Fluor's new engineering building, which was completed during 1950, is shown in the above artist's drawing. The new two-story structure provides working quarters for 200 draftsmen and engineers.
INCOME and EXPENDITURES
For the Year 1950 compared to 1949

THE CORPORATION RECEIVED FROM:

<table>
<thead>
<tr>
<th></th>
<th>1950</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (See Note 1)</td>
<td>$21,030,588</td>
<td>$24,068,963</td>
</tr>
<tr>
<td>Construction revenue—including unbilled charges on uncompleted construction contracts</td>
<td>$5,365,275</td>
<td>$7,596,860</td>
</tr>
<tr>
<td>Product sales</td>
<td>151,832</td>
<td>103,463</td>
</tr>
<tr>
<td>Royalties, discounts and other</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total sales and revenue</strong></td>
<td>$26,577,695</td>
<td>$32,479,195</td>
</tr>
</tbody>
</table>

WHICH WAS USED FOR:

<table>
<thead>
<tr>
<th></th>
<th>1950</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>$10,660,401</td>
<td>$11,701,281</td>
</tr>
<tr>
<td>Materials and services purchased from others</td>
<td>$17,604,911</td>
<td>$18,764,974</td>
</tr>
<tr>
<td>Depreciation, maintenance, repairs on plant and equipment</td>
<td>554,974</td>
<td>546,484</td>
</tr>
<tr>
<td>Contributions to employees' benefit trust funds</td>
<td>263,706</td>
<td>434,573</td>
</tr>
<tr>
<td>Interest on indebtedness</td>
<td>831</td>
<td>15,650</td>
</tr>
<tr>
<td>State, local and miscellaneous taxes</td>
<td>158,317</td>
<td>113,510</td>
</tr>
<tr>
<td>Federal taxes on income (See Note 2)</td>
<td>295,250</td>
<td>353,537</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td>$26,098,260</td>
<td>$31,259,649</td>
</tr>
</tbody>
</table>

THIS LEFT NET INCOME FROM OPERATIONS OF $ 479,435 $1,219,517

THE CORPORATION PAID DIVIDENDS OF 198,291 198,777

AND RETAINED IN THE BUSINESS FOR FUTURE NEEDS $ 281,144 $1,020,740

Note 1—The sales for the year ended October 31, 1950, as shown by the books, have been reduced $259,207 and sales for the year ended October 31, 1949, increased the same amount to give effect to adjustments made in the statements of operations filed with the Securities and Exchange Commission wherein that amount was transferred to the prior year.

Note 2—The provisions for federal taxes on income have been adjusted $104,538, representing the tax on the above noted income included in 1949 instead of 1950. The provision for the year ended October 31, 1950, has also been reduced $17,894, representing a refund claim filed for a prior period.

To the Employees and Shareholders:

Our fiscal year ending October 31, 1950, was one of varying conditions. During the first part of the year, a very critical buyers' market existed—prices for most items and services were keenly competitive and the profit margin extremely low. The total volume of work processed was $26,577,695, which was approximately 18 per cent below comparable figures of 1949. The net profit realized after taxes was $479,435, which is considerably lower than the corresponding figure for 1949.

Early in the year our organization was streamlined for the purpose of effecting a more efficient operation. Along with this, a Planning Committee was appointed to keep management currently advised regarding both short-range and long-range trends, and to make recommendations covering our activities.

Business in foreign fields increased substantially during the year. Product sales through Head Wrightson Processes, Ltd., amounted to approximately $400,000, while new contracts received in Canada totalled more than $3,000,000. In addition, a $6,000,000 contract in Montreal was substantially complete at the close of the fiscal year.

Another development within the Corporation related to the formation of a new wholly owned subsidiary company to be known as Fluor Maintenance, Inc. This organization will specialize in maintenance and service work within the oil and chemical industries.

An additional 1950 highlight encompassed the observance of the company's 60th anniversary and the dedication of a new engineering building at open house festivities held on October 7.

The Company has undertaken a considerable number of contracts for the armed services, as well as for the Atomic Energy Commission. Some of these involve engineering work, and others cover construction and procurement services. It is anticipated that a considerably larger volume of this type of work will be undertaken...
during the next several years. We consider it important that we make our facilities available for the rearmament program which lies ahead.

To provide capital for future needs, shareholders voted to increase Fluor's capital structure from 40,000 shares of $25 par value stock to 1,000,000 shares of $2.50 par value stock, the former stock being exchanged for the new on a 10 for 1 basis. This leaves 600,000 shares of the new stock available for sale in the future.

