November 15, 2005

Project on Government Oversight
666 Eleventh Street, NW
Suite 500
Washington, D.C. 20001-4542

Attention: Kevin Phelps, Project Director

Dear Ladies and Gentlemen

We appreciate the opportunity you have provided to comment on material that the Project on Government Oversight ("POGO") has compiled concerning Fluor Corporation and its affiliates ("Fluor"). You have gathered various matters in which Fluor has been involved over the past decade. It should be noted that Fluor provided a previous response to POGO in April, 2002, which addressed several of the matters which have been included in your current letter. Our letter discussed, in detail or generally, Items 8-13. We refer you to our previous comments, in which we pointed out that a number of the matters listed are extremely complex and have not been accurately summarized by the brief synopsis you have supplied.

Again we would restate that Fluor is a publicly traded Fortune 500 company with worldwide operations, in over 25 countries, on 6 continents. Fluor was incorporated in 1924 and has been publicly traded since the late 1950's. Fluor has an estimated 35,000 employees, and approximately 2,000 active contracts. The Fluor Government Group alone has revenues which exceeded $2 billion in 2004 and should exceed $2 billion in 2005 as well. The company as a whole in 2004 had revenues in excess of $9 billion.

Unfortunately a company the size of Fluor cannot avoid being drawn into various legal disputes, by virtue of the sheer volume of work performed. It is, however, the goal of our company to provide value to its private and public customers, to meet its legal obligations, and to operate without fault. Where legal proceedings are involved Fluor has endeavored to proceed in a manner which is fair and appropriate. In certain cases Fluor will weigh the potential cost and impacts of ongoing litigation and will move toward a suitable resolution which avoids lengthy adversarial proceedings for all parties involved.
 Fluor has found that it is not unusual for contractors performing work at Department of Energy sites to encounter Price Anderson issues, as was the case in the matters listed as Items 1, 3, 4, 5, 7 and 9. Matters of this type are resolved using various processes including voluntary remedial actions and other proceedings, which are all a normal part of the project management efforts associated with the major Department of Energy projects. Fluor acts quickly to resolve civil administrative matters like those included in your compilation, choosing to avoid potentially lengthy administrative procedures, and possible administrative appeals.

Fluor is most proud of its safety performance at its projects, specifically at the DOE Hanford site in Richland, Washington and the DOE site at Fernald, Ohio, where Fluor has demonstrated a level of safety performance higher than industry standards, experiencing less than 0.72 OSHA recordable incidents per 200,000 hours for the first three quarters of 2005 at Hanford and less than 0.70 OSHA recordable incidents per 200,000 hours at Fernald for the first three quarters of 2005. Both projects are considered to be top projects in the DOE complex from a safety standpoint.

Regarding another specific matter listed in your letter, we are extremely surprised that you have listed Item 2 as a judgment against defendant, Fluor Daniel Caribbean, a Fluor affiliate, when in fact the particular verdict was so inconsistent with legal principles and the facts that the District Court weeks ago vacated the judgment and verdict and ordered a new trial. The matter has been resolved without any liability or payment by Fluor. In short, your description and analysis of this matter is completely incorrect and it creates an extremely false impression, most unfavorable to Fluor. We are disappointed with the approach taken by POGO as it appears to be an attempt to unfairly place major contractors, particularly government contractors, in an improper light.

Consistent with this apparent approach, the entire list POGO presents is entitled “Instances of Misconduct” but in most cases reflects unproven allegations. In fact, in certain cases, for reasons of economy and efficiency, informal settlements have been reached and there is specifically a stipulated denial of any misconduct. Your database does not appear to reflect any of those circumstances.

Further, in addition to the erroneously reported Fluor Daniel Caribbean matter addressed above, you identify an additional civil case, Item 6, completely unrelated to Fluor’s Government operations, and completely unrelated to any U.S. operations. Again this is a civil matter and Fluor is also involved in numerous civil matters in which Fluor has prevailed or Fluor has received favorable settlements. Your database fails to reflect any of the numerous civil suits in which Fluor has received a favorable outcome.

Fluor is a publicly traded company that prides itself on openness and transparency to the Government regulatory community, its Government clients, its shareholders, and all other stakeholders. While we appreciate interest in our company, we are concerned that the
database maintained by POGO and related reports given to the media do not accurately reflect the ongoing positive performance of our company, and its many employees worldwide.

We request that POGO take heightened care in the preparation of materials which it includes on its website and which it transmits and makes available to the public and the members of the media. We believe it is incumbent upon your organization, or any organization, to report information accurately and without bias, and would appreciate your efforts in that regard.

If you have any questions or we can be of further service please do not hesitate to contact the undersigned.

Respectfully,

Timothy J. Young
Senior Counsel