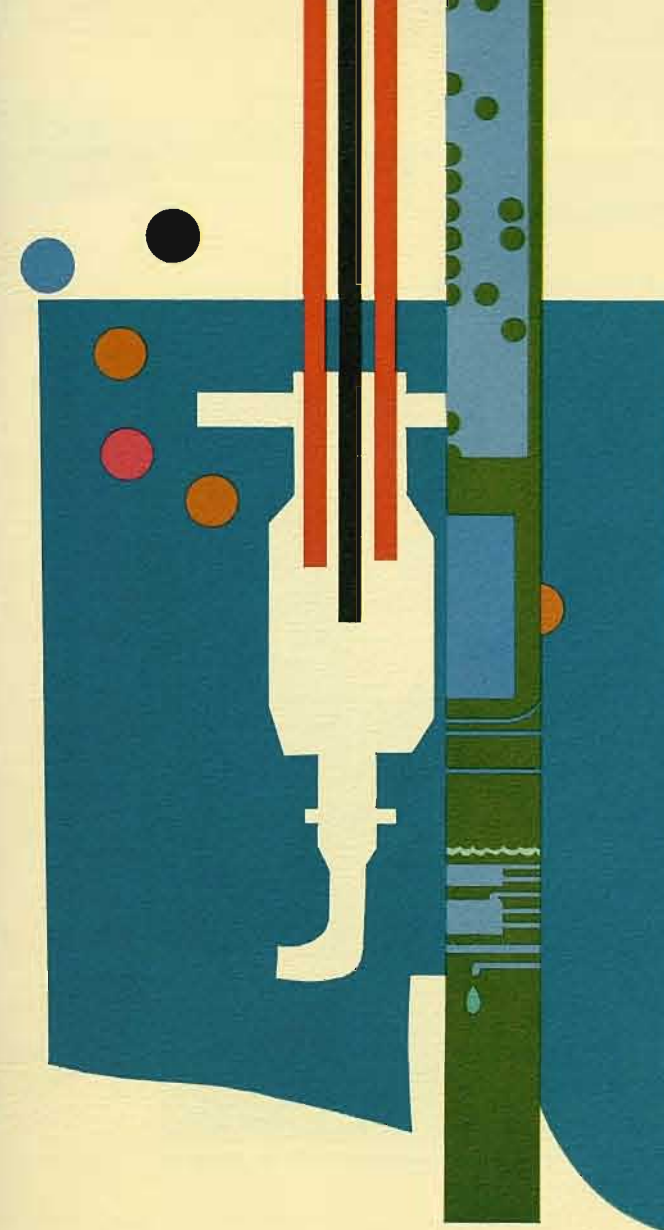


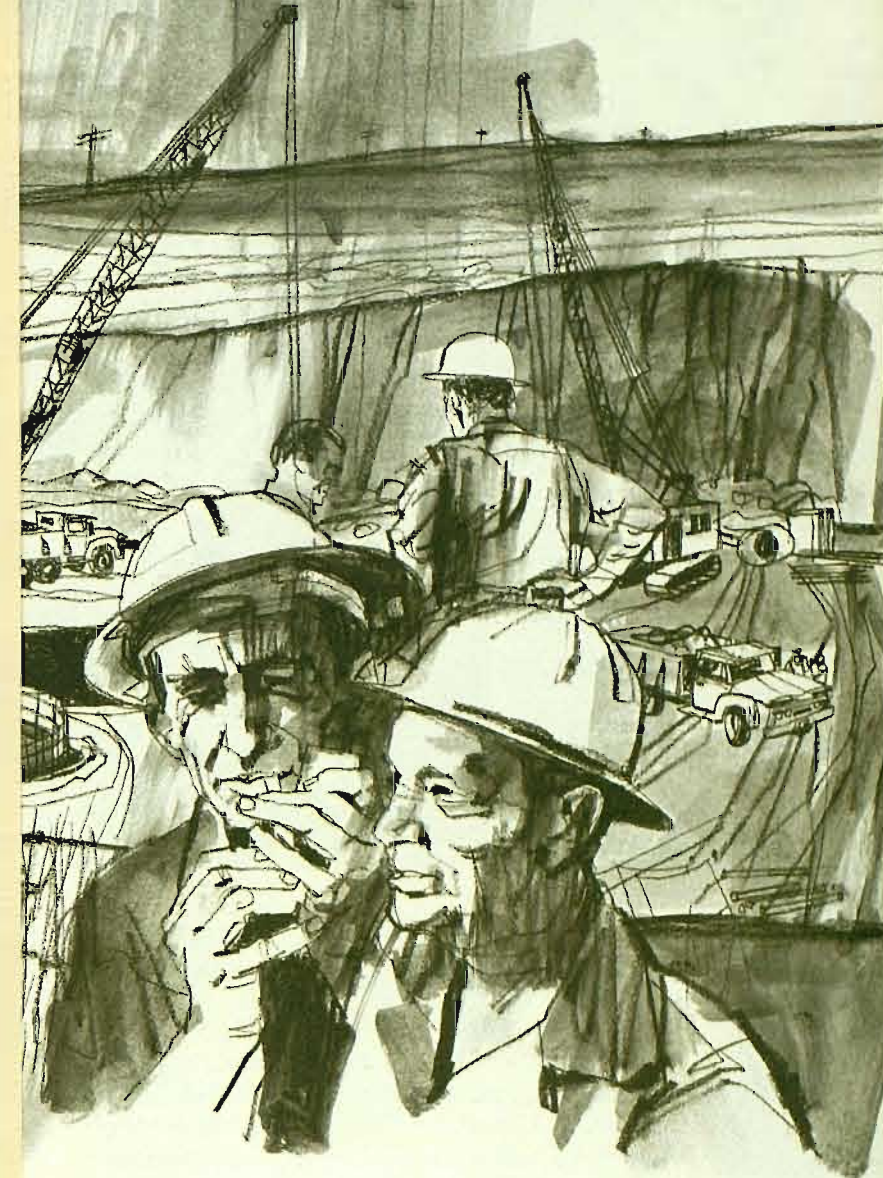
THE FLUOR CORPORATION, LTD.

