1952 ANNUAL REPORT for the fiscal year ended October 31

CONTENTS

Review of the year ................................................. 1
Income and expenditures ........................................ 2
New facilities .................................................... 3
Construction ...................................................... 4
Manufacturing ..................................................... 5
Research ................................................................ 6
Foreign work ........................................................ 7
Company changes .................................................. 8
Looking ahead ....................................................... 9
Consolidated balance sheet ................................... 10
Building organizational strength .......................... 14
Officers and directors ............................................. 16

THE FLUOR CORPORATION, LTD.
ENGINEERS · CONSTRUCTORS · MANUFACTURERS
2500 South Atlantic Boulevard, Los Angeles 22, California

To Fluor employees and shareholders:

We are pleased to present this report covering the fiscal year ended October 31, 1952, and are indeed happy to be able to record that the twelve-month period was the most noteworthy in the history of the Corporation.

Despite anticipated shortages of materials, increasing operating costs, and constant pressure to meet the many world emergencies, Fluor had a banner year with these results:

Completed business totalled $80,906,464 for a 55 per cent increase over the $52,156,442 of the previous year.

Net income after taxes amounted to $1,741,283, or $4.35 per share, as against $1,137,081, or $2.84 per share, in 1951.

Dividend payments to shareholders totalled $1.05 per share compared to 80 cents last year.

Federal income taxes mounted to $1,765,700 compared to $1,126,721 in 1951. This was equivalent to $4.41 on each of the 400,000 shares of outstanding stock.

Wages, salaries, and contributions to the employees' trust funds amounted to $30,330,533 as against $18,547,397 in 1951.

While all of these record-breaking financial transactions were taking place, we were still able to maintain a well-balanced inventory and add to our facilities which will enable the company to take care of the $100,000,000 of unfinished business on the books as of the close of the year.

More than 1200 shareholders were included in the company family as of October 31, an increase of 110 over last year and nearly four times the number reported five years ago. In an effort to keep all interested parties apprised of developments, a new Semi-Annual Report appeared in July, 1952, to supplement the regular quarterly letters which accompany dividend checks. Copies of the company's bi-monthly Fluor-o-Scope were also made available to shareholders on request, since the magazine keeps them informed on company activities throughout the world.

While members of the office staff were striving to keep pace with the many related details, company customers could not help but notice the steady increase in the number of employees which
The Fluor Corporation, Ltd.
and wholly-owned subsidiaries

COMPARATIVE CONSOLIDATED STATEMENT OF INCOME
for the years 1952 and 1951

The Auditors' Certification and Notes to Financial Statements, pages 12-13, should be read in conjunction with this Consolidated Statement of Income.

presently exceeds 6,700 in all work areas of the parent company and wholly-owned subsidiaries. The increase has been especially significant over the past five-year period as shown in the chart on the following page.

As of October 31, employees were located in the following areas: Home plant and other Los Angeles offices, 1,397; manufacturing plant at Paola, Kansas, 114; Houston, 155; U.S. and foreign sales offices, 61; Saudi Arabia, including Middle-East Fluor, S.A., 484; other subsidiaries, 212; construction field workers, including cooling tower erection, 4,335.

Improved business conditions, linked with the ever-increasing personnel problem, made it necessary for Fluor to enlarge its office and mill quarters in various locations. Following the construction of Engineering Building No. 1 last year, the company added another $450,000 No. 2 engineering unit which was completed for occupancy in February, 1952. Additional floor space was also procured in West Los Angeles through acquisition of leases at Rexall Square and Doheny Drive.

To alleviate further congestion at the home office, plans under way at the close of the fiscal year called for the Manufacturing Division to be transferred to the 756 South Spring Street Building in downtown Los Angeles, and for the early completion of
a $600,000 structure adjoining the present administration building at 2900 South Atlantic Boulevard. This building will house the Research and Development Division and several other company departments.

In Houston, new quarters were completed for Fluor by the Finger Interests, Inc., and more than 150 employees of the Mid-Continent Division are now housed in a modern two-story building located at 3157 Old Spanish Trail in the Texas city. The new quarters gave Fluor more than 30,000 square feet of floor space and made it possible for Mid-Continent to expand its services to customer companies located throughout the South and Midwest.