Late in the year arrangements were made with the William R. Staats Company for the distribution and sale of 100,000 shares of capital stock from the Fluor Trust Funds at a price of $9.50 per share. This transaction continued beyond the close of our fiscal year and was consummated in early December, 1950. One significant part of this move was that it established a market price for these securities, and also made them available to those outside the company.

Dividends paid during the year amounted to $198,291. This represents 50 cents per share, based on the new shares and the number of shares outstanding at the time of record of payment.

Each passing day indicates that the recent business uptrend harbors good tidings for Fluor. We are especially thankful to our many friends for their abiding faith in our organization, and also take this opportunity to record our appreciation for the loyalty and initiative of our many hundreds of employees and co-workers.

By order of the Board of Directors,

PRESIDENT

GROWTH IN SALES
MILLIONS OF DOLLARS

SALES Forecast Future Trends

Sales activities during the early part of 1950 were slow as was characteristic of the industry for several months. However, a decided change during the second quarter of the year increased the sales tempo and by October 31 uncompleted orders approximated $42,000,000. This established the largest volume of new business in the history of the company and compares with the total backlog of only $15,000,000 on hand at the same time a year ago. There is every indication that this upward trend in sales will continue throughout the ensuing year.

Aside from national emergency work and usual construction jobs, increased 1951 sales are also foreseen in cooling towers, pulsation dampeners, Fin-Fan units, and gas cleaners.

Departmental changes during the year included the development of a long-range program looking toward the extension of activities throughout the East, in Canada, and the sterling areas. Fluor opportunities are especially bright in the Dominion of Canada due to the increased activity in the oil and gas industries.

Sales activities during the year also included the preparation of an over-all advertising program to assist in establishing Fluor in new fields of operation. The campaign included announcements of new process and product developments which appeared in trade journals, engineering periodicals, and business papers throughout the nation. In addition, the advertising staff inaugurated the production of individual bulletins describing Fluor's various products and services.
During 1950, Fluor completed many major projects and has some of its finest installations under way for completion in 1951 as indicated in the listing given at the bottom of these pages.

Although the company has previously designed and built steam-electric generating plants, it was not until 1950 that full recognition was received from electric power companies for work in this field. One of the major undertakings of the year was the completion of the first units of the Kansas Power and Light Company's plant at Hutchinson, Kan.

A contract was also received for a new 60,000 KW plant for the California Electric Power Company that will entail expenditures of approximately $7,000,000.

While working in new areas of endeavor, the company continued its usual activities throughout the petroleum, gasoline, and chemical fields. Two noteworthy installations handled during the year by the Mid-Continent Gas-Gasoline department at Houston included plants located at Wassen and Provident City, Texas.

These engineering and construction projects and the backlog of future orders accounted for an increase in the number of construction personnel from 1632 to 2677 during the year.

To meet equipment needs in the field, major purchases for trucks, trailers, tractors, compressors, concrete mixers, etc., amounted to more than $150,000.

Aside from these expanded activities in the field, engineering personnel was also increased at the home plant and in Houston. The latter expansion program permits the company to render a more efficient and complete technical service to customers operating in Midwestern and Southwestern states where many new major installations are planned.
**ASSETS**

**CURRENT ASSETS**

- Cash:
  - Demand deposits: $785,289.37
  - Office and branch cash funds: 1,095.44

- Accounts and note receivable:
  - Trade accounts and construction contracts (including retained percentages of $164,909.10): $3,963,301.11
  - Employees, officers and sundry: 70,167.96

- Unbilled charges on uncompleted construction contracts: 1,238,113.83

- Inventories—at lower of cost (average method) or market:
  - Raw materials: $1,305,109.88
  - Finished and partly finished products: 513,649.11

- Prepaid insurance, taxes, etc.: 58,216.25

- Total current assets: $7,984,084.95

**OTHER ASSETS**

- Cash value of insurance on lives of officers: $27,442.12

- Sundry (including investment of $4,500.00 in capital stock of affiliated corporation and Canadian subsidiary): 9,056.51

**PROPERTY, PLANT AND EQUIPMENT—at cost**

- Land: $130,398.00
- Buildings and land improvements: 1,171,433.65
- Construction machinery and equipment: 1,056,091.09
- Other machinery and equipment: 989,071.94
- Less allowance for depreciation: $3,986,014.08

- Total property, plant and equipment: $2,093,575.87

**PATENTS AND PATENT APPLICATIONS**

- Patents—at cost, less amortization of $20,525.08: $13,194.45
- Patent applications: 14,240.35

- Total: $27,434.80

---

**LIABILITIES**

**CURRENT LIABILITIES**

- Notes payable: $76,350.01

- Accounts payable and accrued expenses:
  - Trade accounts: $2,265,400.42
  - Salaries, wages and bonuses: 652,409.81
  - Contributions to employees' benefit trust funds: 263,705.38
  - Pay roll deductions and taxes: 161,716.20
  - Local property taxes: 42,438.75
  - Federal taxes on income—estimated: 417,682.94
  - Advance payment on construction contract: 62,912.00
  - Unearned fees on construction contracts: 3,385,670.76

