corporate level which relate to our business as a whole. Certain of these amounts are allocated to our business segments by various methods, largely on the basis of estimated usage or on pro rata revenue. Total assets not allocated to segments and held in "Corporate and other" primarily include cash, marketable securities, income-tax related assets, pension assets, deferred compensation trust assets and corporate property, plant and equipment.

Segment profit is an earnings measure that we utilize to evaluate and manage our business performance. Segment profit is calculated as revenue less cost of revenue and earnings attributable to NCI.

*Variable Interest Entities*

We assess our partnerships and joint ventures at inception to determine if any meet the qualifications of a VIE. We consider a partnership or joint venture a VIE if it has any of the following characteristics:

- (a) the total equity investment is not sufficient to permit the entity to finance its activities without additional subordinated financial support,
- (b) characteristics of a controlling financial interest are missing (either the ability to make decisions through voting or other rights, the obligation to absorb the expected losses of the entity or the right to receive the expected residual returns of the entity), or
- (c) the voting rights of the equity holders are not proportional to their obligations to absorb the expected losses of the entity and/or their rights to receive the expected residual returns of the entity, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights.

We regularly reassess our initial determination of whether the partnership or joint venture is a VIE. The majority of our partnerships and joint ventures qualify as VIEs because the total equity investment is typically nominal and not sufficient to permit the entity to finance its activities without additional subordinated financial support.

We also perform a qualitative assessment of each identified VIE to determine if we are its primary beneficiary. We conclude that we are the primary beneficiary and consolidate the VIE if we have both:

- (a) the power to direct the economically significant activities of the entity and
- (b) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE.

We consider the contractual agreements that define the ownership structure, distribution of profits and losses, risks, responsibilities, indebtedness, voting rights and board representation of the respective parties in determining if we are the primary beneficiary. We also consider all parties that have direct or implicit variable interests when determining whether we are the primary beneficiary. Management's assessment of who is the primary beneficiary of a VIE is regularly undertaken.

*Cash and Cash Equivalents*

Cash and cash equivalents include securities with maturities of 3 months or less at the date of purchase.

*Marketable Securities*

Marketable securities consist of time deposits placed with investment grade banks with original maturities greater than 3 months, which are typically held-to-maturity because we have the intent and ability to hold them until maturity. Held-to-maturity securities are carried at amortized cost. The cost of securities sold is determined by using the specific identification method. Marketable securities are assessed at least annually for other-than-temporary impairment.

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

*Research and Development*

We have a controlling interest in NuScale, a research and development operation associated with the licensing and commercialization of SMR technology. Since May 2014, NuScale has been receiving reimbursement from the DOE for certain qualified expenditures under cost-sharing award agreements that require NuScale to use the DOE funds to cover engineering costs associated with SMR design development and certification. Costs incurred by NuScale are expensed as incurred, net of qualifying DOE reimbursements, and reported in "Cost of revenue". The U.S. Nuclear Regulatory Commission approved NuScale's design certification application in August 2020. Aside from NuScale, we generally do not engage in significant research and development activities.

*Property, Plant and Equipment*

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

|                                     | Estimated Useful Service Lives |
|-------------------------------------|--------------------------------|
| Buildings                           | 20 – 40                        |
| Building and leasehold improvements | 6 – 20                         |
| Machinery and equipment             | 2 – 10                         |
| Furniture and fixtures              | 2 – 10                         |

*Goodwill and Intangible Assets*

Goodwill and intangible assets with indefinite lives are not amortized but are subject to at-least-annual impairment tests during the fourth quarter. For impairment testing, goodwill is allocated to the applicable reporting units based on the current reporting structure. We may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of each reporting unit is less than its carrying amount. If so, we perform a quantitative test, and if the carrying amount of a reporting unit exceeds its fair value, we recognize an impairment loss. Intangible assets with indefinite lives are impaired if their carrying value exceeds their fair value. Acquired in-process research and development associated with our investment in NuScale is considered indefinite lived until the related technology is available for commercial use.

Interim impairment testing of goodwill and intangible assets is performed if indicators of potential impairment exist. Such indicators may include the results of operations of certain businesses and geographies and the performance of our stock price.

Intangible assets with finite lives are amortized on a straight-line basis over their useful lives.

*Income Taxes*

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in our financial statements or tax filings. We evaluate the realizability of our deferred tax assets and record a valuation allowance to reduce deferred tax assets to amounts that are more likely than not to be realized. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize such assets. Failure to achieve forecasted taxable income could affect the ultimate realization of deferred tax assets and could adversely impact our future effective tax rate.

Income tax positions are recognized when they meet a more-likely-than-not recognition threshold. Previously recognized tax positions that no longer meet the more-likely-than-not threshold are derecognized upon such determination. We recognize potential interest and penalties related to unrecognized tax positions as a component of income tax expense. Judgment is required in determining the provision for income taxes as we consider our worldwide taxable earnings and the impact of the continuing audit process conducted by relevant tax authorities. The final outcome of any audits could differ materially from amounts recognized by us. We account for the GILTI effects in the period that is subject to such tax.

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

*Derivatives and Hedging*

We attempt to limit foreign currency exposure in most of our contracts by denominating contract revenue in the currencies in which cost is incurred. Certain financial exposure, which includes currency and commodity price risk associated with engineering and construction contracts, currency risk associated with monetary assets and liabilities denominated in nonfunctional currencies and risk associated with interest rate volatility, may subject us to earnings volatility. We may utilize derivatives to mitigate such risk. All derivatives are recorded at fair value. The change in the fair value of the derivative is offset against the change in the fair value of the underlying asset or liability through earnings when the derivative does not qualify as a hedge. To a lesser extent, we utilize cash flow hedges. We formally document our hedge relationships at inception and subsequently assess hedge effectiveness qualitatively, unless the hedge relationship is no longer highly effective. For cash flow hedges, the change in fair value is recorded as a component of AOCI and is reclassified into earnings when the hedged item settles. In certain limited circumstances, foreign currency payment provisions could be deemed embedded derivatives. If an embedded foreign currency derivative is identified, the derivative is bifurcated from the host contract and the change in fair value is recognized through earnings. We maintain master netting arrangements with certain counterparties to facilitate the settlement of derivative instruments; however, we report the fair value of derivatives on a gross basis.

*Concentrations of Credit Risk*

Accounts receivable and all contract work in progress are from clients in various industries and locations throughout the world. Most contracts require payments as the projects progress or, in certain cases, advance payments. We generally do not require collateral, but in most cases can place liens against the project assets or terminate the contract, if a material default occurs. We evaluate the counterparty credit risk as part of our bidding process, our project risk review process and in determining the appropriate level of reserves during project execution. We maintain reserves for potential credit losses and generally such losses have been minimal and within management's estimates.

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

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

We monitor the credit quality of our counterparties and establish reserves for any significant credit risk losses.

*Stock-Based Compensation*

Our stock plans provide for grants of nonqualified or incentive stock options, RSUs and performance-based award units. All grants of stock options and RSUs as well as performance-based units awarded to Section 16 officers can only be settled in company stock and are accounted for as equity awards.

All expense under stock-based awards is recognized based on the fair values of the awards. Stock option awards have exercise prices equal to the grant date market price of our stock. The fair value of grants of RSUs is determined using the closing price of our common stock on the date of grant but may be discounted for any significant post-vest holding periods. The grant date fair value of performance-based award units is determined by adjusting the closing price of our common stock on the date of grant for any post-vest holding period discounts and for the effect of market conditions, when applicable. Stock-based compensation expense is generally recognized over the required service period, or over a shorter period when the grantee is or becomes retirement eligible.

We also grant SGI awards and performance-based awards to non-Section 16 executives which are settled in cash. These awards are classified as liabilities and remeasured at fair value through expense at the end of each reporting period until the awards are settled.

*Leases*

We recognize right-of-use assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

Our right-of use assets and lease liabilities primarily relate to office facilities, equipment used in connection with long-term construction contracts and other personal property. Certain of our facility and equipment leases include one or more options to renew, with renewal terms that can extend the lease term up to 10 years. The exercise of lease renewal options is at our discretion. Renewal periods are included in the expected lease term if we are reasonably certain we will exercise them. Certain leases also include options to purchase the leased property. None of our lease agreements contain material residual value guarantees or material restrictions or covenants.

Long-term leases (leases with terms greater than 12 months) are recorded as liabilities at the present value of the minimum lease payments not yet paid. We use our incremental borrowing rate to determine the present value of the lease when the rate implicit in the lease is not readily determinable. Certain lease contracts contain nonlease components such as maintenance, utilities, fuel and operator services. We recognize both the lease component and nonlease components as a single lease component for all right-of-use assets.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The majority of our short-term leases relate to equipment used on construction projects. We enter into these leases at periodic rental rates for an unspecified duration and typically have a termination-for-convenience provision.

#### 4. Recent Accounting Pronouncements

We did not implement any new accounting pronouncements during 2023. However, we are evaluating the impact of the future disclosures that may arise under recent SEC and other promulgators' recently finalized rules and outstanding proposals.

During 2023, the SEC approved listing standards proposed by the New York Stock Exchange that require listed companies to recover or "clawback" incentive-based compensation erroneously received by current and former executive officers in the event of a restatement to previously issued financial information. We amended our clawback policy in 2023. The adoption did not have any impact on our financial statements.

