

**DEFINED BENEFIT PLAN OF FLUOR CORPORATION  
AND PARTICIPATING SUBSIDIARIES**

**NOTICE TO INTERESTED PERSONS**

You are hereby notified that a written submission (the "EXPRO Submission") has been filed on behalf of the Defined Benefit Plan of Fluor Corporation and Participating Subsidiaries (the "Plan") with the United States Department of Labor (the "Department") seeking authorization, pursuant to Prohibited Transaction Exemption 96-62, 61 FR 39988, July 31, 1996, as amended by 67 FR 44622, July 3, 2002 ("PTE 96-62"), to engage in the proposed transaction described below (the "Proposed Transaction"), which would constitute a prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "Code").

The submission has met the requirements for Tentative Authorization under PTE 96-62. The Department is now considering whether to provide Final Authorization.

**Terms of the Proposed Transaction**

If Final Authorization is granted by the Department pursuant to PTE 96-62, the restrictions of sections 406(a)(1)(A), 406(a)(1)(D), 406(b)(1) and 406(b)(2) of ERISA and the sanctions resulting from the application of section 4975 of the Code, by reason of sections 4975(c)(1)(A), 4975(c)(1)(D), and 4975(c)(1)(E) of the Code, shall not apply to the proposed sale of certain limited partnership interests (the "LPI") by the Plan to Fluor Corporation (the "Employer"), a party in interest with respect to the Plan, provided that the following conditions are satisfied:

- (a) the sale is a one-time transaction for cash;
- (b) the terms and conditions of the sale are at least as favorable to the Plan as those that the Plan could obtain in an arm's length transaction with an unrelated third party;
- (c) the sales price is the greater of: (1) the fair market value of the LPI as of the date of the sale, as determined by Duff & Phelps Corporation, a qualified independent appraiser (the "Independent Appraiser"), or (2) the book value (for one LPI, the net realizable value) of the LPI, as determined by the general partner of each LPI as reflected on the quarterly statement of the LPI immediately prior to the Proposed Transaction (less any distributions and plus any contributions made between the valuation date and the sale).
- (d) the Plan pays no commissions, fees, or other expenses in connection with the sale; and
- (e) the Plan fiduciary reviews and approves the methodology used by the Independent Appraiser, ensures that such methodology is properly applied in determining the fair market value of the LPI, and also determines whether it is prudent to go forward with the Proposed Transaction.

## General Background

The Plan is a defined benefit plan sponsored by the Employer, which is located in Irving, Texas. The Plan had 28,873 participants and beneficiaries as of December 31, 2014, and total net assets of \$751,268,035 as of the same date.

On October 29, 2014, the board of directors of the Employer approved the termination of the Plan, effective December 31, 2014. An Application for Determination for Terminating Plan (Form 5310), filed on November 17, 2014, is pending with the Internal Revenue Service. The Employer anticipates that it will file a Form 500 with the Pension Benefit Guaranty Corporation with respect to the termination of the Plan no later than June 29, 2015. In connection with the termination of the Plan, the Plan must liquidate the LPI. It is anticipated that such liquidation will occur in the fourth quarter of 2015, after the PBGC review period for the Form 500 has expired and Fluor has received a favorable determination letter from the IRS with respect to the Plan.

The LPI consists of interests in Wilshire Private Markets Fund III, L.P. (“Wilshire Fund”); Starwood Global Opportunity Fund VII-A, L.P. (“Starwood Fund”); Gilbert Global Equity Partners, L.P. (“Gilbert Fund”); TWCP, L.P. (“TWCP Fund”); Northstar Seidler Mezzanine Partners II, L.P. (“Northstar Fund”); and Greenwich Street Capital Partners II, L.P. (“Greenwich Fund”), limited partnerships that are private equity funds, which are owned by the Plan. The Plan invested in each of these funds because it believed that each investment provided the potential for a significant rate of return and provided diversification for the Plan.