ANNUAL REPORT: 1961



Annual Report: 1961

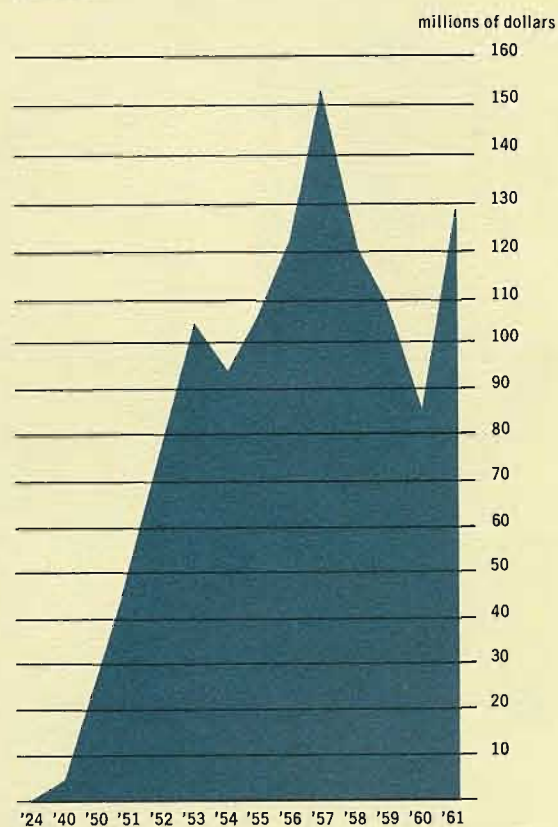
- 2 Highlights of the Year
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of the Fluor Revenue Dollar
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- 14 Fifteen-Year Financial Summary



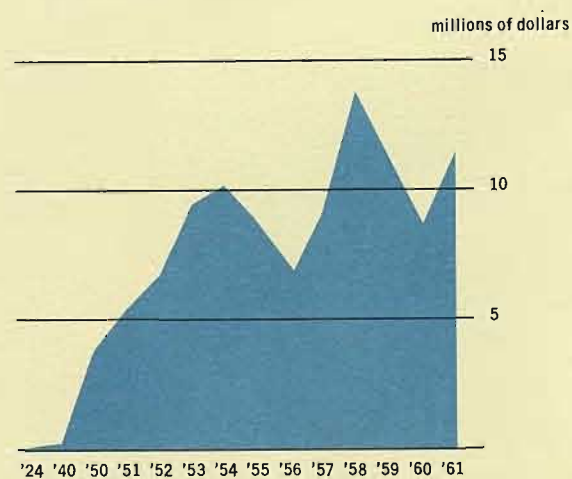
A HISTORY OF GROWTH

The history of The Fluor Corporation, Ltd., has been one of remarkable growth. Since 1924, Fluor has increased its sales from \$166,000 to nearly \$130 million in 1961. In that same interval, working capital has grown from \$30,000 to more than \$11 million. Shareholders' equity reached about \$19 million at the close of 1961 compared with just \$50,000 in 1924. We are confident that this dynamic growth will continue in the years ahead.