During 2023, the FASB issued ASU 2023-05, which requires certain joint ventures to apply a new basis of accounting upon formation by recognizing and initially measuring most of their assets and liabilities at fair value. The guidance does not apply to joint ventures that may be proportionately consolidated and those that are collaborative arrangements. ASU 2023-05 is effective for joint ventures with a formation date on or after January 1, 2025. We do not expect this ASU will have a material impact on our financial statements.

During 2023, the FASB issued ASU 2023-07, which requires us to disclose significant segment expenses and other segment items. ASU 2023-07 will be applied retrospectively and is effective for annual reporting beginning in 2024 and for quarterly reporting beginning in 2025. We are currently evaluating the impact this ASU will have on our financial statements, but do not expect it to have any impact to our consolidated results.

During 2023, the FASB issued ASU 2023-09, which requires us to disclose income taxes paid, net of refunds, disaggregated by federal, state and foreign taxes and to provide more details in our rate reconciliation about items that meet a quantitative threshold. ASU 2023-09 is effective for annual reporting beginning in 2025. We are currently evaluating the impact this ASU will have on our financial statements, but do not expect it to have any impact to our consolidated results.

**FLUOR CORPORATION**
**NOTES TO FINANCIAL STATEMENTS (Continued)**
**5. Earnings Per Share**

| (in millions, except per share amounts)                                  | Year Ended December 31, |         |           |
|--|-------------------------|---------|-----------|
|  | 2023                    | 2022    | 2021      |
| Net earnings (loss) from Cont Ops attributable to Fluor                  | \$ 139                  | \$ 145  | \$ (405)  |
| Less: Dividends on CPS   | 29                      | 39      | 24        |
| Less: Make-whole payment on conversion of CPS                            | 27                      | —       | —         |
| Net earnings (loss) from Cont Ops available to Fluor common stockholders | 83                      | 106     | (429)     |
| Net earnings (loss) from Disc Ops attributable to Fluor                  | —                       | —       | (35)      |
| Net earnings (loss) available to Fluor common stockholders               | \$ 83                   | \$ 106  | \$ (464)  |
| Weighted average common shares outstanding                               | 150                     | 142     | 141       |
| Dilutive effect:   |                         |         |           |
| CPS  | —                       | —       | —         |
| Stock options, RSUs and performance-based award units                    | 3                       | 3       | —         |
| Convertible debt <sup>(1)</sup>  | —                       | —       | —         |
| Weighted average diluted shares outstanding                              | 153                     | 145     | 141       |
| <b>Basic EPS available to Fluor common stockholders:</b>                 |                         |         |           |
| Net earnings (loss) from Cont Ops  | \$ 0.55                 | \$ 0.75 | \$ (3.04) |
| Net earnings (loss) from Disc Ops  | —                       | —       | (0.25)    |
| <b>Diluted EPS available to Fluor common stockholders:</b>               |                         |         |           |
| Net earnings (loss) from Cont Ops  | \$ 0.54                 | \$ 0.73 | \$ (3.04) |
| Net earnings (loss) from Disc Ops  | —                       | —       | (0.25)    |
| Anti-dilutive securities not included in shares outstanding:             |                         |         |           |
| CPS  | 20                      | 27      | 17        |
| Stock options, RSUs and performance-based award units                    | 2                       | 3       | 7         |
| Stock delivered under capped call options <sup>(2)</sup>                 | —                       | —       | —         |

(1) Holders of our 2029 Notes may convert their notes at a conversion price of \$45.37 per share when the stock price exceeds \$58.98 for 20 of the last 30 days preceding quarter end. Upon conversion, we will repay the principal amount of the notes in cash and may elect to convey the conversion premium in cash, shares of our common stock or a combination of both. The conversion feature of our 2029 Notes will have a dilutive impact on EPS when the weighted average market price of our common stock exceeds the conversion price of \$45.37 per share for the quarter. During 2023, the weighted average price per share of our common stock was less than the minimum conversion price.

(2) Diluted shares outstanding does not include the impact of the capped call options we entered into concurrently with the issuance of the 2029 Notes, as the effect is always anti-dilutive. If shares are delivered to us under the capped calls, those shares will offset the dilutive effect of the shares that we would issue upon conversion of the 2029 Notes.

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 6. Operating Information by Segment and Geographic Area

| (in millions)  | Year Ended December 31,  |                          |                  |
|--|--------------------------|--------------------------|------------------|
|  | 2023                     | 2022                     | 2021             |
| <b>Revenue</b>   |                          |                          |                  |
| Energy Solutions   | \$ 6,307                 | \$ 5,872                 | \$ 4,956         |
| Urban Solutions  | 5,262                    | 4,373                    | 4,832            |
| Mission Solutions  | 2,655                    | 2,289                    | 3,063            |
| Other  | 1,250                    | 1,210                    | 1,305            |
| <b>Total revenue</b>   | <b>\$ 15,474</b>         | <b>\$ 13,744</b>         | <b>\$ 14,156</b> |
| Intercompany revenue for our professional staffing business, excluded from revenue above | \$ 299                   | \$ 249                   | \$ 269           |
| <b>Segment profit (loss)</b>   |                          |                          |                  |
| Energy Solutions   | \$ 381                   | \$ 301                   | \$ 250           |
| Urban Solutions  | 268                      | 17                       | 41               |
| Mission Solutions  | 116                      | 136                      | 155              |
| Other  | (228)                    | (27)                     | (31)             |
| <b>Total segment profit</b>  | <b>\$ 537</b>            | <b>\$ 427</b>            | <b>\$ 415</b>    |
| G&A  | (232)                    | (237)                    | (226)            |
| Impairment   | —                        | 24                       | (290)            |
| Gain (loss) on pension settlement  | —                        | 42                       | (198)            |
| Foreign currency gain (loss)   | (98)                     | 25                       | (13)             |
| Interest income (expense), net   | 168                      | 35                       | (73)             |
| Earnings (loss) from Cont Ops attributable to NCI  | (60)                     | (72)                     | 39               |
| <b>Earnings (loss) from Cont Ops before taxes</b>  | <b>\$ 315</b>            | <b>\$ 244</b>            | <b>\$ (346)</b>  |
| <b>Depreciation (all but Corporate included in segment profit)</b>                       |                          |                          |                  |
| Energy Solutions   | \$ —                     | \$ —                     | \$ —             |
| Urban Solutions  | 10                       | 9                        | 9                |
| Mission Solutions  | 3                        | 3                        | 4                |
| Other  | 19                       | 18                       | 7                |
| Corporate  | 42                       | 43                       | 53               |
| <b>Total depreciation</b>  | <b>\$ 74</b>             | <b>\$ 73</b>             | <b>\$ 73</b>     |
| <b>Capital expenditures</b>  |                          |                          |                  |
| Energy Solutions   | \$ —                     | \$ —                     | \$ —             |
| Urban Solutions  | 20                       | 14                       | 25               |
| Mission Solutions  | 4                        | 4                        | 3                |
| Other  | 15                       | 21                       | 19               |
| Corporate  | 67                       | 36                       | 19               |
| <b>Total capital expenditures</b>  | <b>\$ 106</b>            | <b>\$ 75</b>             | <b>\$ 66</b>     |
| <b>Total assets</b>  |                          |                          |                  |
|  | <b>December 31, 2023</b> | <b>December 31, 2022</b> |                  |
| Energy Solutions   | \$ 1,053                 | \$ 967                   |                  |
| Urban Solutions  | 1,211                    | 1,170                    |                  |
| Mission Solutions  | 577                      | 485                      |                  |
| Other  | 509                      | 583                      |                  |
| Corporate  | 3,623                    | 3,622                    |                  |
| <b>Total assets</b>  | <b>\$ 6,973</b>          | <b>\$ 6,827</b>          |                  |
| <b>Goodwill</b>  |                          |                          |                  |
| Energy Solutions   | \$ 13                    | \$ 13                    |                  |
| Urban Solutions  | 129                      | 129                      |                  |
| Mission Solutions  | 58                       | 58                       |                  |
| Other  | 6                        | 6                        |                  |
| <b>Total goodwill</b>  | <b>\$ 206</b>            | <b>\$ 206</b>            |                  |

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

**Energy Solutions.** The revenue of 2 Energy Solutions customers each amounted to 10% of our consolidated revenue during 2023. The revenue of a single Energy Solutions customer amounted to 14% and 13% of our consolidated revenue during 2022 and 2021, respectively.

Segment profit in 2023 benefited from the initial recognition of inflation-adjusted variable consideration on certain downstream projects and increased execution activities on those same projects as well as construction activities on a large LNG project and the effects of favorable foreign currency remeasurement, partially offset by charges totaling \$91 million (or \$0.53 per share) for cost growth and schedule extension on a large upstream legacy project. Segment profit in 2021 included the collection of previously reserved accounts receivable and losses on embedded foreign currency derivatives.

**Urban Solutions.** Segment profit in 2023 includes the settlement of a claim on an international bridge project compared to the recognition of cost growth on the same project of \$54 million (or \$0.23 per share) in 2022 and \$138 million (or \$0.72 per share) in 2021. In 2023, we also recognized a discretionary incentive fee award on a completed mining project as well as a benefit from the favorable outcome of arbitration on a separate mining project. Segment profit in 2023 also includes a favorable determination on a claim on a legacy infrastructure project. Earlier in 2023, we recognized a \$59 million (or \$0.34 per share) charge on this project for rework associated with subcontractor design errors and related schedule impacts, and we recognized a similar charge of \$35 million (or \$0.20 per share) in 2022. Segment profit in 2022 included an \$86 million (or \$0.50 per share) charge for additional rework and schedule delays on a highway project. Segment profit in 2021 also included forecast revisions for schedule delays and productivity on a light rail project and a favorable resolution of a long-standing customer dispute on a road project.