- As of the September 30, 2014 Wilshire Fund quarterly statement (the most recent statement at the time of this notice (this “Notice”)), the Plan had received \$12,036,080 in distributions from the Wilshire Fund, and its remaining capital balance in the fund (i.e., book value) was \$1,375,276. As of March 10, 2015, the Plan had received an additional \$110,000 in distributions from the Wilshire Fund. As of September 30, 2014, the Plan had contributed \$9,650,000 to the Wilshire Fund, and had a remaining capital commitment of \$350,000. The Independent Appraiser determined that the fair market value of the Plan’s interest in the Wilshire Fund as of September 30, 2014 was \$930,000.
- As of the September 30, 2014 Starwood Fund quarterly statement (the most recent statement at the time of this Notice), the Plan had received \$1,550,943 in distributions from the Starwood Fund, and its remaining capital balance in the fund (i.e., book value) was \$11,071,131. As of March 10, 2015, the Plan had received an additional \$3,398,821 in distributions from the Starwood Fund. As of September 30, 2014, the Plan had contributed \$15,000,000 to the Starwood Fund, and had no remaining capital commitment. The Independent Appraiser determined that the fair market value of the Plan’s interest in the Starwood Fund as of September 30, 2014 was \$8,750,000.
- As of the September 30, 2014 Gilbert Fund quarterly statement (the most recent statement at the time of this Notice), the Plan had received \$7,523,399 in distributions from the Gilbert Fund, and its remaining capital balance in the fund (i.e., book value) was \$2,640,488. As of September 30, 2014, the Plan had contributed \$11,637,473 to the Gilbert Fund, and had a remaining capital commitment of \$628,697. The Independent

Appraiser determined that the fair market value of the Plan's interest in the Gilbert Fund as of September 30, 2014 was \$1,700,000.

- As of the September 30, 2014 TWCP Fund quarterly statement (the most recent statement at the time of this Notice), the Plan had received \$2,584,943 in distributions from the TWCP Fund, and its remaining capital balance in the fund (i.e., book value) was \$177,649. As of September 30, 2014, the Plan had contributed \$4,867,558 to the TWCP Fund, and had a remaining capital commitment of \$132,442. The Independent Appraiser determined that the fair market value of the Plan's interest in the TWCP Fund as of September 30, 2014 was \$100,000.
- As of the September 30, 2014 Northstar Fund quarterly statement (the most recent statement at the time of this Notice), the Plan had received \$11,648,388 in distributions from the Northstar Fund, its remaining capital balance in the fund (i.e., the income tax basis) was \$2,789,692, and the net realizable value of the fund was \$778,419. As of March 10, 2015, the Plan had received an additional \$221,871 in distributions from the Northstar Fund. As of September 30, 2014, the Plan had contributed \$11,432,195 to the Northstar Fund, and had no remaining capital commitment. The Independent Appraiser determined that the fair market value of the Plan's interest in the Northstar Fund as of September 30, 2014 was \$570,000.
- As of the September 30, 2014 Greenwich Fund quarterly statement (the most recent statement at the time of this Notice), the Plan had received \$11,388,157 in distributions from the Greenwich Fund, and its remaining capital balance in the fund (i.e., book value) was \$152,821. As of September 30, 2014, the Plan had contributed \$11,688,489 to the Greenwich Fund, and had no remaining capital commitment. The Independent Appraiser determined that the fair market value of the Plan's interest in the Greenwich Fund as of September 30, 2014 was \$60,000.

The Employer represents that there is a limited secondary market for the LPI. The LPI are not publically traded and there is no official market for the sale of the LPI. Although there are some companies which could provide a market for the sale of the LPI, because of the limited nature of this market, the Employer expects that the amount that would be paid for the LPI in connection with a sale on this limited secondary market would reflect a considerable liquidity discount. The Employer, therefore, proposes to purchase the LPI from the Plan so that the Plan can sell the LPI without the application of this liquidity discount. The Retirement Plan Investment Committee of Fluor Corporation (the "Plan Committee") will make the ultimate determination as to whether to direct Northern Trust Company, the Plan's directed trustee, to sell the Plan's LPI to the Employer; the Plan Committee is a named fiduciary of the Plan.