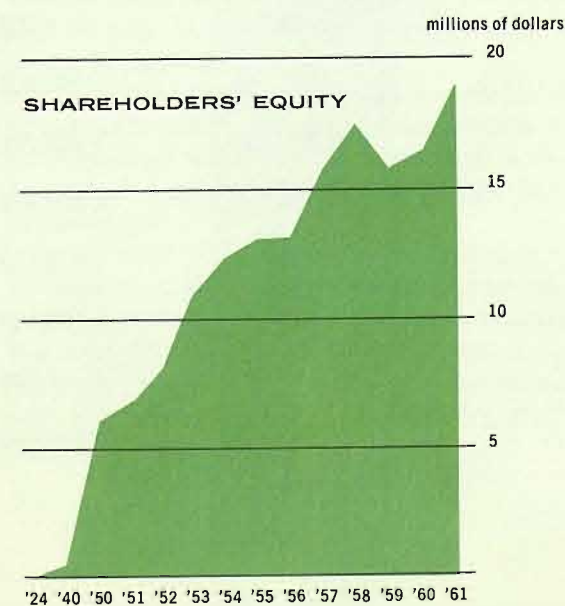
SALES



WORKING CAPITAL

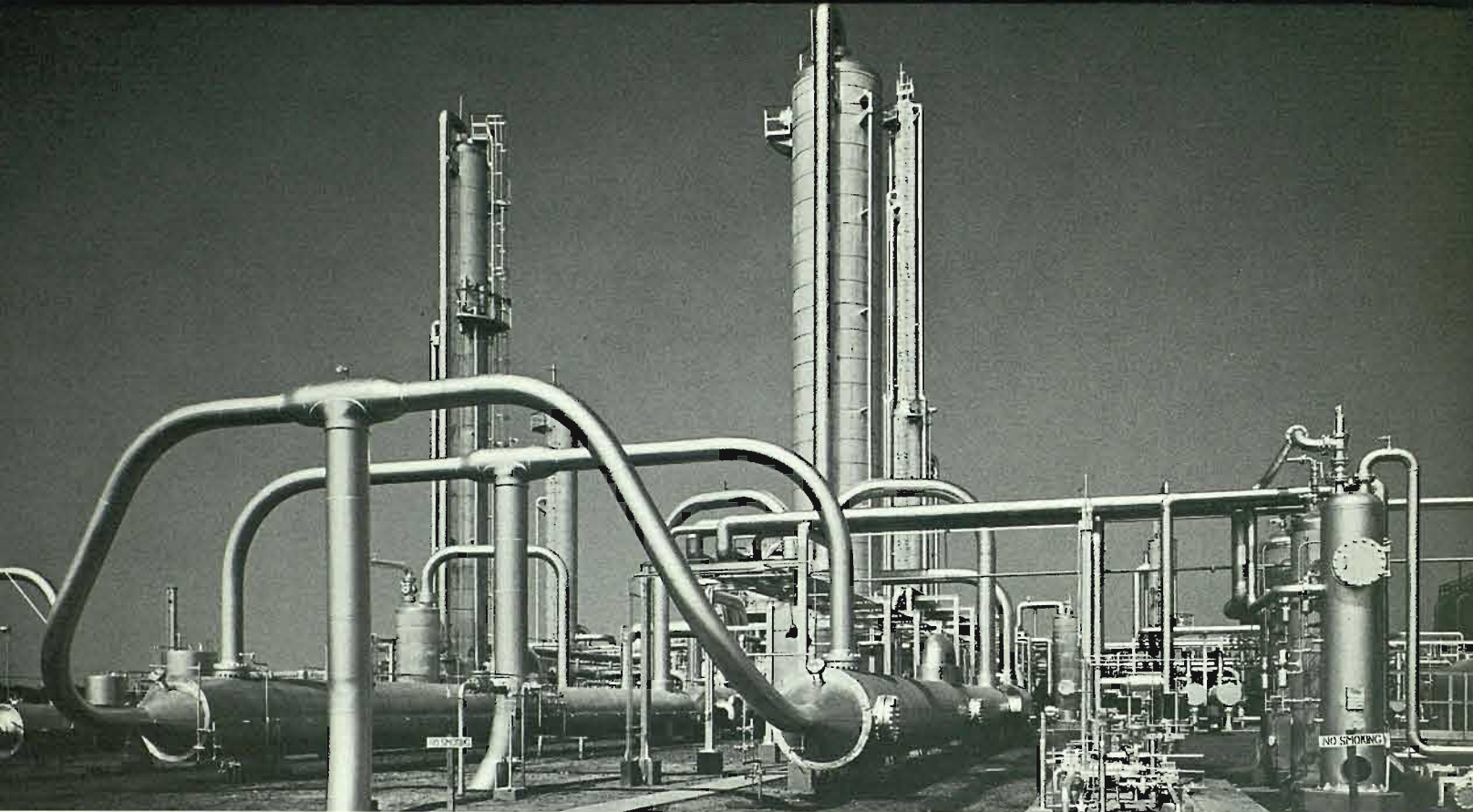


SHAREHOLDERS' EQUITY



A HISTORY OF GROWTH

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Natural gasoline recovery plant in Louisiana

HIGHLIGHTS OF THE YEAR

	1961	1960
Sales	\$128,821,589	\$84,875,242
Net Earnings	2,391,553	785,617
Per Share	2.97	.99
As a per cent of shareholders' average equity	13.4%	4.8%
Income taxes	2,037,265	293,203
Net working capital	11,360,982	8,655,262
Shareholders' equity at year-end	18,988,559	16,604,538
Per share	23.58	20.92
Shares outstanding at year-end	805,277	793,777
Number of shareholders	5,165	5,339
Backlog, October 31	125,000,000	98,000,000

REPORT FROM THE PRESIDENT

Results of our 1961 operations were noteworthy. Profits returned to a satisfactory level, and new orders exceeded those of any previous year. Moreover, our backlog is at an all-time high as we begin the new fiscal year.