Other improvements in facilities during the year saw the rise of a new Health Center and emergency first aid hospital at the home plant, plus a remodeling program which resulted in the completion of company eating facilities in the form of a canteen and snack bar. The latter is patronized daily by a majority of home office employees.

The Health Center, located in the Los Angeles mill yard, fulfills a need of many years and provides adequate first aid facilities to meet emergency needs. The new building contains 400 square feet of floor space, including two individual treatment rooms, large first aid quarters, and a roomy office.

Acquisition of new equipment at both the Los Angeles and Paola mills increased production in those areas, while installation of a new Model Shop now permits Fluor to provide customers with miniature models of plants built to scale, for detailed study prior to actual completion of the installation. This latter innovation has resulted in a great deal of nation-wide publicity for the company, and has made it possible to extend an added service to customers that is not generally available elsewhere.

Improved customer service will also be extended by the research and development staff through a new mobile laboratory unit fully equipped for on-the-job study and survey work. The 23-ton truck and trailer replaces the former testing unit which participated in 110 surveys and travelled 135,000 miles during the past five years.

Although services to the petroleum industry continue to comprise more than 55 per cent of Fluor's total volume, a breakdown of the 1952 work load reveals that the company's activities are more diversified than ever before. The Corporation has strengthened its position in the electric power and chemical fields (see chart, page 1) and intensified the products engineering and development program launched in 1951.

Engineering and construction revenue amounted to $73,145,015 for the year, compared to the previous high of $42,751,254. This included work totalling $7,900,000 handled by the Mid-Continent Division. Major installations included electric power plants in California, Iowa, and Kansas; sulphur plants located in Indiana, Texas, and Canada; and petroleum installations and additions in many other states.

Government projects under way continued to mount, but accounted for less than 20 per cent of the over-all sales volume. The major project completed in this category during the year was that of the Materials Testing Reactor at Arco, Idaho, and many fine reports have been received from Atomic Energy Commission officials relative to the work of Fluor employees on that installation. The MTR, as it is generally known, went into operation on March 31, 1952.

Income from manufactured products amounted to $8,588,877.

Orders for company Counterflo cooling towers, Fin-Fans, pulsation dampeners and pulsation dampening systems, gas cleaners, mufflers, prefabricated pipe, and other products account for a backlog of $9,000,000 to carry over to the 1953 fiscal year. This type of work will also continue as the capacity of the new Los Angeles mill yard greatly increased that city's role as a manufacturing center.

New facilities in Los Angeles include employee canteen and health center.
is the largest number of advance product orders in Fluor history and has necessitated placing the Los Angeles mill on a nine-hour day.

To improve our competitive position in the sale of Fin-Fan units, the company completed arrangements in August, 1952, for the manufacture of finned tube sections by the Arrow Industrial Manufacturing Company of Tulsa.

Other developments included the adoption of "no-leak" panels, thereby improving the outward appearance of cooling towers; alteration of the mechanical design of Fluor fans to increase the operating life of the equipment; and inauguration of an experimental program intended to improve the design and performance of pulsation dampening systems.

During the year, Fluor also expanded its activities in the petrochemical field. In this connection, an agreement was consummated with the Wulff Process Company covering design and construction rights for the Wulff Process for production from hydrocarbons of the newly-important chemical raw material, acetylene. The petrochemical industry has indicated strong interest in this recently-demonstrated process and several commercial applications are under consideration.

In the interest of maintaining Fluor's position in the field of fractionation, the company consummated agreements for participation in two nation-wide cooperative research and development programs sponsored by industry. One of these concerned Fractionation Research, Inc., which was initiated by Phillips Petroleum Company and is sponsored by some 35 or 40 companies. The other was initiated and is being directed by the American Institute of Chemical Engineers.

Aside from these, Fluor completed an agreement with Shell Development Company covering exploitation of the latter's unique development, the Turbogrid Tray, for application in fractionating equipment.

Operations continue to expand in Saudi Arabia and at the close of the fiscal year nearly 500 employees were on the various jobs under way there for the U. S. Government and the Arabian American Oil Company. Arab workers hired for these projects now exceed 4000 in number.