In connection with the EXPRO Submission, the LPI was appraised for the Plan Committee by the Independent Appraiser based on a two-step approach. First, the Independent Appraiser reviewed each LPI's valuation policy to determine whether it resulted in a net asset value consistent with fair market value. Second, once the net asset value was confirmed, the Independent Appraiser performed a selected public funds price to net asset value analysis, which involved estimating the price to net asset value of the LPI based on comparable publically traded companies similar to the LPI and on pricing provided by reputable secondary market

intermediaries. The Employer represents that the Independent Appraiser is a qualified, independent appraiser. The Independent Appraiser is a valuation and corporate finance advisor with expertise in complex valuation. The Independent Appraiser represents that it has considerable experience acting as an independent appraiser for assets similar to the LPI for financial reporting, transaction opinion and tax purposes. It is represented that the Independent Appraiser is not related to, and has no interest in, the Employer or an affiliate thereof and that less than 0.01% of the Independent Appraiser's gross annual income is derived from the Employer or an affiliate thereof.

The Employer proposes to pay the Plan the greater of: (1) the fair market value of the LPI as of the date of the sale, as determined by the Independent Appraiser, or (2) the book value of the LPI (for the Northstar Fund, the net realizable value), as determined by the general partner of each LPI as reflected on the quarterly statement of the LPI immediately prior to the Proposed Transaction (less any distributions and plus any contributions made between the valuation date and the sale). In connection with its purchase of the LPI, the Employer will also assume the Plan's remaining capital commitments for the LPI. The sale of the LPI will be a one-time transaction for cash, and the Plan will incur no fees, commissions or other expenses in connection with the sale.

The Plan Committee will review and approve the methodology used by the Independent Appraiser and ensure that such methodology is properly applied in determining the fair market value of the LPI. If the Plan Committee decides to proceed with the proposed sale of the LPI to the Employer, it will have the Independent Appraiser update its valuation of the LPI as of the date of the sale.

The Employer represents that the sale of the Plan's LPI to the Employer is in the best interests of the Plan because it will enable the Plan to realize at least as great a purchase price as the Plan could realize in the limited secondary market and avoid certain transaction costs, such as fees, commissions or other expenses in connection with the sale of the LPI. In addition, the Plan will not need to spend time and other resources locating a buyer or buyers in the limited secondary market in addition to the many other tasks to which the Plan will need to dedicate time and other resources in connection with the termination of the Plan.

The Employer further represents that the Proposed Transaction is administratively feasible because the exemption transaction is a straight-forward, one-time transaction for cash and will not require any ongoing monitoring or administrative commitment from the Department. In addition, the Employer represents that the Proposed Transaction is in the interests of the Plan, its participants and beneficiaries because the Plan will avoid paying fees, commissions or other expenses in connection with the sale of the LPI and it will enjoy the convenience of not needing to locate a buyer or buyers in the limited secondary market.

The Employer is bearing the costs of the submission for authorization, the appraisal of the LPI, and notification of interested persons.

## **Prohibited Transaction**

The Proposed Transaction would constitute prohibited transactions under ERISA and the Code. In this regard, the Proposed Transaction would constitute a sale of property of the Plan to Fluor Corporation, the sponsor of the Plan, which is considered to be a party in interest with respect to the Plan. In addition, the Proposed Transaction would constitute a prohibited transaction because the Plan Committee, which is comprised of officers of the Employer and is a fiduciary of the Plan, would direct the Plan's trustee to engage in the Proposed Transaction with Fluor Corporation.

## **Comparison of Substantially Similar Cases**

In order for the Proposed Transaction to meet the requirements for relief under PTE 96-62, the Proposed Transaction must be substantially similar to the transaction described in (a) one individual exemption that was granted by the Department, and provided relief from the same restrictions, within the past 120 months, and (b) one transaction that has received final authorization pursuant to PTE 96-62 within the past 60 months. Fluor Corporation has identified the following individual Prohibited Transaction Exemption granted by the Department within the last 120 months and Authorized Transaction granted by the Department within the past 60 months, as substantially similar to the Proposed Transaction:

- Prohibited Transaction Exemption 10-23 Carle Foundation Hospital & Affiliates Pension Plan, 75 FR 47637 (August 6, 2010) (the "Carle Transaction"); and
- Authorization Transaction 11-07E The Shelly Company and Subsidiaries Retirement Plan (September 23, 2011) (the "Shelley Transaction").