Prompt corrective measures taken in 1960 were chiefly responsible for the earnings improvement. We expressed confidence in our ability to accomplish this goal at our 1959 annual meeting. We predicted then that sales and profits would reach new highs within a few years. New orders for 1961 were the highest in our history, and profits were second only to the peak year, 1957. Furthermore, sales for fiscal 1962 should establish a new record, and we may be able to realize a corresponding record in earnings.

The gain in new orders for 1961 was mainly due to increased capital spending by the chemical and petrochemical industries, together with a large volume of work awarded by the United States Government.

Total worth of our Government contracts was the highest in the company's history, and represented about forty per cent of the year-end backlog. However, this does not reduce our ability to carry out work for the private industries we serve, since only a small portion of our engineering staff is engaged on Government projects.

Another important step in 1961 was our purchase of a minority interest in William J. Moran Company, which has recently become established in the promising new field of urban redevelopment.

Major steps designed to strengthen Fluor Products Company had a beneficial effect on the manufacturing division's 1961 operations. We are confident that the division will make substantial contributions to our earnings in future years.

All Fluor subsidiaries operated satisfactorily in 1961, and we can expect our young companies in England and Holland to make greater gains in sales and earnings in the future as they become better established.

Fluor made excellent progress during the past year, and we will show further improvement in 1962 and the years ahead.

The outstanding records established in 1961 were made possible by the inspired and determined men and women who are dedicated to the task of making Fluor the world leader in the engineering and construction field.

J. S. Fluor

December 11, 1961



New Fluor-Schuytloot N.V. headquarters in Haarlem, Holland

OPERATING RESULTS

Consolidated net sales for fiscal 1961 were \$128,821,589, compared with \$84,875,242 in 1960. Net earnings amounted to \$2,391,553, or \$2.97 a share on the 805,277 shares outstanding at October 31. This compares with net earnings of \$785,617, or 98 cents a share, for the previous year.

New orders received in 1961 totaled \$165,000,000, as against the \$136,000,000 reported for the prior year and the \$70,000,000 in new business awarded during 1959. The backlog of uncompleted work at year-end was approximately \$125,000,000, well above the \$98,000,000 backlog a year earlier.

At its September 11 quarterly meeting, the Board of Directors declared a 5 per cent stock dividend, payable December 15 to shareholders of record November 15, 1961. Dividend payments had been discontinued during fiscal 1960.

Federal and foreign income taxes for 1961 were \$2,037,265. Payroll, state, local and other taxes were \$1,623,080. Total taxes of \$3,660,345 were equivalent to \$4.55 per share of capital stock.

Property, plant and equipment expenditures totaled \$1,453,416 in 1961, compared with \$1,231,350 during 1960. Shareholders' equity at October 31 was \$18,988,559, as against \$16,604,538 one year previously. Book value of each share of capital stock was \$23.58, compared with \$20.92 at the close of the prior fiscal year.