- Total current liabilities: $7,934,934.95

---

**CAPITAL STOCK and SURPLUS**

**Capital stock, par value $2.50 a share:**

- Authorized: 1,000,000 shares
- Issued and outstanding: 400,000 shares

- Surplus:
  - Paid-in: $600,032.32
  - Earned: 4,421,569.40

- Total: $10,032,444.25

---

**Accountant's Certification**

December 27, 1950

Dickinson & Eagles
Certified Public Accountants

The Board of Directors
The Fluor Corporation, Ltd.

The examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the position of THE FLUOR CORPORATION, LTD. at October 31, 1950, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined supporting evidence, by methods and in the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.
Faced with possible curtailments because of world conditions, company engineers have been kept busy with plans that will insure uninterrupted manufacture of top quality products during the emergency.

Recent changes in the design of Fluor cooling towers have helped to simplify prefabrication and construction details, decrease horsepower requirements, and have resulted in improved tower performance. Similar developments throughout this department during the year have also resulted in the adoption of new production methods for Fin-Fans, Gas Cleaners, and Pulsation Dampeners.

In Fin-Fans, a new truss-type design enables the company to manufacture a more efficient and durable product. Moreover, the design lends itself to the construction of multiple-cells and simplifies the work of filling orders for additions to existing units.

In the field of Gas Cleaners, 1950 saw Fluor develop a new wash-type scrubber that permits a more efficient mixing of gas and cleaning oil. Initial tests proved satisfactory and the new cleaners are in production for several major gas transmission companies.

Greater demand for Pulsation Dampeners made it necessary to increase the engineering staff for this product and accounted for the development of two new types during the year—the Higher Frequency Dampener, and the Pulsation Dampening Piping System. The former type is often able to reduce troublesome plant vibrations at a cost lower than that of fundamental dampeners. Fluor's new piping system embodies the principles of pulsation dampening throughout the complete system, giving "pulse-free" piping at a cost comparable to conventional installations. Tests on the first completed units at a major California plant were most successful and satisfying to both the customer and Fluor.

All types of Fluor mufflers have also been redesigned, and wide acceptance of the company's "Dual Element" muffler led to greatly increased production of this product during the year.

Aside from product improvements, complete shop facilities were established at the Los Angeles plant for pipe prefabrication, while new equipment was added at the plant in Paola, Kans. New cutting, boring, facing, and grooving machines were installed at Paola, in addition to complete hot pipe bending facilities.
RESEARCH
and DEVELOPMENT

Sound research is essential to industrial advancement and the need for such a program becomes more pronounced with each passing year. In years of world conflict, it is even more necessary that these activities be conducted at peak level. Fluor recognizes this important work and has approved a larger research budget for 1951 to assure additional worth-while contributions to both the nation and the company’s customers.

During 1950, the Corporation’s staff of researchers greatly increased the department’s stock pile of engineering data and construction information. In the realm of service, all Fluor customers and the various company departments benefited from research. Services were placed at the disposal of customers for various types of work in field testing, laboratory experiments, and related survey studies. In many cases, Fluor personnel was frequently called upon to render technical help in the role of consultants.

Aside from regular departmental activities, the crew of the company’s unique mobile laboratory covered more than 8000 miles throughout the eastern, central, southern, and southwestern portions of the United States. During the trip, 40 separate pulsation and vibration surveys were made and reported.

In addition to enlarging its progressive-minded research staff, laboratory and pilot plant facilities were expanded and improved during the year in keeping with research requirements.
INDUSTRIAL RELATIONS

Operation of the Industrial Relations Department during its first full year of activity following establishment in 1949, saw the inauguration of many improved procedures in the interest of better employee relations. Among these were the adoption of increased insurance and health benefits and new liberalized policies relating to military leaves of absence.

Educational Program

In addition to maintaining its training program for young engineers, Fluor again donated $500 to the industrial relations library at the California Institute of Technology, granted $3500 to continue the Peter E. Fluor Memorial Scholarship in cooling tower research at the same institution, and contributed $500 for its yearly scholarship for graduate student research at the University of Southern California.

Plant Publications

Two insurance booklets explaining new liberalized benefits extended to employees were published during the year and distributed in all areas of operation. A special anniversary brochure was also prepared for those who attended open house festivities on October 7, and is now being used by plant receptionists to welcome daily visitors. It contains items of interest pertaining to the history of Fluor and reports on worldwide activities of the company. A policy covering the objectives and contents of the company's magazine, Fluor-o-Scope, was also published, and a new publication schedule was approved.