Additional contracts were received, and are in prospect, in a
COMPANY CHANGES

Number of widely scattered locations. The large installations under way for Imperial Oil Company, Ltd., at Regina, Saskatchewan, and the Shell Oil Company of Canada, Ltd., at Vancouver, B.C., portend increased Fluor business to the north, while significant developments to the south continue to present an optimistic picture. In this connection, work was launched early in the fall on a large project for the Colombian Petroleum Company in the Tibu province of Colombia, South America. In addition, Fluor representatives are now located in the Virgin Islands to assist in the work being done on housing units in cooperation with the U. S. Government.

To increase the effectiveness of the Corporation's programs in the foreign market, several new subsidiaries were organized, including the Fluor Corporation of Canada, Ltd., Fluor Western, Inc., Fluor International, S.A., and Franco-American Construction Technique Services which is generally known as FACTS-Fluor. New sales offices were opened in October at Beirut, Lebanon, and Paris, France, with plans completed for a Dominion office to open at Toronto, Canada, in 1953.

Personnel-wise, a number of changes were made within the management structure to provide improved Corporation services both in the states and throughout the world. Completion of an organizational survey resulted in the elevation of Donald W. Darnell to the chairmanship of the Board of Directors, and the election of J. Simon Fluor to the presidency of the company. J. Robert Fluor was elevated to the office of executive vice-president. At the same time, eight new vice-presidents were named to serve in the areas of engineering, sales, domestic construction, foreign construction, manufactured products, the Mid-Continental Division, and in research and development.

Two new members of the Board of Directors were also added during the year—Franklin S. Wade, chairman of the board of the Southern California Gas Company, and Dudley E. Browne, comptroller of the Lockheed Aircraft Corporation.

Other changes involved the engineering, accounting, personnel, research, products, and sales divisions, in addition to creation of a new project coordination department to handle company-wide contracts.

As we look forward to another year, we feel that the Corporation improved its position immeasurably during 1952, and is prepared to offer superior and more diversified services in all future transactions. We have strengthened our internal organization, have improved our facilities, and have completed plans to insure continued development and growth in 1953.

By expanding our work in the power and petrochemical fields we are reaching new work areas that go hand-in-hand with the petroleum activities with which we have long been identified. The large backlog of advance orders in both the engineering and manufacturing divisions gives us added reason to believe that the coming year will record even greater accomplishments for the Corporation.

To our shareholders, we express appreciation for their interest in and support of the many activities of the parent company and its subsidiaries. We are also mindful of the loyalty of our many employees, whose accomplishments are reflected throughout the pages of this report.

Submitted for the Board of Directors

CHAIRMAN, BOARD OF DIRECTORS

PRESIDENT
## Assets

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>October 31 1952</th>
<th>October 31 1951</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,404,698</td>
<td>$358,972</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>8,266,255</td>
<td>7,646,194</td>
</tr>
<tr>
<td>Federal income tax refunds receivable</td>
<td>149,725</td>
<td>159,201</td>
</tr>
<tr>
<td>Unbilled charges on incompleted contracts</td>
<td>4,381,710</td>
<td>4,043,382</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,766,660</td>
<td>2,786,192</td>
</tr>
<tr>
<td>Prepaid insurance, taxes and sundry deposits</td>
<td>84,483</td>
<td>55,461</td>
</tr>
<tr>
<td>Total current assets</td>
<td><strong>$17,084,221</strong></td>
<td><strong>$15,048,502</strong></td>
</tr>
<tr>
<td>Funds Restricted to Government Contracts</td>
<td>483,829</td>
<td>—</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, buildings and equipment—net</td>
<td>3,280,371</td>
<td>2,902,371</td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patents, etc.</td>
<td>79,052</td>
<td>67,479</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20,927,473</strong></td>
<td><strong>$18,018,352</strong></td>
</tr>
</tbody>
</table>