**Mission Solutions.** Revenue from work performed for various agencies of the U.S. government amounted to 9%, 16% and 21% of our consolidated revenue during 2023, 2022 and 2021, respectively.

Segment profit in 2023 included a \$30 million (or \$0.17 per share) charge recognized in the first half of 2023 for cost growth associated with additional schedule delays on a weapons facility project. We are conducting our due diligence to recover cost growth that has resulted from directed and constructive changes from the client on the project.

**Other.** Segment profit (loss) for NuScale, Stork and AMECO follows:

| (in millions)          | YEAR ENDED DECEMBER 31, |                |                |
|------------------------|-------------------------|----------------|----------------|
|                        | 2023                    | 2022           | 2021           |
| NuScale <sup>(1)</sup> | \$ (106)                | \$ (73)        | \$ (69)        |
| Stork                  | (55)                    | 45             | 32             |
| AMECO                  | (67)                    | 1              | 6              |
| Segment profit (loss)  | <u>(228)</u>            | <u>\$ (27)</u> | <u>\$ (31)</u> |

(1) As of December 31, 2023, we had an approximate 55% ownership in NuScale.

In December 2023, we sold the Stork business in Latin America, largely for the assumption of debt by the purchaser. We recognized a \$93 million negative earnings impact on sale, including \$31 million of cash transferred to the buyer and \$33 million associated with foreign currency translation.

In March 2023, we sold our AMECO South America business, which included operations in Chile and Peru. This transaction marked the completion of the AMECO divestiture for total proceeds of \$144 million, including \$17 million in 2023. Previous AMECO divestitures included assets in Africa, the Caribbean, Mexico and North America. Upon the sale of AMECO South America in 2023, we recognized a negative earnings impact of \$60 million, including \$35 million associated with foreign currency translation.

In April 2022, we sold approximately 5% of the ownership of NuScale to Japan NuScale Innovation, LLC for \$107 million. The sale did not trigger any recognition of gain or loss because we consolidate NuScale before and after the sale. NuScale received capital contributions from outside investors of \$193 million and \$9 million during 2022 and 2021, respectively.



**FLUOR CORPORATION**
**NOTES TO FINANCIAL STATEMENTS (Continued)**
**Operating Information by Geographic Area**

| (in millions)                     | Revenue by project location<br>Year Ended December 31, |                  |                  | Total Assets<br>As of December 31, |                 |
|-----------------------------------|--|------------------|------------------|------------------------------------|-----------------|
|                                   | 2023   | 2022             | 2021             | 2023                               | 2022            |
| North America                     | \$ 10,514  | \$ 8,819         | \$ 8,532         | \$ 5,034                           | \$ 4,406        |
| Asia Pacific (includes Australia) | 1,744  | 1,138            | 1,331            | 686                                | 642             |
| Europe                            | 2,268  | 2,240            | 2,223            | 724                                | 959             |
| Central and South America         | 741  | 1,338            | 1,723            | 175                                | 438             |
| Middle East and Africa            | 207  | 209              | 347              | 354                                | 382             |
| <b>Total</b>                      | <b>\$ 15,474</b>                                       | <b>\$ 13,744</b> | <b>\$ 14,156</b> | <b>\$ 6,973</b>                    | <b>\$ 6,827</b> |

**7. Impairment**

Impairment expense is summarized as follows:

| (in millions)                                   | Year Ended December 31, |               |
|---|-------------------------|---------------|
|   | 2022                    | 2021          |
| Impairment:                                     |                         |               |
| Goodwill associated with Stork and AMECO        | \$ 40                   | \$ 13         |
| Energy Solutions' equity method investments     | —                       | 28            |
| IT assets                                       | —                       | 16            |
| Fair value adjustment of Stork and AMECO assets | (63)                    | 233           |
| <b>Total impairment</b>                         | <b>\$ (24)</b>          | <b>\$ 290</b> |

As part of our assessment of goodwill in 2022, the fair value of the Other reporting unit was determined using a combination of observable level 2 inputs, including indicative offers and ongoing negotiations for the related assets.

During 2021, we evaluated our significant investments and determined that certain of our investments were impaired. The fair value of these investments was determined using unobservable Level 3 inputs based on the forecast of anticipated volumes and overhead absorption in a cyclical business.

We did not recognize any material impairment expense in 2023. During 2022, we reversed \$63 million in impairment originally recognized in 2021 when our Stork and AMECO businesses were classified as held for sale, due primarily to remeasurement under held and used impairment criteria, for which CTA balances are excluded from carrying value. In 2021, the fair value of the Stork and AMECO assets were determined using a combination of observable level 2 inputs, including indicative offers and ongoing negotiations for the related assets.

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

8. Income Taxes

The income tax expense (benefit) components recognized in Cont Ops follow:

| (in millions)            | Year Ended December 31, |        |       |
|--------------------------|-------------------------|--------|-------|
|                          | 2023                    | 2022   | 2021  |
| Current:                 |                         |        |       |
| Federal                  | \$ (3)                  | \$ 1   | \$ 1  |
| Foreign                  | 240                     | 148    | 47    |
| State and local          | 12                      | 5      | (5)   |
| Total current            | 249                     | 154    | 43    |
| Deferred:                |                         |        |       |
| Federal                  | —                       | —      | —     |
| Foreign                  | (13)                    | 17     | (23)  |
| State and local          | —                       | —      | —     |
| Total deferred           | (13)                    | 17     | (23)  |
| Total income tax expense | \$ 236                  | \$ 171 | \$ 20 |

A reconciliation of U.S. statutory federal income tax expense (benefit) to income tax expense (benefit) from Cont Ops follows:

| (in millions)                                | Year Ended December 31, |        |         |
|--|-------------------------|--------|---------|
|  | 2023                    | 2022   | 2021    |
| U.S. statutory federal tax expense (benefit) | \$ 66                   | \$ 51  | \$ (73) |
| Increase (decrease) in taxes resulting from: |                         |        |         |
| State and local income taxes                 | 6                       | —      | 12      |
| Goodwill Impairment                          | —                       | 10     | 36      |
| Sale of foreign subsidiaries                 | (10)                    | —      | —       |
| NCI  | 13                      | 15     | (7)     |
| Foreign tax differential, net                | 48                      | (106)  | (11)    |
| Valuation allowance, net                     | 122                     | 194    | 103     |
| Stranded tax effects from AOCI               | —                       | —      | (52)    |
| Other, net                                   | (9)                     | 7      | 12      |
| Total income tax expense                     | \$ 236                  | \$ 171 | \$ 20   |

**FLUOR CORPORATION**
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

| (in millions)   | December 31, |         |
|---|--------------|---------|
|   | 2023         | 2022    |
| Deferred tax assets:  |              |         |
| Accrued liabilities not currently deductible:               |              |         |
| Employee compensation and benefits                          | \$ 105       | \$ 107  |
| Project and non-project reserves                            | 20           | 33      |
| Net operating loss carryforward                             | 399          | 397     |
| Tax basis of investment in excess of book basis, net        | 123          | 66      |
| U.S. foreign tax credit carryforward                        | 611          | 567     |
| AOCI  | 42           | 21      |
| Other   | 115          | 57      |
| Total deferred tax assets                                   | 1,415        | 1,248   |
| Valuation allowance   | (1,340)      | (1,211) |
| Deferred tax assets, net                                    | \$ 75        | \$ 37   |
| Deferred tax liabilities:                                   |              |         |
| Book basis of property and equipment in excess of tax basis | (19)         | (10)    |
| Dividend withholding on unremitted non-U.S. earnings        | (60)         | (46)    |
| Other   | (15)         | (20)    |
| Total deferred tax liabilities                              | (94)         | (76)    |
| Deferred tax liabilities, net of deferred tax assets        | \$ (19)      | \$ (39) |

As of December 31, 2023, we are indefinitely reinvested only with respect to unremitted earnings required to meet our working capital and long-term investment needs in the non-US jurisdictions where we operate. Beyond those limits, we expect current earnings to be available for distribution. Deferred tax liabilities of approximately \$35 million have not been recorded with respect to unremitted earnings that are considered indefinitely reinvested, primarily associated with foreign withholding and income taxes that would be due upon remittance. We have no intention of initiating any actions that would lead to taxation of the earnings deemed indefinitely reinvested.

As of December 31, 2023, tax credit carryforwards, principally federal, and tax loss carryforwards, principally federal, state, and foreign, were as follows:

| (in millions)       | Federal FTC | Federal NOLs | State NOLs | Foreign NOLs |
|---------------------|-------------|--------------|------------|--------------|
| Expiration periods: |             |              |            |              |
| 2024-2028           | \$ 21       | \$ —         | \$ 9       | \$ 25        |
| 2029-2033           | 532         | —            | 76         | 56           |
| 2034-2043           | 58          | —            | 276        | 5            |
| Indefinite          | —           | —            | 319        | 1,355        |

We are in a 3-year cumulative loss on a consolidated, jurisdictional basis in the Netherlands, the U.K. and the U.S. Such cumulative loss constitutes significant negative evidence (with regards to future taxable income) for assessing likelihood of realization. We also considered positive evidence but concluded it did not outweigh this significant negative evidence of a 3-year cumulative loss. Accordingly, we recognized non-cash charges to tax expense of \$92 million and \$50 million to record a valuation allowance against net U.S. deferred tax assets and \$30 million and \$120 million against certain net foreign deferred tax assets during 2023 and 2022, respectively.