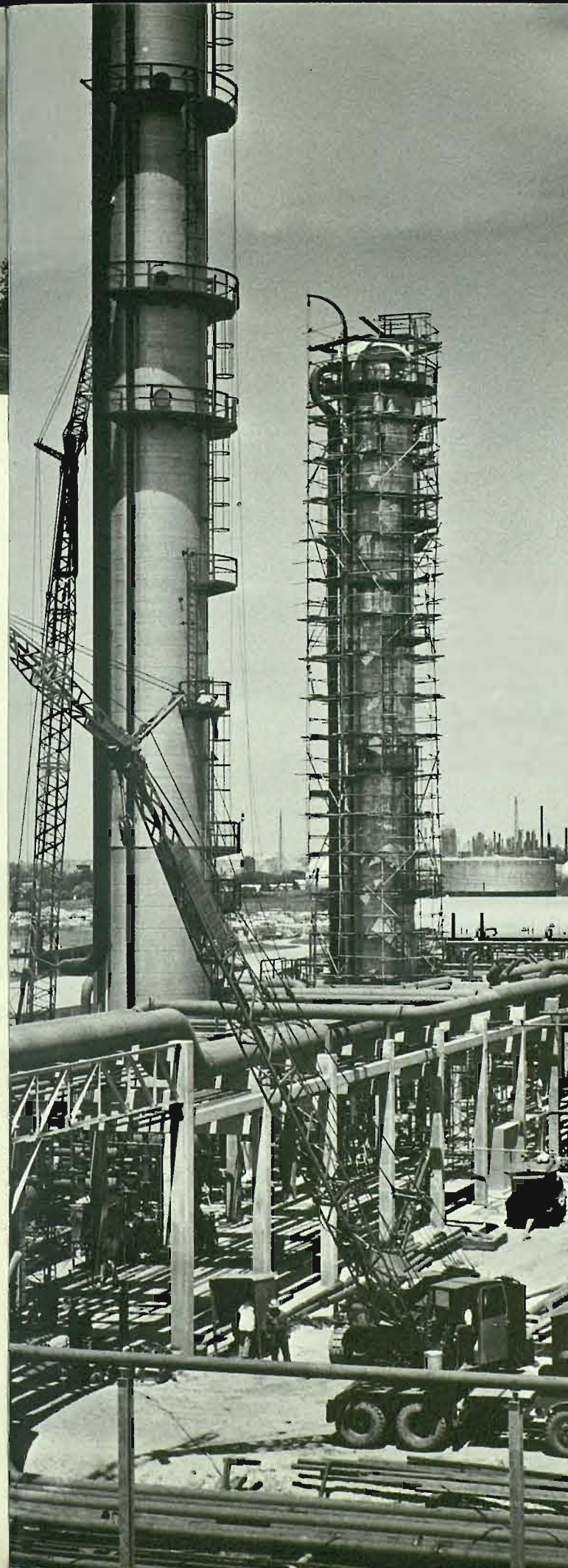
The company achieved one of its major goals for 1961—a substantial improvement in working capital. Working capital amounted to \$11,361,000 at October 31. This is a 31 per cent increase from the corresponding 1960 level of \$8,655,000.

A better working capital position was necessary because of the company's plans to broaden and strengthen its range of services and products through acquisitions.

Shortly after the close of the year, Fluor announced the purchase of a minority interest in William J. Moran Company. The company also agreed to provide additional financial support to help Moran in expanding its operations. Moran has been in the commercial and industrial engineering and construction business since 1865, and it has recently become actively involved in major urban redevelopment projects. Fluor's primary objective was to obtain an equity interest in Moran's apparent growth potential in the field of urban redevelopment. The transaction is an investment with excellent growth prospects. Although it will have no immediate effect upon Fluor sales or earnings, this first step can lead to an even closer working relationship between the two companies in the coming years.

Other acquisitions may materialize as the company continues its search for promising opportunities for growth, expansion and diversification.

Fluor shares traded more actively on the New York and Pacific Coast stock exchanges in fiscal 1961 than during any previous 12-month interval. A total of 856,500 shares was traded on the Big Board, and 21,600 shares were traded on the regional exchange. This compares with 266,000 shares and 19,600 shares, respectively, during the previous year. The market price closed at 27½ on October 31, compared with 12¾ one year pre-



viously. Fluor stock has been listed on the two exchanges since October 1957.

The Fluor Foundation continued its program of corporate philanthropy in 1961. Approximately \$50,000 was contributed to charitable, educational and cultural enterprises during the year. Since its inception in 1953, the Fluor Foundation has given about \$600,000 to worthy causes of all kinds. About half of this financial support has gone to privately endowed colleges and universities in the form of scholarships or fellowships, capital funds and unrestricted grants.

Further support of charitable causes came directly from Fluor employees in 1961. Employees at Los Angeles and Santa Rosa, California, and at Houston, pledged approximately \$36,000 to individual charities in their respective communities.

The Fluor Employees Benefit Plan registered a 38 per cent gain for the 1961 fiscal year. Net worth of the trust fund amounted to about \$9,083,000 at the close of the year. The 1961 corporate contribution was more than \$1,045,000, representing 8.7 per cent of the combined salaries of eligible participants. The contribution was the largest in the company's history, and was equivalent to 20 per cent of the parent company's profits before deduction of the contribution and federal income taxes. The corporation had been unable to contribute to the fund for the past two years.

ENGINEERING-CONSTRUCTION DIVISIONS

Sales for the Engineering-Construction Divisions amounted to \$88,420,438 in 1961, compared with \$50,534,678 the previous year. New orders received by the divisions amounted to about \$120,000,000, as against \$95,000,000 in 1960.

Among new projects for private industry awarded during fiscal 1961 was a contract to build a gasoline anti-knock additives plant for Naleco Chemical Company at Freeport, Texas, and a contract to design and build the nation's first privately-owned helium recovery plant (under the Government's new Helium Conservation Act) for Helix Company at Bushton, Kansas.

Other new work included a contract to engineer and construct a chemical plant for Oxo Chemicals Company at Haverhill, Ohio, and a contract to

engineer and build benzene extraction facilities for Mobil Chemical Company at Beaumont, Texas.

After the close of the fiscal year, Fluor was awarded a contract to construct five of the major processing units of a new 100,000-barrels-per-day refinery to be built at Pascagoula, Mississippi, for Standard Oil Company (Kentucky), an operating company of Standard Oil Company of California.