## Liabilities

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>October 31 1952</th>
<th>October 31 1951</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable</td>
<td>$235,000</td>
<td>$650,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>5,373,398</td>
<td>4,834,277</td>
</tr>
<tr>
<td>Customers' deposits, advance payments and fee adjustments</td>
<td>719,457</td>
<td>1,366,903</td>
</tr>
<tr>
<td>Federal taxes on income</td>
<td>1,966,286</td>
<td>1,332,672</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>2,666,236</td>
<td>1,754,271</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>$10,840,377</strong></td>
<td><strong>$9,558,423</strong></td>
</tr>
<tr>
<td>Advances on Government Contracts</td>
<td>483,829</td>
<td>—</td>
</tr>
<tr>
<td>Noncurrent Liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note payable—noncurrent maturities</td>
<td>1,125,000</td>
<td>1,350,000</td>
</tr>
<tr>
<td>Deferred Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncarried fees on construction contracts</td>
<td>302,464</td>
<td>18,308</td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock—400,000 shares ($2.50 par value)</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Capital contributed in excess of par value of capital stock</td>
<td>600,032</td>
<td>600,032</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>6,575,771</td>
<td>5,246,889</td>
</tr>
<tr>
<td><strong>Total capital</strong></td>
<td><strong>8,175,803</strong></td>
<td><strong>6,846,921</strong></td>
</tr>
<tr>
<td><strong>$20,927,473</strong></td>
<td><strong>$18,018,352</strong></td>
<td></td>
</tr>
</tbody>
</table>

The "notes to financial statements" on the following page are an integral part of this comparative consolidated balance sheet.
NOTES TO FINANCIAL STATEMENTS

NOTE A—Principles of consolidation
The consolidated balance sheet of the Company at October 31, 1952 includes the accounts of the following wholly-owned subsidiaries: Fluor Maintenance, Inc., Middle-East, Inc., Middle-East Fluor, S.A., The Fluor Corporation of Canada, Ltd. and Fluor Western, Inc. The consolidated statement of income for the years ended October 31, 1952 and 1951 includes the operations of these subsidiaries for the respective periods of 100% ownership by the Company. All intercompany accounts and transactions have been eliminated in the consolidation.

The excess of the Company’s equity in the net assets of the subsidiaries over its investments therein has been included in retained earnings in the consolidated balance sheet.

NOTE B—Accounting treatment with respect to construction contracts
In general, the Company follows the policy of recognizing income on construction contracts in the proportion that aggregate expenditures incurred bear to the total estimated cost of the work being performed under the contracts. Fees billed in advance to customers under the terms of the contracts are considered to be deferred income and are not recognized as income until earned.

NOTE C—Funds restricted to government contracts
Represents unexpended balance of funds advanced by a government agency for use only on specific contracts.

NOTE D—Federal taxes on income
Federal income tax returns of the Company have been filed a claim for refund of approximately $138,000 for the year ended October 31, 1950. As a result the Company has filed an amended return for the year ended October 31, 1951, estimated that the Company is not liable for such tax and no provision has been made for any part of the assessment.

NOTE E—Noncurrent liability
As of August 1, 1953 the Company negotiated a 10 year, 4½% unsecured debenture loan in the amount of $5,500,000, with New England Mutual Life Insurance Company. The note is due in semi-annual payments of $75,000 plus interest until August 1, 1961, subject to contingent and optional amortization provisions.

NOTE F—Contingent liability
The loan agreement provides that the Company is required to maintain Consolidated Net Current Assets in excess of $350,000; is required to maintain a consolidated current ratio of at least 1.50 to 1.00 to December 31, 1953 and 1.60 to 1.00 thereafter; and is restricted as to the payment of cash dividends.

NOTE G—Renegotiation
The Company has made sales under certain contracts with the government which may be subject to the Renegotiation Acts of 1948 and 1951 and amendments thereto. Such sales for the year ended October 31, 1952, approximated $9,500,000. The Company has estimated that renegotiable sales for the year ended October 31, 1952, approximated $14,000,000. Presently no actual renegotiation proceedings have been instituted and the Company is not in a position to know whether or not it may be obligated to refund any amount to the government. It is the opinion of the management that no provision for renegotiation is required.

NOTE H—Sales of shares of capital stock
As of August 1, 1953 the Company negotiated a 10 year, subject to renegotiation of the Company at October 31, 1952, and the consolidated statement of income for the year then ended. We have examined the consolidated balance sheet of The Fluor Corporation, Ltd., and its wholly-owned subsidiaries as of October 31, 1952, and the consolidated statement of income for the year then ended. In our opinion, the accompanying consolidated balance sheet presents fairly the consolidated financial position of The Fluor Corporation, Ltd., and its wholly-owned subsidiaries at October 31, 1952, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.
COMMUNICATIONS
Realizing that good communications assist greatly in building morale, Fluor made plans during the year to bolster its internal program to keep the company's growing family more adequately informed on day-to-day developments. Bulletin board material was improved, and a semi-monthly sales letter was inaugurated in the advertising and sales promotion department to speed news items to area offices. Moreover, mail room activities were expanded and new facilities were provided for the Duplicating Center opened last year by the Engineering Division.