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

In the normal course of business, we are subject to examination by taxing authorities worldwide, including such major jurisdictions as Australia, Canada, Chile, the Netherlands, the United Kingdom, and the United States. Although we believe our reserves for our tax positions are reasonable, the outcome of tax audits could be materially different, both favorably and unfavorably. With a few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2012.

A summary of unrecognized tax benefits follows:

| (in millions)                                      | 2023  | 2022  |
|--|-------|-------|
| Balance at beginning of year                       | \$ 49 | \$ 48 |
| Change in tax positions of prior years             | 3     | 1     |
| Change in tax positions of current year            | —     | —     |
| Reduction in tax positions for statute expirations | —     | —     |
| Reduction in tax positions for audit settlements   | —     | —     |
| Balance at end of year                             | \$ 52 | \$ 49 |

If recognized, the total amount of unrecognized tax benefits as of December 31, 2023 and 2022, would favorably impact the effective tax rates by \$36 million and \$31 million, respectively. We had \$20 million and \$15 million of accrued interest and penalties as of December 31, 2023 and 2022, respectively. We believe the amount of unrecognized tax benefits related to our uncertain tax positions may change within the next 12 months.

U.S. and foreign earnings (loss) from Cont Ops before taxes are as follows:

| (in millions) | Year Ended December 31, |          |          |
|---------------|-------------------------|----------|----------|
|               | 2023                    | 2022     | 2021     |
| United States | \$ 185                  | \$ (465) | \$ (394) |
| Foreign       | 130                     | 709      | 48       |
| Total         | \$ 315                  | \$ 244   | \$ (346) |

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

9. Supplemental Cash Flow Information

The changes in assets and liabilities included in operating cash flow follow:

| (in millions)  | Year Ended December 31, |         |          |
|--|-------------------------|---------|----------|
|  | 2023                    | 2022    | 2021     |
| (Increase) decrease in:  |                         |         |          |
| Accounts and notes receivable, net                                       | \$ (87)                 | \$ 22   | \$ 5     |
| Contract assets  | (72)                    | 133     | (179)    |
| Other current assets   | (12)                    | 192     | (167)    |
| Other assets   | (111)                   | 159     | 284      |
| Increase (decrease) in:  |                         |         |          |
| Accounts payable   | 218                     | (175)   | 6        |
| Contract liabilities   | (120)                   | (135)   | (176)    |
| Accrued liabilities  | 79                      | (155)   | 109      |
| Other liabilities  | (9)                     | (87)    | (79)     |
| Increase (decrease) in cash due to changes in assets and liabilities     | \$ (114)                | \$ (46) | \$ (197) |
| Cash paid during the year for:   |                         |         |          |
| Interest   | \$ 53                   | \$ 54   | \$ 90    |
| Income taxes (net of refunds)  | 169                     | 99      | 75       |
| Noncash investing and financing activities:                              |                         |         |          |
| Marketable securities transferred to trustee to discharge the 2024 Notes | \$ 262                  | \$ —    | \$ —     |
| Debt assumed by buyer of Stork Latin America                             | 19                      | —       | —        |

10. Partnerships and Joint Ventures

The following is a summary of aggregate, unaudited balance sheet data for unconsolidated entities where our investment is presented as a one-line equity method investment:

| (in millions)          | December 31, |          |
|------------------------|--------------|----------|
|                        | 2023         | 2022     |
| Current assets         | \$ 7,561     | \$ 9,702 |
| Noncurrent assets      | 3,564        | 3,435    |
| Current liabilities    | 5,510        | 7,613    |
| Noncurrent liabilities | 2,757        | 3,036    |

The following is a summary of aggregate, unaudited income statement data for unconsolidated entities where the equity method of accounting is used to recognize our share of net earnings or loss of investees:

| (in millions)   | 2023     | 2022     | 2021     |
|-----------------|----------|----------|----------|
| Revenue         | \$ 2,653 | \$ 2,460 | \$ 1,590 |
| Cost of revenue | 1,865    | 1,749    | 1,004    |
| Net earnings    | 152      | 106      | 51       |

Investments in a loss position of \$307 million and \$312 million were included in other accrued liabilities as of December 31, 2023 and 2022, respectively, and consisted primarily of provision for anticipated losses on legacy infrastructure projects. Accounts receivable related to work performed for unconsolidated partnerships and joint ventures included in "Accounts and notes receivable, net" were \$174 million and \$185 million as of December 31, 2023 and 2022, respectively.

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

During 2022, we sold the majority of our interest in an infrastructure joint venture in Canada and recognized a gain of \$11 million. During 2021, we sold our 10% ownership interest in an infrastructure joint venture and recognized a gain of \$20 million. These gains were included in Urban Solutions' segment profit.

*Variable Interest Entities*

The aggregate carrying value of unconsolidated VIEs (classified under both "Investments" and "Other accrued liabilities") was a net asset of \$91 million and \$46 million as of December 31, 2023 and 2022, respectively. Some of our VIEs have debt; however, such debt is typically non-recourse to us. Our maximum exposure to loss as a result of our investments in unconsolidated VIEs is typically limited to the aggregate of the carrying value of the investment and future funding necessary to satisfy the contractual obligations of the VIE. Future funding commitments as of December 31, 2023 for the unconsolidated VIEs were \$57 million.

We are required to consolidate certain VIEs. Assets and liabilities associated with the operations of our consolidated VIEs are presented on our balance sheet. The assets of a VIE are restricted for use only for the particular VIE and are not available for our general operations. We have agreements with certain VIEs to provide financial or performance assurances to clients, as discussed elsewhere.

**11. Guarantees**

In the ordinary course of business, we enter into various agreements providing performance assurances and guarantees to our clients on behalf of certain unconsolidated and consolidated partnerships, joint ventures and other jointly executed contracts. These agreements are entered into primarily to support project execution commitments. Performance guarantees have various expiration dates ranging from mechanical completion to a period extending beyond contract completion. The maximum potential amount of future payments that we could be required to make under outstanding performance guarantees, which represents the remaining cost of work to be performed, was estimated to be \$15 billion as of December 31, 2023. For cost reimbursable contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed. For lump-sum contracts, the performance guarantee amount is the cost to complete the contracted work, less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete. In those cases where costs exceed the remaining amounts payable under the contract, we may have recourse to third parties, such as owners, partners, subcontractors or vendors for claims. The performance guarantees obligation was not material as of December 31, 2023 and 2022.

In certain limited circumstances, financial guarantees are entered into with financial institutions and other credit grantors and generally obligate us to make payment in the event of a default by the borrower. These arrangements generally require the borrower to pledge collateral to support the fulfillment of the borrower's obligation.

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

**12. Contingencies and Commitments**

We and certain of our subsidiaries are subject to litigation, claims and other commitments and contingencies, including matters arising in the ordinary course of business, of which the asserted value may be significant. We record accruals in the financial statements for contingencies when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. While there is at least a reasonable possibility that a loss may be incurred in any of the matters identified below, including a loss in excess of amounts accrued, management is unable to estimate the possible loss or range of loss or has determined such amounts to be immaterial. At present, except as set forth below, we do not expect that the ultimate resolution of any open matters will have a material adverse effect on our financial position or results of operations. However, legal proceedings and regulatory and governmental matters are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable outcomes could involve substantial monetary damages, fines, penalties and other expenditures. An unfavorable outcome might result in a material adverse impact on our business, results of operations or financial position. We might also enter into an agreement to settle one or more such matters if we determine such settlement is in the best interests of our stakeholders, and any such settlement could include substantial payments.

*The following matters remain open as of the issuance of this 10-K.*

Fluor Australia Ltd., our wholly-owned subsidiary ("Fluor Australia"), completed a cost reimbursable engineering, procurement and construction management services project for Santos Ltd. ("Santos") involving a large network of natural gas gathering and processing facilities in Queensland, Australia. On December 13, 2016, Santos filed an action in Queensland Supreme Court (the "Court") against Fluor Australia, asserting various causes of action and seeking damages and/or a refund of contract proceeds paid of AUD \$1.47 billion. Santos has joined Fluor to the matter on the basis of a parent company guarantee issued for the project. In March 2023, a panel of 3 referees appointed by the Court (the "Panel") issued a draft, non-binding report setting forth recommendations to the Court regarding liability and damages in the lawsuit. After consideration of further submissions by the parties, the Panel finalized its report on July 14, 2023. The Panel's report has no legal effect unless it is adopted by the Court through an adoption hearing, and the Court can accept or reject, in whole or in part, the Panel's recommendations. In the final report, the Panel recommended judgment for Fluor on one of Santos's damages claims that Santos contends has an approximate value of AUD \$700 million, and recommended judgment for Santos on other claims that the Panel valued at approximately AUD \$790 million excluding interest and costs. While the project contract contains a liability cap of approximately AUD \$236 million, the Panel found that the liability cap did not apply to Santos's claims. Fluor has made an application to have the Court set aside the reference to the Panel and the Panel's recommendations on several procedural and substantive grounds, including in relation to apparent bias of the referees, a failure to comply with the order which established the reference to the Panel and a lack of procedural fairness. In July 2023, the Court held oral argument on that application. We do not expect a decision until after the Court holds an adoption hearing, which is scheduled for February 2024. At any adoption hearing, Fluor will contend that the Court should not adopt the Panel's recommendation based on numerous grounds, including the Panel's failure to apply the project's liability cap.