Comparison of the Carle Transaction to the Proposed Transaction. The Carle Transaction applied to a one-time sale of a limited partnership interest that is a private equity fund to the plan sponsor in connection with the plan's need to liquidate the limited partnership interest as part of the conversion of the plan to participant directed accounts. The Proposed Transaction will be a one-time sale of six limited partnership interests that are private equity funds to the Employer, the plan sponsor, in connection with the Plan's need to liquidate the limited partnership interest as part of the termination of the Plan. Although the sale of the limited partnership interest in the Carle Transaction occurred in connection with the conversion of the plan to participant directed accounts and the sale of the LPI will occur in connection with the termination of the Plan, the reason for the liquidation of the limited partnership interests in each case is not a material difference.

In the Carle Transaction, the value of the limited partnership interest represented less than 1% of the plan's assets. In the Proposed Transaction, the value of the LPI represents less than 2% of the Plan's assets.

The purchase price for the limited partnership interest in the Carle Transaction was the greater of (1) fair market value of the limited partnership interest as of the date of the sale, as determined by the independent appraiser, or (2) the plan's total capital contributions, as of date of the sale, plus imputed earnings, calculated based on the applicable one-month Treasury bill

rates. Similarly, in the Proposed Transaction, the Employer's proposed purchase price for the LPI would be the greater of: (1) the fair market value of the LPI as of the date of the sale, as determined by the Independent Appraiser, or (2) the book value of the LPI (for the Northstar Fund, the net realizable value), as determined by the general partner of each LPI as reflected on the quarterly statement of the LPI immediately prior to the Proposed Transaction (less any distributions and plus any contributions made between the valuation date and the sale).

Comparison of the Shelley Transaction to the Proposed Transaction. The Shelley Transaction applied to a one-time sale of a two limited partnership interests that are private equity funds to the plan sponsor in connection with the plan's need to liquidate the limited partnership interest as part of the merger of the plan into another plan that included participant directed accounts. The Proposed Transaction will be a one-time sale of six limited partnership interests that are private equity funds to the Employer, the plan sponsor, in connection with the Plan's need to liquidate the limited partnership interest as part of the termination of the Plan. Although the sale of the limited partnership interests in the Shelley Transaction occurred in connection with a plan merger and the sale of the LPI will occur in connection with the termination of the Plan, the reason for the liquidation of the limited partnership interests in each case is not a material difference.

In the Shelley Transaction, the value of the limited partnership interests represented 6.04% of the plan's assets. In the Proposed Transaction, the value of the LPI represents less than 2% of the Plan's assets.

The purchase price for the limited partnership interest in the Shelley Transaction was the greater of (1) the book value of the limited partnership interests, as determined by the general partners, and as reflected on the most recent quarterly statement, or (2) the fair market value of the limited partnership interests, as determined by an independent appraiser at the time of sale of the limited partnership interests. Similarly, in the Proposed Transaction, the Employer's proposed purchase price for the LPI would be the greater of: (1) the fair market value of the LPI as of the date of the sale, as determined by the Independent Appraiser, or (2) the book value of the LPI (for the Northstar Fund, the net realizable value), as determined by the general partner of each LPI as reflected on the quarterly statement of the LPI immediately prior to the Proposed Transaction (less any distributions and plus any contributions made between the valuation date and the sale).

### **Your Right to Comment on Tentative Authorization**

As an interested party, you have the right to submit comments to the Department regarding the tentative authorization. If you decide to do so, you should submit your comments to the following address:

Submission Number: E-00762  
Employee Benefits Security Administration  
Office of Exemption Determinations  
U.S. Department of Labor  
200 Constitution Ave., NW  
Suite 400

Washington, D.C. 20210  
Attn: Ms. Jennifer Brown

Be sure to refer to the submission number, which is E-00762. Comments must be received by the Department no later than June 12, 2015. All comments will be made available to the public.

**Warning:** Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed.

Comments may be faxed or e-mailed to the Department. The fax number is (202) 219-0204 and the e-mail address is to brown.jennifere@dol.gov. Furthermore, if you have any questions regarding the content of this notice, you may contact Ms. Brown by calling (202) 693-8352 (this is not a toll-free number) or at the e-mail address listed above.

Final authorization of the Proposed Transaction will not occur until the Department reviews all comments received in response to this notice.