SAFETY
At job sites, more stress was placed on safety, and information of safety devices was circulated among all work crews, both in and out of the United States.

CHARITY
Welfare agencies throughout the Los Angeles area again benefited from employee-management contributions of more than $39,000 pledged during the fourth annual Combined Charity Drive held at the home plant. To implement this phase of the company's program, organization of The Fluor Foundation was completed for the purpose of assisting the Corporation in allocating charitable funds. A board of three directors will supervise Foundation activities which will also include the eventual establishment of several additional scholarships in various engineering schools.

INDUSTRY-EDUCATION
The industry-education program has been expanded and Fluor is presently cooperating with numerous schools and universities through institute programs, supplying speakers for conferences, and participating in activities of learned societies. A number of employees serve various schools and colleges as instructors in evening classes, and the company's research and development staff has been very active in preparing papers and publishing technical articles on a variety of research subjects.

JUNIOR ENGINEERS
The past year brought changes in Fluor's junior engineer training program which is now on a one-year basis instead of the former two-year plan. This has the advantage of concentrating the work-day activities of each selected trainee more closely with personal specialties, and at the same time enables the junior engineers to save a year in advancing to permanent job classifications. Seven trainees are enrolled in the program at present, representing the University of Michigan, University of New Mexico, Purdue University, McGill University, Rice Institute.
THE FLUOR CORPORATION, LTD. OFFICERS & DIRECTORS

 Officers: DONALD W. DARNELL, chairman of the board
 J. SIMON FLUOR, president
 J. ROBERT FLUOR, executive vice-president
 JAMES P. WISEMAN, vice-president
 MELVIN A. ELLSWORTH, vice-president
 FRANCIS E. FISCHER, secretary-treasurer
 JOHN T. SCHULER, assistant secretary

 R. L. MERRICK, vice-president, engineering division
 P. M. STEPHENS, vice-president, products division
 R. M. MONCHER, vice-president, Mid-Continent division
 G. H. DIETER, vice-president, western area sales
 W. P. DOWNEY, vice-president, domestic construction
 J. E. WING, vice-president, foreign construction
 LEE VAN HORN, vice-president, research and development
 J. O. MOUNT, vice-president, Middle-East area

 Directors: DONALD W. DARNELL, chairman
 DUDLEY E. BROWN, comptroller, Lockheed Aircraft Corporation
 FRANCIS E. FISCHER, secretary-treasurer, The Fluor Corporation, Ltd.
 J. ROBERT FLUOR, executive vice-president, The Fluor Corporation, Ltd.
 J. SIMON FLUOR, president, The Fluor Corporation, Ltd.
 SHIRLEY E. MESERVE, senior partner, Meserve, Mumper, and Hughes
 DONALD ROYCE, president, William R. Staats and Company
 FRANKLIN S. WADE, chairman of the board, Southern California Gas Company
 JAMES P. WISEMAN, vice-president, The Fluor Corporation, Ltd.

 General Counsel: Meserve, Mumper, and Hughes, Los Angeles, California

 Auditors: Alexander Grant & Company, Los Angeles, California

 Stock transfer agent: Security-First National Bank, Los Angeles, California

 Stock registrar: California Trust Company, Los Angeles, California

ANNUAL MEETING: The annual shareholders' meeting of The Fluor Corporation, Ltd., is held on the second Monday in January at 10 a.m. at the executive offices of the home plant.

INTERNATIONAL SCOPE OF OPERATION

World-wide activities of Fluor are shown in this artist's drawing of the various areas in which the company was active during the 1952 fiscal year.
MANUFACTURING PLANTS
Paola, Kansas
Los Angeles

SALES AND SERVICE OFFICES
New York
Houston
Boston
Birmingham
Chicago
Pittsburgh
Los Angeles
Tulsa
San Francisco

THE FLUOR CORPORATION, LTD.
Home office: Los Angeles 22, California

FOREIGN OFFICES
FACTS-Fluor, Paris, France
The Fluor Corporation of Canada, Ltd., Toronto
Fluor International, S.A., Beirut, Lebanon
Head Wrightson Processes, Ltd., London, England