Safety

Lengthening its merit record for being a safe place to work, Fluor won a divisional first place award in the industrial contest conducted by the Greater Los Angeles Chapter of the National Safety Council. A total of 508,098 accident-free man hours was amassed by home plant employees during the contest period which extended from April 1 through September 30, 1950. A third-place award was received in February in the annual Accident Prevention Contest sponsored by the Associated General Contractors of America, Inc.

Labor Relations

As in former years, Fluor's relations with employees were excellent during 1950 and company policies continued to be formulated and executed on the basis that those on the pay roll are its most important asset. In the construction industry, where field labor disputes are not uncommon, Fluor is proud of the fact that it has never had a dispute of any major consequence.

EMPLOYEE ACTIVITIES

Through the fine cooperation of employees, Fluor was able to develop and see fulfillment of a number of activities which involved full participation of workers in all departments. A typical example was the 60th Anniversary celebration in October when 3000 friends, customers, civic leaders, and family members toured the facilities and inspected the many exhibits arranged for the occasion. More than 100 employees aided in planning the open house affair.

Charity Drive

Fluor's own annual "Combined Charity Drive," designed to assist major welfare agencies, established 100 per cent participation at the home office when 572 regular full-time employees contributed a total of $14,000 in the five-day solicitation period. To this the company added a $10,000 gift for distribution among charitable organizations during the year. Donations by Los Angeles plant workers made it possible to assist more than 60 "home towns" in southern California.

Service Awards

Major company social events of the year continued to be the annual parties held at all Fluor locations during the holiday season when officials honor the men and women who serve the Corporation throughout the world. The 1950 service awards bring the total number of employees who have served Fluor from 10 to 25 years to 158, while an additional 342 members of the company family hold five-year pins.

Technical Articles

Preparation of 11 technical articles and papers for national trade journals by Fluor personnel during 1950 were responsible for the company attaining added recognition in the industry. A total of 3100 requests for these papers were received from persons throughout the United States, Canada, Europe and South America. All articles prepared by employees on phases of the company's technical skills are processed through a technical coordinating committee which also serves as a general medium for exchanging ideas and information among the various departments.

Company Sports

Nearly 30 per cent of the home plant employees participated in the expanded sports program which included participation in softball, bowling, golf, basketball, ping pong, horseshoes, and tennis. Girls' softball teams were fielded at both the Paola and Los Angeles plants, in addition to a dozen inter-company squads that played a regular schedule in the men's league.
EMPLOYEES SHARE IN COMPANY PROFITS

At the close of the fiscal year, the two Employees' Trust Funds received contributions from the company totalling $263,705.58. Employees participate as beneficiaries in Trust Fund No. 1 after the completion of two years of service, and in Trust Fund No. 2 after they have been with the Corporation for six months.

An accounting of the Funds on October 31, 1950, showed the following balances:

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Number One</th>
<th>Number Two</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in bank</td>
<td>$16,344.05</td>
<td>$27,448.72</td>
</tr>
<tr>
<td>Investments (see note below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. Government bonds and notes</td>
<td>433,493.75</td>
<td>814,736.25</td>
</tr>
<tr>
<td>Corporation stocks</td>
<td>556,431.68</td>
<td>529,770.40</td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest accrued on bonds</td>
<td>4,031.25</td>
<td>6,901.25</td>
</tr>
<tr>
<td>Contribution due from The Fluor Corporation, Ltd.</td>
<td>131,852.79</td>
<td>131,852.79</td>
</tr>
<tr>
<td>Less accounts payable and amounts due terminated beneficiaries</td>
<td>5,244.77</td>
<td>3,850.99</td>
</tr>
<tr>
<td>Net assets</td>
<td>$1,139,108.75</td>
<td>$1,506,888.42</td>
</tr>
</tbody>
</table>

PARTICIPANTS' ACCOUNTS

Balance October 31, 1949 | $1,046,881.36 | $1,398,014.26
Less accounts of participants terminated | 87,106.37 | 88,322.53
Add | $958,984.99 | $1,309,681.73
Net income for the year ended October 31, 1950, from dividends, interest, changes in market value of investments, etc. | 48,270.97 | 65,353.90
Contribution from The Fluor Corporation, Ltd. | 131,852.79 | 131,852.79
Balance October 31, 1950 | $1,139,108.75 | $1,506,888.42

Note—Includes shares of The Fluor Corporation, Ltd., as follows: 74,020 shares in Trust Fund Number One, at a cost of $386,680; 52,000 shares in Trust Fund Number Two, at a cost of $239,000. All other securities are shown at quoted market value as of October 31, 1950.