November 15, 2006

Fluor Corporation
Attn: General Counsel’s Office
One Enterprise Drive
Aliso Viejo, CA 92656-2606

Dear General Counsel of Fluor:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database (www.pogo.org/db/index.cfm), a compilation of information from public resources regarding government contractors, including Fluor. You have already responded to a previous letter, which is greatly appreciated. I have enclosed findings relevant to Fluor that have been added since the first letter and am requesting verification or refutation of the data from you.

Any response would be extremely welcomed, as the accuracy of this information is in the best interest of all parties. Out of fairness to Fluor, please be assured that any response received by POGO will be posted on the website along with the data.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Scott Amey
General Counsel

Enclosure
1. Coleman v. Fluor (Violations of the False Claims Act)
Date: 10/31/2005 (Date of Settlement)
Misconduct Type: Government Contract Fraud
Contracting Party: Government Civilian
Court Type: Civil
Amount: $12,500,000
Disposition: Settlement

Synopsis: Fluor agreed to a “$12.5 million settlement for… a suit filed under the Federal False Claims Act (False Claims Act, 31 U.S.C. § 3729) ... The suit filed on behalf of Cosby Coleman, a 15-year employee who worked in the company’s government contracting office, contended that from 1995 to 1998 Fluor knowingly over billed the government under the many cost-reimbursable contracts held by its Fluor Daniel subsidiary (now known as Fluor Enterprises) with the Departments of Energy and Defense. “The costs disputed by Coleman included multi-million dollar bonuses paid to Fluor’s management, $13.2 million invested in raw land, $7.3 million spent for improvements to office buildings Fluor leased to other companies, $2.6 million spent for construction of a parking garage Fluor leased to another company, $410,000 spent for luxury condos in Palm Springs, $1.8 million spent on a fine art collection, $75,000 spent for a Mercedes Benz convertible driven by the company’s President and $20,000 spent for an antique Chippendale chair. Coleman alleged that he made numerous attempts to point out the violations to senior management, but no action was taken.”

Document(s):
Attorney Press Release

Date: 03/24/1998 (Date of Settlement Approval)
Misconduct Type: Labor
Contracting Party: N/A
Court Type: Civil
Amount: $0
Disposition: Settlement


Document(s):
Settlement Agreement
3. Project Dispute  
   Date: 05/04/2004 (Date of Settlement)  
   Misconduct Type: Non-governmental Contract Fraud  
   Contracting Party: International  
   Court Type: Criminal  
   Amount: $123,000,000  
   Disposition: Settlement  

   Synopsis: “Fluor Corporation (NYSE: FLR) announced today that Fluor Australia Pty Ltd. has resolved its dispute with Anaconda Operations Pty Ltd. on claims related to the Murrin Murrin nickel cobalt project in Australia. Fluor Australia will pay the equivalent of approximately US$123 million to end all remaining claims, including those covered under Phase II of an ongoing arbitration of the dispute.”

   Document(s):  
   Fluor Press Release

4. Violations of Technical Safety Requirements  
   Date: 12/16/2005 (Date of PNOV)  
   Misconduct Type: Labor  
   Contracting Party: N/A  
   Court Type: Administrative  
   Amount: $206,250  
   Disposition: Fine  

   Synopsis: On December 16, 2005, the Department of Energy issued a Preliminary Notice of Violation to Fluor Hanford, Inc. for violations of Technical Safety Requirements from September 2003 to July 2005. The violations included an event “in which several personnel received low level radioactive exposure”. The total civil penalty for these violations was $206,250.

   Document(s):  
   DOE PNOV

5. Emergency Planning and Community Right-to-Know Act Violations  
   Date: 02/27/2003 (Date of Violation Disclosure)  
   Misconduct Type: Tax  
   Contracting Party: N/A  
   Court Type: Administrative  
   Amount: $0  
   Disposition: Pledged Guilty
Synopsis: “Duke/Fluor Daniel Operating Services LLC self-disclosed EPCRA violations at the McKee Run Generating Station in Dover, Delaware. The company reportedly failed to submit annual reports of releases of two hazardous chemicals – polycyclic aromatic compounds (‘PAC’s’) and benzo (g,h,i) perylene in 2000. Penalty waiver: $36,936.”

Document(s):
EPA Press Release