The divisions completed construction of the world's largest alkylation plant at American Oil Company's Texas City refinery as a major portion of a multi-million dollar modernization program.

Work also was concluded on a contract for the engineering and construction of four chemical plants for FMC Corporation (formerly Food Machinery and Chemicals Corporation) at Baltimore, Maryland.

The Power Division completed construction of a 62,000-kilowatt steam-electric generation plant for California Electric Power Company near Daggett, California.

Early in 1961, a Government Projects Department was established so that Fluor might help fulfill expanding Federal requirements for facilities of all kinds. Staffed with experienced personnel, the department can carry out every function of a total-responsibility contract—from preliminary design to final construction.

With renewed emphasis on this phase of the company's operations, work for the Government soon became a large part of the dollar volume of new business awarded during the year. About 40 per cent of our year-end backlog was represented by contracts to be performed for Government agencies.

The largest single contract awarded during fiscal 1961 amounted to \$35,600,000—a project for the U. S. Army Corps of Engineers to construct 18 Titan II missile sites in Arizona. Subsequently, change orders to the original contract, plus an additional contract for later phases of this work, brought the total cost to about \$45,000,000.

Shortly after the close of the year, Fluor was selected by the U. S. Atomic Energy Commission to build the world's largest nuclear test reactor. Congress has authorized \$40,000,000 for the Advanced Test Reactor project at the National Reactor Testing Station in Idaho. The project will require about three years to complete.

Other government work awarded during the year included a contract for the installation, operation and maintenance of ground-support and operational equipment on nine Atlas-F missile pads at Altus Air Force Base, Oklahoma. The contract was awarded by General Dynamics/Astronautics.

The company successfully concluded similar work on Atlas missile launching facilities at Fairchild Air Force Base, Spokane, and Forbes Air Force Base, Topeka. Fluor employees worked more than 1,740,000 trouble-free manhours on the two projects.

During the year, Fluor also completed the architectural design and engineering of an organic-cooled reactor for the Atomic Energy Commission in Idaho.

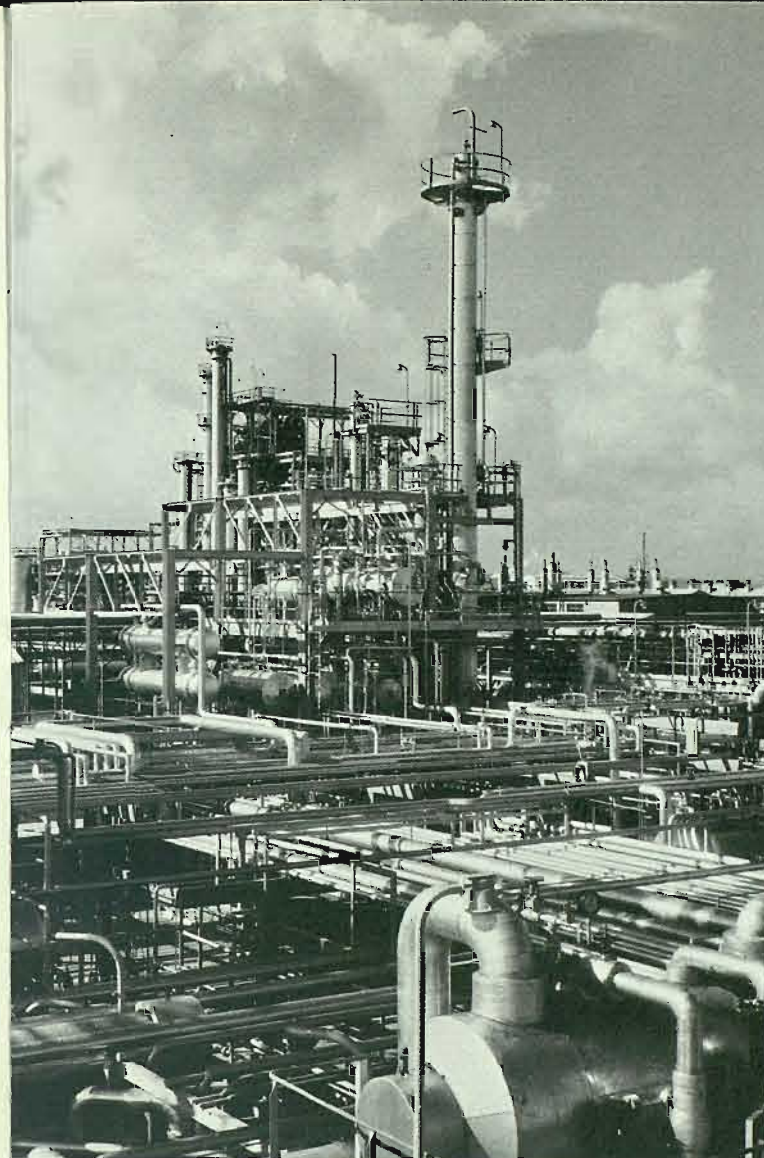
FLUOR PRODUCTS COMPANY

After three years of sizeable losses, Fluor Products Company returned to a near break-even point in 1961. The division operated in the black the last quarter, but the recovery was not sufficient to eliminate losses accumulated early in the year. New orders of \$11,828,474 were slightly ahead of the \$11,748,518 for the 1960 fiscal year, even though two product lines which accounted for sales in excess of \$1.5 million the prior year had been eliminated. Orders for current product lines were up more than 10 per cent in 1961, and the year-end backlog was six per cent higher than a year ago.