Fluor Enterprises Inc., our wholly-owned subsidiary, ("Fluor") in conjunction with a partner, Balfour Beatty Infrastructure, Inc., ("Balfour") formed a joint venture known as Prairie Link Constructors JV ("PLC") and, through it, contracted with the North Texas Tollway Authority ("NTTA") to provide design and build services in relation to the extension of the NTTA's President George Bush Turnpike highway ("Project"). PLC completed the Project in 2012. In October 2022, the NTTA served PLC, Fluor and Balfour with a petition, filed at Dallas County Court, demanding damages of an unquantified amount under various claims relating to alleged breaches of contract and or negligence in relation to retaining walls along the Project. In its initial disclosures as part of the litigation, the NTTA stated that its damages are expected to exceed \$100 million and that damages will be calculated by experts and provided in the normal course of the litigation. In September 2023, the NTTA provided an expert report that included calculations of damages, consisting of costs to repair sixty-five retaining walls, estimated at \$227 million. We have answered the petition and asserted claims for, among other things, indemnity from subcontractors.

*The following matters are deemed settled or closed as of December 31, 2023.*

Fluor Limited, our wholly-owned subsidiary ("Fluor Limited"), and Fluor Arabia Limited, a partially-owned subsidiary ("Fluor Arabia"), completed cost reimbursable engineering, procurement and construction management services for Sadara Chemical Company ("Sadara") involving a large petrochemical facility in Jubail, Kingdom of Saudi Arabia. On August 23, 2019, Fluor Limited and Fluor Arabia Limited commenced arbitration proceedings against Sadara after it refused to pay invoices totaling approximately \$100 million due under the contracts. As part of the arbitration proceedings, Sadara asserted various counterclaims for damages and/or a refund of contract proceeds paid totaling \$574 million against Fluor Limited and Fluor Arabia Limited. In August 2023, the arbitration panel issued an award on the majority of our invoice claims and on a small portion of Sadara's claims. Based on our assessment of the award, we recorded a charge of \$14 million in the third quarter of 2023 to reflect the expected net settlement with Sadara for all non-interest claims. Fluor and Sadara requested clarifications

**FLUOR CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

regarding the arbitration award, which the arbitrators ruled on in December 2023 resulting in an immaterial change to the \$14 million charge. Upon collection from Sadara, we expect to recognize interest income, presently valued at \$3 million to \$5 million, on the net settlement value.

Various wholly-owned subsidiaries of Fluor, in conjunction with a partner, TECHINT, (“Fluor/TECHINT”) performed engineering, procurement and construction management services on a cost reimbursable basis for Barrick Gold Corporation involving a gold mine and ore processing facility on a site straddling the border between Argentina and Chile. In 2013 Barrick terminated the Fluor/TECHINT agreements for convenience and not due to the performance of Fluor/TECHINT. On August 12, 2016, Barrick filed a notice of arbitration against Fluor/TECHINT, demanding damages and/or a refund of contract proceeds paid of not less than \$250 million under various claims relating to Fluor/TECHINT’s alleged performance. Proceedings were suspended while the parties explored a possible settlement. In August 2019, Barrick drew down \$36 million of letters of credit from Fluor/TECHINT (\$24 million from Fluor and \$12 million from TECHINT). Thereafter, Barrick proceeded to reactivate the arbitration. Barrick and Fluor/TECHINT exchanged detailed statements of claim and counterclaim pursuant to which Barrick’s claim against Fluor/TECHINT totaled \$364 million net of amounts acknowledged to be due to Fluor/TECHINT. In September 2023, the arbitration panel issued an award generally in favor of Fluor/TECHINT. In October 2023, Fluor/TECHINT and Barrick entered into an agreement to effect the arbitration award and release all claims among the parties. We recognized a gain of \$12 million in the third quarter of 2023 associated with the non-interest component and an additional \$11 million on the interest component in the fourth quarter of 2023.

Since September 2018, 11 separate purported shareholders' derivative actions were filed against current and former members of the Board of Directors, as well as certain of Fluor’s current and former executives. Fluor was named as a nominal defendant in the actions. These derivative actions purported to assert claims on behalf of Fluor and made substantially the same factual allegations as the securities class action matter which was resolved in 2022, as previously disclosed in our 2022 10-K, and sought various forms of monetary and injunctive relief. These actions were pending in Texas state court (District Court for Dallas County), the U.S. District Court for the District of Delaware, the U.S. District Court for the Northern District of Texas, and the Court of Chancery of the State of Delaware. In April 2023, the parties reached an agreement for a global settlement of these matters. The settlement received final court approval in September 2023. All matters have now been dismissed.

In February 2020, we announced that the SEC was conducting an investigation and requested documents and information related to projects for which we recorded charges in the second quarter of 2019. In April 2020 and January 2022, Fluor received subpoenas from the U.S. DOJ seeking documents and information related to the second quarter 2019 charges; certain of the projects associated with those charges; and certain project accounting, financial reporting and governance matters. In May 2023, the DOJ advised that it had closed its investigation and does not intend to bring charges. In September 2023, we entered into a settlement agreement with the SEC resolving the investigation and agreed to pay a civil penalty of \$15 million. We had previously established reserves sufficient to fund the settlement. Therefore, the settlement did not have a material impact on our 2023 results.

**13. Contract Assets and Liabilities**

The following summarizes information about our contract assets and liabilities:

| (in millions)  | December 31,            |        |
|--|-------------------------|--------|
|  | 2023                    | 2022   |
| <b>Information about contract assets:</b>                                      |                         |        |
| Contract assets  |                         |        |
| Unbilled receivables - reimbursable contracts                                  | \$ 854                  | \$ 738 |
| Contract work in progress - lump sum contracts                                 | 137                     | 177    |
| Contract assets  | \$ 991                  | \$ 915 |
| Advance billings deducted from contract assets                                 | \$ 163                  | \$ 220 |
|  |                         |        |
|  | Year Ended December 31, |        |
|  | 2023                    | 2022   |
| <b>Information about contract liabilities:</b>                                 |                         |        |
| Provision for anticipated losses on contracts included in contract liabilities | \$ 129                  | \$ 212 |
| Revenue recognized that was included in contract liabilities as of January 1   | 616                     | 818    |



**FLUOR CORPORATION**
**NOTES TO FINANCIAL STATEMENTS (Continued)**

We periodically evaluate our project forecasts and the amounts recognized with respect to our claims and unapproved change orders. We include estimated amounts for claims and unapproved change orders in project revenue to the extent it is probable we will realize those amounts. As of December 31, 2023 and 2022, we had recorded \$531 million and \$498 million, respectively, of revenue associated with claims and unapproved change orders for costs incurred to date. Additional costs, which will increase this balance over time, are expected to be incurred in future periods. We had up to \$24 million of back charges that may be disputed as of December 31, 2023, but none as of December 31, 2022.

**14. Remaining Unsatisfied Performance Obligations**

We estimate that our RUPO will be satisfied over the following periods:

| (in millions)     | December 31,<br>2023 |
|-------------------|----------------------|
| Within 1 year     | \$ 12,832            |
| 1 to 2 years      | 9,417                |
| Thereafter        | 5,510                |
| <b>Total RUPO</b> | <b>\$ 27,759</b>     |

**15. Debt and Letters of Credit**

Debt consisted of the following:

| (in millions)                                     | December 31,    |               |
|---|-----------------|---------------|
|   | 2023            | 2022          |
| Borrowings under credit facility                  | \$ —            | \$ —          |
| Current:  |                 |               |
| 2023 Notes  | \$ —            | \$ 138        |
| Other borrowings                                  | —               | 14            |
| <b>Total current</b>                              | <b>\$ —</b>     | <b>\$ 152</b> |
| Long-Term:  |                 |               |
| Senior Notes                                      |                 |               |
| 2024 Notes  | \$ —            | \$ 381        |
| Unamortized discount and deferred financing costs | —               | (1)           |
| 2028 Notes  | 600             | 600           |
| Unamortized discount and deferred financing costs | (3)             | (4)           |
| 2029 Notes  | 575             | —             |
| Unamortized deferred financing costs              | (14)            | —             |
| Other long-term borrowings                        | —               | 2             |
| <b>Total long-term</b>                            | <b>\$ 1,158</b> | <b>\$ 978</b> |

*Credit Facility*

As of December 31, 2023, letters of credit totaling \$477 million were outstanding under our \$1.8 billion credit facility, which matures in February 2026 and was amended in August 2023 to permit the issuance of the 2029 Notes. This credit facility contains customary financial covenants, including a debt-to-capitalization ratio that cannot exceed 0.60 to 1.00, a limitation on the aggregate amount of debt of the greater of \$750 million or €750 million for our subsidiaries, and a minimum liquidity threshold of \$1.2 billion, defined in the amended credit facility, which may be reduced to \$1.0 billion upon the repayment of debt. The credit facility also contains provisions that will require us to provide collateral to secure the facility should we be downgraded to BB by S&P and Ba2 by Moody's, such collateral consisting broadly of our U.S. assets. Borrowings under the facility, which may be denominated in USD, EUR, GBP or CAD, bear interest at a base rate, plus an applicable borrowing margin. As of December 31, 2023, we had not made any borrowings under our credit line and maintained a borrowing capacity of \$775 million.

