

FLUOR CORP
Form 11-K
June 30, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One):

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

For the fiscal year ended December 31, 2007

or

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

For the transition period from to

Commission file number 001-16129

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

TRS 401(k) Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

FLUOR CORPORATION

6700 Las Colinas Boulevard

Irving, Texas 75039

Audited Financial Statements
and Supplemental Schedule

TRS 401(k) Retirement Plan

*As of December 31, 2007 and 2006 and for the year ended
December 31, 2007*

with Report of Independent Registered Public Accounting Firm

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TRS 401(k) Retirement Plan

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and Supplemental Schedule

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Report of Independent Registered Public Accounting Firm

The Investment Committee

TRS 401(k) Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the TRS 401(k) Retirement Plan as of December 31, 2007 and 2006, and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2007 and 2006, and the changes in its net assets available for benefits for the year ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2007, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dallas, Texas
June 27, 2008

/s/ Ernst & Young LLP

TRS 401(k) Retirement Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2007	2006
Assets		
Investments:		
Investment in Fluor Corporation Master Trust at fair value	\$ 19,628,800	\$ 19,065,783
Loans to participants	146,333	221,956
Total assets	19,775,133	19,287,739
Liabilities		
Payable to Fluor Daniel Craft Employees 401(k) Retirement Plan		47,635
Total liabilities		47,635
Net assets available for benefits at fair value	19,775,133	19,240,104
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(32,183)	
Net assets available for benefits	\$ 19,742,950	\$ 19,240,104

See accompanying notes.

TRS 401(k) Retirement Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2007

Additions (deductions) in net assets:	
Contributions:	
Participants	\$ 3,028,911
Company	79,465
Rollover	24,279
Total contributions	3,132,655
Investment income:	
Share in net investment income of Fluor Corporation Master Trust	2,765,463
Interest income on participant loans	11,903
Investment income	2,777,366
Benefits, terminations, and withdrawals	(3,037,373)
Administrative expenses	(177,299)
Asset transfers to Fluor Corporation Salaried Employees Savings Investment Plan	(2,192,503)
Net increase in net assets available for benefits	502,846
Net assets available for benefits:	
Beginning of year	19,240,104
End of year	\$ 19,742,950

See accompanying notes.

TRS 401(k) Retirement Plan

Notes to Financial Statements

1. Description of the Plan

The TRS 401(k) Retirement Plan (the Plan) was established on September 1, 1991, by Total Recruiting Services, Inc., currently TRS Staffing Solutions, Inc. (TRS or the Company), as a contributory defined contribution plan. TRS is a wholly-owned subsidiary of Fluor Corporation (Fluor). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The following provides only general information about the Plan. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is managed by Fluor's Global Benefits, Benefits Administrative, and Investment Committees (collectively, the Committees). The Global Benefits Committee is responsible for plan design and funding strategies, including corporate contributions. The Benefits Administrative Committee interprets the Plan's documents and administers the Plan on behalf of participants. The Investment Committee establishes investment policies and objectives including the investment portfolio diversification and risk concentration guidelines and monitors investment activity and ongoing investment performance. The Investment Committee may appoint professional investment managers to manage the investment accounts of the Fluor Corporation Master Trust (the Master Trust) in accordance with ERISA requirements and the Investment Committee's guidelines.

The Master Trust Agreement requires that The Northern Trust Company (the Trustee), either directly or indirectly, hold the Plan's assets in a master trust and administer and distribute those assets in accordance with the Plan and the instructions of the Committees, or their designees.

Eligibility, Contributions, and Vesting

Employees are eligible to participate following the completion of one hour of service with the Company. If a terminated employee is reemployed by the Company, such employee is immediately eligible to participate in the Plan upon reemployment, provided such person was an eligible employee at the date of termination.

Eligible participants may elect to contribute to the trust created under the Plan (the Trust) amounts ranging from 1 percent to 20 percent of their compensation, as defined. However, the maximum monthly contribution percentage may be decreased for highly compensated employees. Participants who have attained age fifty before the end of the plan year are eligible to make catch-up contributions.

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Participants may change their contribution percentages at their own discretion; such contribution percentage changes become effective as soon as administratively possible following receipt of the change request by the recordkeeper.

All eligible salaried employees who have completed one or more years of service with the Company receive an annual Company contribution at a rate determined annually by the Company. There is no guaranteed minimum for Company contributions. Company contributions are participant-directed. For the year ended December 31, 2007, the Company matched salaried participant contributions up to a maximum of 4 percent of eligible compensation for eligible participants.

Participants are fully vested at all times in all contributions and earnings thereon.

TRS 401(k) Retirement Plan

Notes to Financial Statements (continued)

Benefits, Terminations, and Withdrawals

Upon total and permanent disability, death, retirement, or termination of employment, participants are eligible to receive a distribution of the full value of their accounts. Distributions are made in lump-sum, and participants invested in Fluor common stock may request Fluor common shares valued at current market value in lieu of or in combination with cash. If the account balance is \$1,000 or less, a distribution will be made in a lump sum following the end of employment unless the participant elects a direct rollover of such account balance. If the amount to be distributed exceeds \$1,000, and the participant does not request a distribution, the participant's account shall remain in the Plan and may be withdrawn or distributed at the participant's request, or as minimum required distributions beginning when the participant attains age 70½. When a participant dies, the entire amount in the participant's account is allocated to the participant's beneficiary(ies), as described in the Plan document.

Under certain hardship conditions, as defined in the Plan document, participants may elect to withdraw a portion of their account balance at any time during the Plan year. Additionally, participants who have reached age 59½ have the option of withdrawing all or part of their vested account balance at any time.