Best gains were made in air-conditioning cooling tower sales, which registered an 85 per cent increase over 1960. Roof structures orders increased almost 15 per cent, while industrial cooling tower orders were equal to the preceding year.

The outlook for 1962 is favorable. Expansion plans in the chemical, power and petroleum industries indicate greatly improved industrial cooling tower sales. Foreign business in these products continues at a rapid growth rate. Furthermore, the trend toward the use of glued-laminated roof structures throughout the country indicates increased sales for Fluor glued-laminated beams.

The largest wood beams ever fabricated in California were shipped from the Santa Rosa plant in 1961. Five laminated beams, each 132 feet long and more than five feet deep, were installed in a new Sacramento, California, bowling alley.



Butadiene extraction plant in Scotland, completed in 1961

Completion of the Santa Rosa plant's \$250,000 expansion program greatly improved production efficiency and increased capacity by approximately 35 per cent. A daily average of more than 50,000 board feet of lumber can now be fabricated into glued-laminated beams at this plant.

Another important project was the construction of a new research test facility scheduled to go into operation in January.

The unusually rapid acceptance of Fluor's Poly-Grid fill for cooling towers required the development of larger units during the year. New dies were produced, and production commenced on a grid twice the size of any previously in use. The longer life, lighter weight and better performance of the Poly-Grid has made it the standard

material for Fluor cooling towers now under construction. In addition, an important replacement market is being developed. The division also completed installation of its first industrial crossflow tower, and introduced a new line of these units late in the year.

The products sales organization was expanded and strengthened. As a result, a substantial sales increase is expected in 1962.

SUBSIDIARIES

Fluor's New York subsidiary became more closely identified with the company's consolidated operations during 1961. Its title was changed to Fluor-Singmaster & Breyer, Inc.—in order to indicate more clearly the relationship to the parent organization.

Fluor-Singmaster & Breyer moved to new, air-conditioned quarters at 100 Park Avenue, where its working force of 300 employees occupies an entire floor.

This subsidiary completed the design and engineering of a High Flux Isotope Reactor for the Atomic Energy Commission during the year. Construction has begun at the Oak Ridge National Laboratory in Tennessee, with Fluor-Singmaster & Breyer providing construction management.

Also concluded during the year was the design, engineering and construction of Dimazine manufacturing facilities for FMC Corporation at its Baltimore industrial complex. Dimazine is a fuel component for Titan II intercontinental ballistic missiles.

Recessive business conditions, felt more severely in Canada than in the United States, continued to affect the 1961 operations of The Fluor Corporation of Canada, Ltd. Sales for the fiscal year were \$5,405,520, compared with \$7,257,290 in fiscal 1960.

The Canadian subsidiary was successful in obtaining one of five contracts awarded for major gas processing facilities in Western Canada, work which materialized as a result of the easing of natural gas export-import restrictions between the United States and Canada. Carstairs Operators' Committee awarded Fluor of Canada a contract to expand its gas processing and treating facilities and to construct a sulfur plant at Calgary, Alberta.

The subsidiary also was awarded a contract for the construction of a butadiene extraction and purification unit for Polymer Corporation, Ltd. at Sarnia, Ontario.

Fluor Engineering and Construction Co., Limited, with headquarters in London, England, recorded sales of \$6,317,252 in 1961. This compares with \$1,901,694 the previous year. Substantial gains were recorded in new orders and backlog.

The English subsidiary was awarded a contract for the engineering, procurement and construction of a steam-cracking plant for Svenska Esso at Stenungsund, Sweden. The unit will produce and recover ethylene and butadiene. It will form the core of the Stenungsund petrochemical complex.

Construction of a butadiene extraction plant for British Hydrocarbon Chemicals Ltd. was completed at Grangemouth, Scotland. This was Fluor's first major project in the United Kingdom.

Work also was under way on a 20,000-barrels-per-day catalytic reforming unit at Abadan for Iranian Oil Refining Company. The subsidiary is responsible for complete design, procurement and construction.

Fluor-Schuytplot N.V. moved to its new head-

quarters in November. Constructed of reinforced concrete, with a brick-and-glass exterior design, the \$850,000 facility is one of the most modern buildings in Holland. It is located on one of the main canals crisscrossing the city of Haarlem, which lies on the coast of the North Sea about 15 miles from Amsterdam. The 59,000 square feet of floor space will provide room for 400 employees.