*Uncommitted Lines of Credit*

As of December 31, 2023, letters of credit totaling \$918 million were outstanding under uncommitted lines of credit.

## FLUOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Continued)

*Issuance of 2029 Notes*

In August 2023, we issued \$575 million of 1.125% Convertible Senior Notes (the “2029 Notes”) due August 15, 2029 and received net proceeds of \$560 million. Interest on the 2029 Notes is payable semi-annually on February 15 and August 15, beginning on February 15, 2024. The conversion rate for the 2029 Notes is 22.0420 shares of common stock per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of \$45.37 per share. Holders may convert their 2029 Notes any time before May 2029 under the following conditions:

- if the last reported price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to \$58.98 on each applicable trading day;
- during the 5-business day period after any 5-consecutive trading day period in which the trading price of the 2029 Notes was less than 98% of the product of the last reported stock price and the conversion rate;
- if we call any or all of the 2029 Notes for redemption; or
- upon the occurrence of specified events as described in the applicable indenture.

In addition, holders may convert their 2029 Notes any time beginning in May 2029 and prior to maturity without regard to the foregoing circumstances. Upon any conversion, we will repay the principal amount of the notes in cash and may elect to convey the conversion premium in any combination of cash and shares of our common stock. Certain events could cause the conversion rate to increase, including a make-whole fundamental change or redemption, but in no event will the conversion rate for a single note exceed 29.2056 shares of our common stock, other than for customary adjustments described in the applicable indenture.

After August 2026, we may elect to redeem up to all of the outstanding 2029 Notes if our common stock has a prevailing per share closing price in excess of \$58.98. In such election, all principal would be settled in cash and could result in a make-whole premium if the holders also elect to convert. We may elect to pay any make-whole premium in any combination of cash and shares of our common stock.

*Capped Call Transactions*

In connection with the 2029 Notes offering, we entered into capped call transactions with certain banks. The capped call transactions are not part of the terms of the 2029 Notes and are accounted for as separate transactions. As the capped call options are indexed to our own stock, they are recorded in shareholders’ equity and are not accounted for as derivatives. The cost of the capped call transactions was \$73 million which was recorded as a permanent reduction to APIC, and will not be subject to periodic remeasurement. The strike price of the capped call options corresponds to the conversion price of the 2029 Notes of \$45.37 per share. The capped call options are expected to offset potential dilution to our common stock upon conversion of any 2029 Notes and/or offset any cash payments we are required to make for any conversion premium if our stock price is greater than \$45.37. The upper limit of the capped calls is \$68.48 per share. If our stock price exceeds \$68.48, there would be unmitigated dilution and/or no offset of any cash payments attributable to the amount by which our stock exceeds the cap price. We will not be required to make any cash payments to option counterparties upon the exercise of capped call options, but we will be entitled to receive from them shares of our common stock or an amount of cash based on the amount by which the market price of our common stock exceeds the strike price of the capped calls.

*Notes Discharge & Redemption of 2024 and 2023 Notes*

In January 2023, we redeemed the remaining €129 million of outstanding 2023 Notes for \$140 million with no earnings impact. In August 2023, we completed a tender offer in which we repurchased \$115 million of outstanding 2024 Notes, excluding accrued interest, for consideration of \$975.03 per \$1,000 principal amount of the notes. The earnings effect of the tender offer was immaterial. In December 2023, we extinguished the remaining outstanding \$266 million principal amount of our 2024 Notes through a legal discharge, whereby we irrevocably transferred \$262 million in interest-bearing Treasury securities to the trustee of the 2024 Notes. These securities will yield sufficient principal and interest over their remaining term to permit the trustee to satisfy the remaining principal and interest due on the 2024 Notes. Thus, we are no longer the primary obligor under the 2024 Notes.

During 2022, we redeemed \$41 million of aggregate outstanding 2023 Notes, with an immaterial earnings impact.

During 2021, we completed a tender offer in which we repurchased \$375 million of 2023 Notes and \$108 million of 2024 Notes. Additionally, we redeemed \$26 million of outstanding 2023 and 2024 Notes in open market transactions during 2021. We used the proceeds from the issuance of CPS to redeem the 2023 and 2024 Notes. We recognized \$20 million in losses related to these redemptions which was included in interest expense.

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

2028 Notes

In August 2018, we issued \$600 million of 4.250% Senior Notes due in September 2028 ("2028 Notes") and received proceeds of \$595 million. Interest on the 2028 Notes is payable semi-annually in March and September. Prior to June 2028, we may redeem the 2028 Notes at a redemption price equal to 100% of the principal amount, plus a "make whole" premium described in the indenture. After June 2028, the 2028 Notes can be redeemed at par plus accrued interest. A change of control (as defined by the terms of the indenture) could require us to repay them at 101% of the principal amount, plus accrued interest. We are permitted to incur additional indebtedness if we are in compliance with certain restrictive covenants, including restrictions on liens and restrictions on sale and leaseback transactions.

**16. Convertible Preferred Stock**

In September 2023, we exercised our mandatory conversion rights on our CPS in which all of the outstanding shares of CPS converted to 44.9585 shares of our common stock, plus a cash payment of \$45.23 per CPS for a make-whole premium. The total make-whole premium amounted to \$27 million.

Third quarter CPS dividends of \$10 million were paid in August 2023. Upon conversion, all dividends on the CPS have ceased, and we have no obligation for any further dividends.

**17. Fair Value Measurements**

The fair value hierarchy prioritizes the use of inputs used in valuation techniques into the following three levels:

- Level 1 — quoted prices in active markets for identical assets and liabilities
- Level 2 — inputs other than quoted prices in active markets for identical assets and liabilities that are observable, either directly or indirectly
- Level 3 — unobservable inputs

We perform procedures to verify the reasonableness of pricing information received from third parties for significant assets and liabilities classified as Level 2. The following table delineates assets and liabilities that are measured at fair value on a recurring basis:

| (in millions)                               | December 31, 2023    |         |         |         | December 31, 2022    |         |         |         |
|---|----------------------|---------|---------|---------|----------------------|---------|---------|---------|
|   | Fair Value Hierarchy |         |         |         | Fair Value Hierarchy |         |         |         |
|   | Total                | Level 1 | Level 2 | Level 3 | Total                | Level 1 | Level 2 | Level 3 |
| <b>Assets:</b>                              |                      |         |         |         |                      |         |         |         |
| Deferred compensation trusts <sup>(1)</sup> | \$ 12                | \$ 12   | \$ —    | \$ —    | \$ 10                | \$ 10   | \$ —    | \$ —    |
| Derivative assets <sup>(2)</sup>            |                      |         |         |         |                      |         |         |         |
| Foreign currency                            | 6                    | —       | 6       | —       | 9                    | —       | 9       | —       |
| Commodity                                   | 1                    | —       | 1       | —       | 4                    | —       | 4       | —       |
| <b>Liabilities:</b>                         |                      |         |         |         |                      |         |         |         |
| SMR warrants <sup>(3)</sup>                 | \$ 12                | \$ 6    | \$ 6    | \$ —    | \$ 38                | \$ 21   | \$ 17   | \$ —    |
| Derivative liabilities <sup>(2)</sup>       |                      |         |         |         |                      |         |         |         |
| Foreign currency                            | 3                    | —       | 3       | —       | 8                    | —       | 8       | —       |
| Commodity                                   | 1                    | —       | 1       | —       | 1                    | —       | 1       | —       |

(1) Consists of registered money market funds and an equity index fund. These investments, which are trading securities, represent the net asset value at the close of business of the period based on the last trade or official close of an active market or exchange.

(2) Foreign currency and commodity derivatives are estimated using pricing models with market-based inputs, which take into account the present value of estimated future cash flows.

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

- (3) The SMR warrant liabilities are comprised of public and private placement warrants redeemable by SMR under certain conditions, both measured using the price of the public warrants. The private placement warrants are not publicly traded and are classified as Level 2 measurements while the public warrants are classified as Level 1.

We have measured assets and liabilities held for sale and certain other impaired assets at fair value on a nonrecurring basis. The following summarizes information about financial instruments that are not required to be measured at fair value:

| (in millions)   | Fair Value Hierarchy | December 31, 2023 |            | December 31, 2022 |            |
|---|----------------------|-------------------|------------|-------------------|------------|
|   |                      | Carrying Value    | Fair Value | Carrying Value    | Fair Value |
| <b>Assets:</b>  |                      |                   |            |                   |            |
| Cash <sup>(1)</sup>   | Level 1              | \$ 1,357          | \$ 1,357   | \$ 1,262          | \$ 1,262   |
| Cash equivalents <sup>(2)</sup>                               | Level 2              | 1,162             | 1,162      | 1,177             | 1,177      |
| Marketable securities <sup>(2)</sup>                          | Level 2              | 69                | 69         | 185               | 185        |
| Notes receivable, including noncurrent portion <sup>(3)</sup> | Level 3              | 9                 | 9          | 9                 | 9          |
| <b>Liabilities:</b>   |                      |                   |            |                   |            |
| 2023 Senior Notes <sup>(4)</sup>                              | Level 2              | \$ —              | \$ —       | \$ 138            | \$ 138     |
| 2024 Senior Notes <sup>(4)</sup>                              | Level 2              | —                 | —          | 380               | 370        |
| 2028 Senior Notes <sup>(4)</sup>                              | Level 2              | 597               | 573        | 596               | 545        |
| 2029 Senior Notes <sup>(4)</sup>                              | Level 2              | 561               | 626        | —                 | —          |
| Other borrowings, including noncurrent portion <sup>(5)</sup> | Level 2              |                   |            | 16                | 16         |

- (1) Cash consists of bank deposits. Carrying amounts approximate fair value.
- (2) Cash equivalents and marketable securities primarily consist of time deposits. Carrying amounts approximate fair value because of the short-term maturity of these instruments. Amortized cost is not materially different from the fair value.
- (3) Notes receivable are carried at net realizable value which approximates fair value. Factors considered in determining the fair value include the credit worthiness of the borrower, current interest rates, the term of the note and any collateral pledged as security. Notes receivable are periodically assessed for impairment.
- (4) The fair value of the Senior Notes was estimated based on quoted market prices and Level 2 inputs.
- (5) Other borrowings represent bank loans and other financing arrangements which mature within 1 year. The carrying amount of borrowings under these arrangements approximates fair value because of the short-term maturity.