Participant Loans

The Plan allows participants to borrow up to one-half of their account balance, not to exceed \$50,000 reduced by their highest loan balance in the previous 12 months. Such loans bear interest at the prime rate and are payable through monthly installments for up to a 15-year period for a primary residence loan or a five-year period for all other loans. Participants are only allowed one outstanding loan.

Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (the IRS) dated September 9, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related Trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan's Benefits Administrative Committee believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related Trust is tax-exempt.

Participant Accounts

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An individual account is maintained for each participant in each designated fund. Each account is adjusted daily for contributions and net investment income or loss allocated to the individual participants in each fund. Participants are allowed to transfer a portion or all of the balance in their accounts from one investment fund to any other investment fund on a daily basis. However, participants can transfer a portion or all of the balance in their accounts into Fluor common stock and non-U.S. equities only once per calendar month. Effective March 6, 2008, participants can transfer a portion or all of the balance in their accounts into Large Cap Growth, Large Cap Value, Small Cap Growth or Small Cap Value only once per calendar month. If no funds are selected, then the contributions are designated to the LifePath® funds managed by Barclays Global Investors (BGI) and may be subsequently allocated to other funds at the discretion of the participant.

TRS 401(k) Retirement Plan

Notes to Financial Statements (continued)

Other Provisions

Participants may contribute distributions into the Plan which were received from previous employers' qualified retirement plans (rollover contribution). If a participant transfers to or from another wholly owned subsidiary of Fluor that does not participate in the Plan, the participant's entire account balance may be transferred to or from any other Fluor-sponsored plan.

While the Company has not expressed any intent to terminate the Plan, it has the right to do so at any time.

2. Summary of Significant Accounting Policies

Investments

The Plan's investments, except for participant loans, are commingled with the investments of various other employee benefit plans sponsored by Fluor and certain of its subsidiaries and affiliates, in the Master Trust. The Plan's investments, including the underlying investments of the Master Trust, are stated at fair value or estimated fair value as follows:

Investments in government securities, bonds, corporate equity securities, including Fluor common stock, are valued at the last reported sale price on the last business day of the Plan year. Securities not traded on the last business day are valued at the last reported bid price. The estimated fair value of the investments in the common or collective trusts represent the underlying net asset value of the shares or units of such funds as determined by the issuer. The self-directed brokerage account is comprised of participant-directed investments in mutual funds. Mutual funds are valued at fair value which represents the net asset value of the shares of such fund as of the close of business at the end of the period. Participant loans are valued at unpaid principal balances.

Investments in the stable value fund are stated at the fair value of the underlying synthetic guaranteed investment contracts (synthetic GICs). The fair value of synthetic GICs is calculated based on the fair values of the underlying securities. A synthetic GIC is comprised of two components, an underlying asset and a wrapper contract. Wrapper contracts essentially modify the investment characteristics of underlying securities to those of guaranteed investment contracts. A guaranteed investment contract is an insurance contract that guarantees its owner principal repayment and a stated rate of interest for a predetermined period of time. The wrapper contracts provide that benefit-responsive distributions for specific underlying securities may be withdrawn at contract value. Contract value represents contributions made, plus interest earned, less withdrawals. Benefit-responsive distributions are generally defined as a withdrawal due to a participant's retirement, disability or death, or participant-directed transfers, in accordance with the terms of the Plan.

Derivative instruments are recorded at their fair values with changes in fair values reported in the Statement of Changes in Net Assets Available for Benefits in the Share in net investment income of Fluor Corporation Master Trust in accordance with Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities. Derivatives in the Master Trust primarily consist of foreign exchange forward contracts that are used to manage risks related to exposures in foreign currency. The Master Trust may also invest in fixed income and cash and cash

TRS 401(k) Retirement Plan

Notes to Financial Statements (continued)

equivalent futures; fixed income, cash and cash equivalents, and other options; swaps; mortgage derivatives; and structured notes.

Net investment income (loss) of Master Trust Accounts is allocated daily to the Plan based on the ratio of fair values of the Plan's investment in each Master Trust Account to the total fair value of the related Master Trust Account as of the beginning of the day.

Purchases and sales of investments are recorded on the trade date. Realized gains or losses on sales, redemptions, or distributions of investments are based upon each investment manager's average historical cost. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Risks and Uncertainties

The Master Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

The Master Trust's concentrations of credit risk are dictated by the Plan's provisions, as well as those of ERISA and participants' investment preferences (*Note 1*). The Master Trust's exposure to credit risk on the wrapper contracts is limited to the fair value of the contracts with each insurance company. The Investment Committee believes that no significant concentrations of credit risk exist within any investment option at December 31, 2007 and 2006.

Estimated fair values of investments in the common or collective trusts may differ significantly from what their values would have been had a ready market for such investments existed because of the inherent uncertainty of valuation in the absence of readily ascertainable fair values.

Contributions

Participant contributions are recorded when the Company makes payroll deductions from the participants' compensation. Company matching contributions, if any, are recorded at the same time as the participant contribution. Contributions are funded to the Plan following the payroll payment date.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification

In 2007, Plan management determined that all Plan assets, with the exception of participant loans, are held by the Fluor Corporation Master Trust. As a result, mutual funds, the Short-Term Investment Fund (a common or

TRS 401(k) Retirement Plan

Notes to Financial Statements (continued)

collective trust), and interest and dividends receivable as reported in the 2006 financial statements have been reclassified to Investment in Fluor Corporation Master Trust to conform to the 2007 presentation.