**18. Property, Plant and Equipment**

Property, plant and equipment is as follows:

| (cost in millions)                  | December 31,  |               |
|-------------------------------------|---------------|---------------|
|                                     | 2023          | 2022          |
| Land                                | \$ 48         | \$ 43         |
| Buildings                           | 272           | 265           |
| Building and leasehold improvements | 131           | 132           |
| Machinery and equipment             | 671           | 882           |
| Furniture and fixtures              | 143           | 137           |
| Assets under development            | 59            | 29            |
|                                     | <u>1,324</u>  | <u>1,488</u>  |
| Less accumulated depreciation       | (866)         | (1,041)       |
| Net property, plant and equipment   | <u>\$ 458</u> | <u>\$ 447</u> |

**FLUOR CORPORATION**
**NOTES TO FINANCIAL STATEMENTS (Continued)**
**19. Stock-Based Compensation**

Generally, our annual grant of stock-based awards are made on a broad basis in the first quarter of each year.

**Equity Awards**

Stock-based compensation expense totaled \$48 million, \$19 million and \$32 million during 2023, 2022 and 2021, respectively. There were no tax benefits recognized related to stock-based compensation during these periods. The following table summarizes RSU and stock option activity:

|   | RSUs      |  | Stock Options |   |
|---|-----------|--|---------------|---|
|   | Number    | Weighted Average Grant Date Fair Value Per Share | Number        | Weighted Average Exercise Price Per Share |
| Outstanding as of December 31, 2020                         | 2,258,594 | \$21.76  | 5,752,932     | \$44.40                                   |
| Granted   | 596,391   | 18.67  | 481,626       | 17.96                                     |
| Forfeited or expired  | (132,713) | 18.78  | (659,216)     | 58.37                                     |
| Vested/exercised  | (810,560) | 30.83  | (84,416)      | 8.81                                      |
| Outstanding as of December 31, 2021                         | 1,911,712 | \$17.16  | 5,490,926     | \$40.95                                   |
| Granted   | 415,356   | 22.36  | 250,656       | 21.90                                     |
| Forfeited or expired  | (2,937)   | 25.55  | (846,621)     | 61.46                                     |
| Vested/exercised  | (957,640) | 22.01  | (217,397)     | 15.20                                     |
| Outstanding as of December 31, 2022                         | 1,366,491 | \$15.33  | 4,677,564     | \$37.41                                   |
| Granted   | 432,654   | 34.88  | 178,434       | 35.76                                     |
| Forfeited or expired  | (4,897)   | 35.76  | (525,994)     | 61.06                                     |
| Vested/exercised  | (869,753) | 13.21  | (198,455)     | 12.64                                     |
| Outstanding as of December 31, 2023                         | 924,495   | \$26.36  | 4,131,549     | \$35.52                                   |
| Options exercisable as of December 31, 2023                 |           |  | 3,514,925     | \$37.56                                   |
| Remaining unvested options outstanding and expected to vest |           |  | 610,458       | \$23.93                                   |

Our stock-based plans provide that RSUs may not be sold or transferred until service-based restrictions have lapsed. Generally, upon termination of employment, RSUs which have not vested are forfeited. RSUs granted to executives generally vest over 3 years. RSUs granted to directors vest upon grant. The fair value of RSUs that vested during 2023, 2022 and 2021 was \$30 million, \$23 million and \$14 million, respectively. The balance of unamortized RSU expense as of December 31, 2023 was \$5 million, which is expected to be recognized over a weighted-average period of 1.2 years.

The exercise price of options represents the closing price of our common stock on the date of grant. The options granted generally vest over 3 years and expire 10 years after the grant date. The aggregate intrinsic value of stock options exercised during 2023, 2022 and 2021 was \$4 million, \$4 million and \$1 million respectively. The balance of unamortized stock option expense as of December 31, 2023 was \$1 million, which is expected to be recognized over a weighted-average period of 0.9 years.

The grant date fair value of options and other significant assumptions follow:

|  | 2023    | 2022    | 2021   |
|--|---------|---------|--------|
| Weighted average grant date fair value | \$16.52 | \$11.19 | \$8.94 |
| Expected life of options (in years)    | 4.6     | 4.5     | 4.5    |
| Risk-free interest rate                | 4.0 %   | 1.9 %   | 0.7 %  |
| Expected volatility                    | 50 %    | 62 %    | 62 %   |
| Expected annual dividend per share     | \$0.00  | \$0.00  | \$0.00 |

**FLUOR CORPORATION**
**NOTES TO FINANCIAL STATEMENTS (Continued)**

The computation of the expected volatility assumption used in the Black-Scholes calculations is based on a 50/50 blend of historical and implied volatility. Information related to options outstanding as of December 31, 2023 follows:

| Range of Exercise Prices | Options Outstanding |  |   | Options Exercisable |  |   |
|--------------------------|---------------------|--|---|---------------------|--|---|
|                          | Number Outstanding  | Weighted Average Remaining Contractual Life (In Years) | Weighted Average Exercise Price Per Share | Number Exercisable  | Weighted Average Remaining Contractual Life (In Years) | Weighted Average Exercise Price Per Share |
| \$8.81 - \$35.76         | 2,411,890           | 6.8  | \$ 20.05                                  | 1,795,266           | 6.4  | \$ 18.71                                  |
| \$46.07 - \$62.50        | 1,531,586           | 2.6  | 54.53                                     | 1,531,586           | 2.6  | 54.53                                     |
| \$70.76 - \$79.19        | 188,073             | 0.1  | 79.19                                     | 188,073             | 0.1  | 79.19                                     |
|                          | 4,131,549           | 4.9  | \$ 35.52                                  | 3,514,925           | 4.4  | \$ 37.56                                  |

As of December 31, 2023, options outstanding and options exercisable had an aggregate intrinsic value of \$46 million and \$37 million, respectively .

Performance-based award units totaling 274,755 were awarded to certain senior executive and all of Section 16 officers during 2023 and performance-based award units totaling 426,957 and 613,868, respectively, were awarded to Section 16 officers during 2022 and 2021. These awards generally cliff vest after 3 years and contain annual performance conditions for each of the 3 years of the vesting period. Under GAAP, performance-based elements of such awards are not deemed granted until the performance targets have been established. The performance targets for each year are generally established in the first quarter.

For awards granted under the 2023 performance plan, 80% of the award is earned based on achievement of earnings before tax targets over three 1-year periods and 20% of the award is earned based on our 3-year cumulative TSR relative to companies in the S&P 500 on the date of the award. Awards granted under the 2022 and 2021 performance plans are earned based on achievement of EPS and return on invested capital goals over three 1-year periods, and earned or modified based on our 3-year cumulative TSR relative to companies in the S&P 500 on the date of the award. The performance component of these awards is deemed granted when targets are set while the TSR component of these awards is deemed granted upon issuance. During the first quarter of 2023, the following units were granted based upon the establishment of performance targets:

|                             | Performance-based Award Units Granted in 2023 | Weighted Average Grant Date Fair Value Per Share |
|-----------------------------|---|--|
| 2023 Performance Award Plan | 128,213                                       | \$42.71  |
| 2022 Performance Award Plan | 142,319                                       | \$35.87  |
| 2021 Performance Award Plan | 204,622                                       | \$46.84  |

For awards granted under the 2023, 2022 and 2021 performance award plans, the number of units are adjusted at the end of each performance period based on attainment of certain performance targets and on market conditions, pursuant to the terms of the award agreements. As of December 31, 2023, there were 260,398 shares associated with performance awards that had been awarded to employees, but which are not deemed granted due to the underlying performance targets having not yet been established.

The balance of unamortized compensation expense associated with performance-based award units as of December 31, 2023 was less than \$3 million, which is expected to be recognized over a weighted-average period of 0.9 years.

FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

**Liability Awards**

We grant SGI awards in the form of stock units, determined by dividing the target amount by the closing price of our common stock at the grant date. Each stock unit represents the right to receive cash equal to the value of 1 share of our common stock upon vesting. SGI awards granted to executives vest and become payable at a rate of 1/3 of the total award each year. Performance-based awards were awarded to non-Section 16 executives and will be settled in cash.

| Compensation Expense (in millions)                     | Location in Statement of Operations | December 31, |       |       |
|--|-------------------------------------|--------------|-------|-------|
|  |                                     | 2023         | 2022  | 2021  |
| SGI awards   | G&A                                 | \$ 34        | \$ 54 | \$ 67 |
| Performance-based awards for non-Section 16 executives | G&A                                 | 21           | 14    | 1     |

| Liabilities (in millions)                     | Location on Balance Sheet   | December 31, | December 31, |
|---|---|--------------|--------------|
|   |   | 2023         | 2022         |
| SGI awards                                    | Accrued salaries, wages and benefits and Other noncurrent liabilities | \$ 58        | \$ 92        |
| Performance-based awards for other executives | Accrued salaries, wages and benefits and Other noncurrent liabilities | 29           | 15           |

**20. Retirement Plans**

*DC Plans*

Domestic and international DC plans are available to eligible salaried and craft employees. Company contributions to DC plans are based on an employee's eligible compensation and participation rate. We recognized expense of \$143 million in 2023 and \$129 million in both 2022 and 2021.

*DB Plans*

We have no material DB plans. During 2022, we recognized a \$42 million gain on pension settlement upon the completion of compensation and other items associated with our largest DB plan, which provided retirement benefits to certain employees in the Netherlands, which was terminated in December 2021. The loss on termination of the plan of \$198 million in 2021 consisted primarily of unrecognized actuarial losses included in AOCI and did not impact our cash position.

*Multiemployer Pension Plans*

We participate in multiemployer pension plans for unionized construction and maintenance craft employees. Company contributions are based on the hours worked by employees covered under various collective bargaining agreements and totaled \$75 million, \$51 million and \$44 million during 2023, 2022 and 2021, respectively. Upon withdrawal from a multiemployer plan, we may have an obligation to make additional contributions for our share of any unfunded benefit obligation, but only if we do not meet the requirements of any applicable exemptions. We participate in a multiemployer plan in which we are aware of a significant unfunded benefit obligation. However, we believe we qualify for an exemption and do not believe we have a probable payment to the plan. Therefore, we have not recognized a liability related to this unfunded benefit obligation. The preceding information does not include amounts related to benefit plans applicable to employees associated with certain contracts with the U.S. Department of Energy because we are not responsible for the current or future funding of these plans.

**21. Other Noncurrent Liabilities**

We have deferred compensation plans and other retirement arrangements for executives which generally provide for payments upon retirement, death or termination of employment. As of December 31, 2023 and 2022, the obligations related to these plans totaled \$256 million and \$261 million, respectively, within noncurrent liabilities. To fund these obligations, we have established non-qualified trusts, which are included in noncurrent assets. These trusts hold life insurance policies and marketable securities. These trusts were valued at \$241 million and \$234 million as of December 31, 2023 and 2022, respectively. Periodic changes in the value of these trust investments, most of which are unrealized, are recognized in earnings, and serve to mitigate changes to the obligations which are also reflected in earnings.

**FLUOR CORPORATION**
**NOTES TO FINANCIAL STATEMENTS (Continued)**

We maintain appropriate levels of insurance for business risks, including workers compensation and general liability. Insurance coverages contain various retention amounts for which we provide accruals based on the aggregate of the liability for reported claims and an actuarially determined estimated liability for claims incurred but not reported. As of both December 31, 2023 and 2022, insurance liabilities of \$76 million were included in noncurrent liabilities.

**22. Leases**

The following summarizes lease expense:

| Lease Expense / (Sublease Income)   | Year Ended December 31, |        |        |
|-------------------------------------|-------------------------|--------|--------|
|                                     | 2023                    | 2022   | 2021   |
| <i>(in millions)</i>                |                         |        |        |
| Operating lease cost                | \$ 76                   | \$ 75  | \$ 76  |
| Finance lease cost                  |                         |        |        |
| Amortization of right-of-use assets | 6                       | 5      | 5      |
| Variable lease cost <sup>(1)</sup>  | 11                      | 11     | 10     |
| Short-term lease cost               | 117                     | 128    | 136    |
| Sublease income                     | (2)                     | (2)    | (2)    |
| Total lease expense <sup>(2)</sup>  | \$ 208                  | \$ 217 | \$ 225 |

(1) Primarily relates to rent escalation due to cost of living indexation and payments for property taxes, insurance or common area maintenance based on actual assessments.

(2) Lease expense is included in Cost of revenue and G&A.

Information related to our right-of use assets and lease liabilities follows:

| Lease Assets / Liabilities              | Balance Sheet Classification | December 31, |        |
|---|------------------------------|--------------|--------|
|   |                              | 2023         | 2022   |
| <i>(in millions)</i>                    |                              |              |        |
| <b>Right-of-use assets</b>              |                              |              |        |
| Operating lease assets                  | Other assets                 | \$ 126       | \$ 142 |
| Finance lease assets                    | Other assets                 | —            | 6      |
| Total right-of-use assets               |                              | \$ 126       | \$ 148 |
| <b>Lease liabilities</b>                |                              |              |        |
| Operating lease liabilities, current    | Other accrued liabilities    | \$ 41        | \$ 62  |
| Operating lease liabilities, noncurrent | Noncurrent liabilities       | 100          | 96     |
| Finance lease liabilities, current      | Other accrued liabilities    | —            | 6      |
| Finance lease liabilities, noncurrent   | Noncurrent liabilities       | —            | 7      |
| Total lease liabilities                 |                              | \$ 141       | \$ 171 |



FLUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

Supplemental information related to our leases follows:

|  | Year Ended December 31, |           |
|--|-------------------------|-----------|
|  | 2023                    | 2022      |
| <i>(in millions)</i>   |                         |           |
| Cash paid for amounts included in the measurement of lease liabilities:      |                         |           |
| Operating cash flows from operating leases                                   | \$ 42                   | \$ 77     |
| Financing cash flows from finance leases                                     | 1                       | 7         |
| Right-of-use assets obtained in exchange for new operating lease liabilities | 58                      | 57        |
| Right-of-use assets obtained in exchange for new finance lease liabilities   | —                       | 1         |
| Weighted-average remaining lease term - operating leases                     | 7.0 years               | 4.8 years |
| Weighted-average remaining lease term - finance leases                       | 0.0 years               | 3.9 years |
| Weighted-average discount rate - operating leases                            | 5.4 %                   | 3.5 %     |
| Weighted-average discount rate - finance leases                              | — %                     | 2.1 %     |

The remaining lease payments under our operating leases follows:

| Year Ended December 31,            | Operating Leases |
|------------------------------------|------------------|
| <i>(in millions)</i>               |                  |
| 2024                               | \$ 46            |
| 2025                               | 17               |
| 2026                               | 9                |
| 2027                               | 22               |
| 2028                               | 13               |
| Thereafter                         | 78               |
| Total lease payments               | \$ 185           |
| Less: Interest                     | (44)             |
| Present value of lease liabilities | \$ 141           |

None of our lease agreements contain material residual value guarantees or material restrictions or covenants.



Through our people, projects and partnerships, Fluor (NYSE: FLR) connects businesses and communities to advance economies and employment. We create choice and opportunity on a local and global scale.

Building a better world is our purpose. We care deeply about safety and seek to drive quality and efficiency in all that we do. We behave responsibly, inclusively and sustainably for a brighter future.

We support our clients in solving critical challenges. We operate throughout the project lifecycle, from conceptual design, engineering, procurement and construction to the operations and maintenance of facilities.

Clients, governments, partners and communities trust Fluor because we are here for the long term – delivering successful projects of both scale and significance for more than a century. From the spark of an idea to a project's completion, our over 30,000 colleagues in more than 60 locations around the globe provide professional and technical solutions with world-class expertise.

In 2023, Fluor had revenue of \$15.5 billion.

This is Fluor... **we are building a better world.**

For more information, please visit [www.fluor.com](http://www.fluor.com)

Or follow Fluor on     

## SHAREHOLDER REFERENCE

### Common Stock Information

On January 31, 2024, there were 170,405,512 shares outstanding and approximately 3,942 shareholders of record of Fluor's common stock.

### Registrar and Transfer Agent

Computershare  
P.O. Box 43078  
Providence, RI 02940-3078  
877.870.2366  
[computershare.com/investor](http://computershare.com/investor)

### Courier Delivery

150 Royall St., Suite 101  
Canton, MA 02021

### Independent Registered Public Accounting Firm

Ernst & Young LLP  
One Victory Park  
Suite 2000  
2323 Victory Avenue  
Dallas, TX 75219

### Annual Shareholders' Meeting

Please visit [investor.fluor.com](http://investor.fluor.com) for information regarding the time and location of our shareholders' meeting.

### Stock Trading

Fluor's stock is traded on the New York Stock Exchange under the trading symbol FLR.

### Investor Relations

Jason Landkamer  
469.398.7222

### Electronic Delivery of Reports and Proxy Statements

To expedite shareholders' receipt of materials, lower the costs of the annual meeting and conserve natural resources, we are offering you the option of viewing future Fluor reports and proxy statements on the internet. Please visit [investor.fluor.com](http://investor.fluor.com) to register and learn more about this feature.

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### Environmental Benefits Statement

Environmental impact estimates were made using the Environmental Defense Paper Calculator.

### For more information, visit: [papercalculator.org](http://papercalculator.org)

By using Endurance Silk, Fluor saved the following resources:

|                   |                 |
|-------------------|-----------------|
| Trees:            | 3 trees planted |
| Water:            | 200 gallons     |
| Solid waste:      | 10 pounds       |
| Greenhouse gases: | 1000 pounds     |



FSC® is not responsible for any calculations on saving resources by choosing this paper.

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6700 LAS COLINAS BOULEVARD  
IRVING, TEXAS 75039

FLUOR.COM