Formal dedication will be held in April. Dignitaries from throughout the Continent will attend.

Among new contracts awarded in 1961 was a project to engineer and construct a gas treating and sulfur recovery plant for Wintershall A.G. near Hannover, West Germany. This represents the first application of the Fluor Solvent Process outside the United States.

Other new work included a contract to provide the engineering of gas processing facilities for Arabian American Oil Company at Ras Tanura, Saudi Arabia.

Continued expansion is forecast for European industry. Fluor-Schuytplot is confident that it will increase its share of this growing market in the next few years. The present staff of 160 is expected to double in size by 1964.

SOURCE AND DISPOSITION OF THE FLUOR REVENUE DOLLAR

	Amount (in thousands)		Per Cent	
	1961	1960	1961	1960
SOURCE				
Petroleum and Natural Gas Industries	\$ 41,267	\$ 37,482	31.7%	43.6%
Chemical Industry	52,249	19,914	40.1	23.2
Power Industry	5,007	8,397	3.8	9.8
Government Projects	18,957	6,438	14.6	7.5
	<u>117,480</u>	<u>72,231</u>	<u>90.2</u>	<u>84.1</u>
Manufactured Products	10,772	12,072	8.3	14.0
Miscellaneous	2,023	1,646	1.5	1.9
	<u>\$130,275</u>	<u>\$ 85,949</u>	<u>100.0%</u>	<u>100.0%</u>
DISPOSITION				
Purchased materials and services	\$ 78,356	\$ 51,408	60.1%	59.8%
Wages, salaries and contributions to employees' benefit trust funds	43,835	29,753	33.7	34.6
Depreciation and maintenance	1,641	1,860	1.3	2.2
Taxes	3,660	1,629	2.8	1.9
Minority interests and miscellaneous	391	513	0.3	0.6
Reinvested earnings	2,392	786	1.8	0.9
	<u>\$130,275</u>	<u>\$ 85,949</u>	<u>100.0%</u>	<u>100.0%</u>

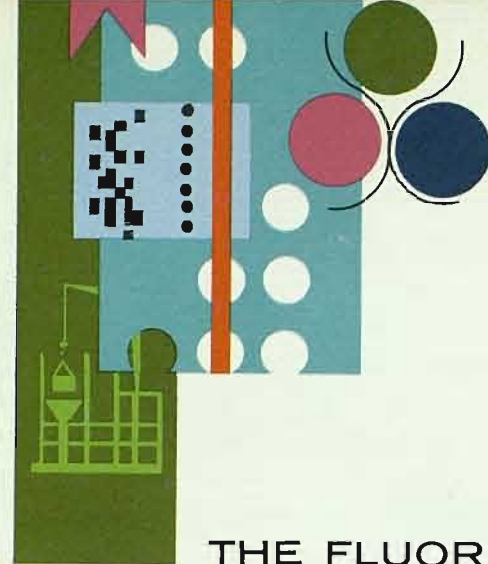
THE FLUOR CORPORATION, LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years ended October 31, 1961 and 1960

	1961	1960
REVENUE		
Engineering and construction revenue—including unbilled charges on incompletd contracts	\$118,049,643	\$72,803,333
Product sales	10,771,946	12,071,909
Gain on the sale of investment in H. G. Acres & Company, Limited	—	335,021
Interest and other revenue	1,453,132	738,438
	<u>130,274,721</u>	<u>85,948,701</u>
COSTS AND EXPENSES		
Cost of engineering and construction revenue	111,388,714	67,373,520
Cost of product sales	9,795,526	11,620,610
Selling, research and administrative expenses	4,142,157	4,954,715
Interest on indebtedness	327,938	400,072
Other expenses	128,175	407,847
	<u>125,782,510</u>	<u>84,756,764</u>
Earnings before income taxes and minority interests	4,492,211	1,191,937
FEDERAL AND FOREIGN INCOME TAXES		
Federal income tax	2,036,384	166,124
Foreign governments' income taxes—net	881	127,079
	<u>2,037,265</u>	<u>293,203</u>
	2,454,946	898,734
MINORITY INTERESTS IN NET EARNINGS OF SUBSIDIARIES		
	63,393	113,117
NET EARNINGS	<u>2,391,553</u>	<u>785,617</u>
RETAINED EARNINGS—beginning of year	7,687,697	6,902,080
	<u>10,079,250</u>	<u>7,687,697</u>
REDEMPTION OF MINORITY INTEREST STOCK OF SUBSIDIARY		
	219,172	—
RETAINED EARNINGS—end of year	<u>\$ 9,860,078</u>	<u>\$ 7,687,697</u>
Included above in costs and expenses		
Depreciation and amortization	\$ 847,001	\$ 1,007,273
Contribution to employees' benefit trust funds	1,135,655	107,175

The accompanying notes are an integral part of these statements.



THE FLUOR CORPORATION, LTD. AND SUBSIDIARIES

ASSETS

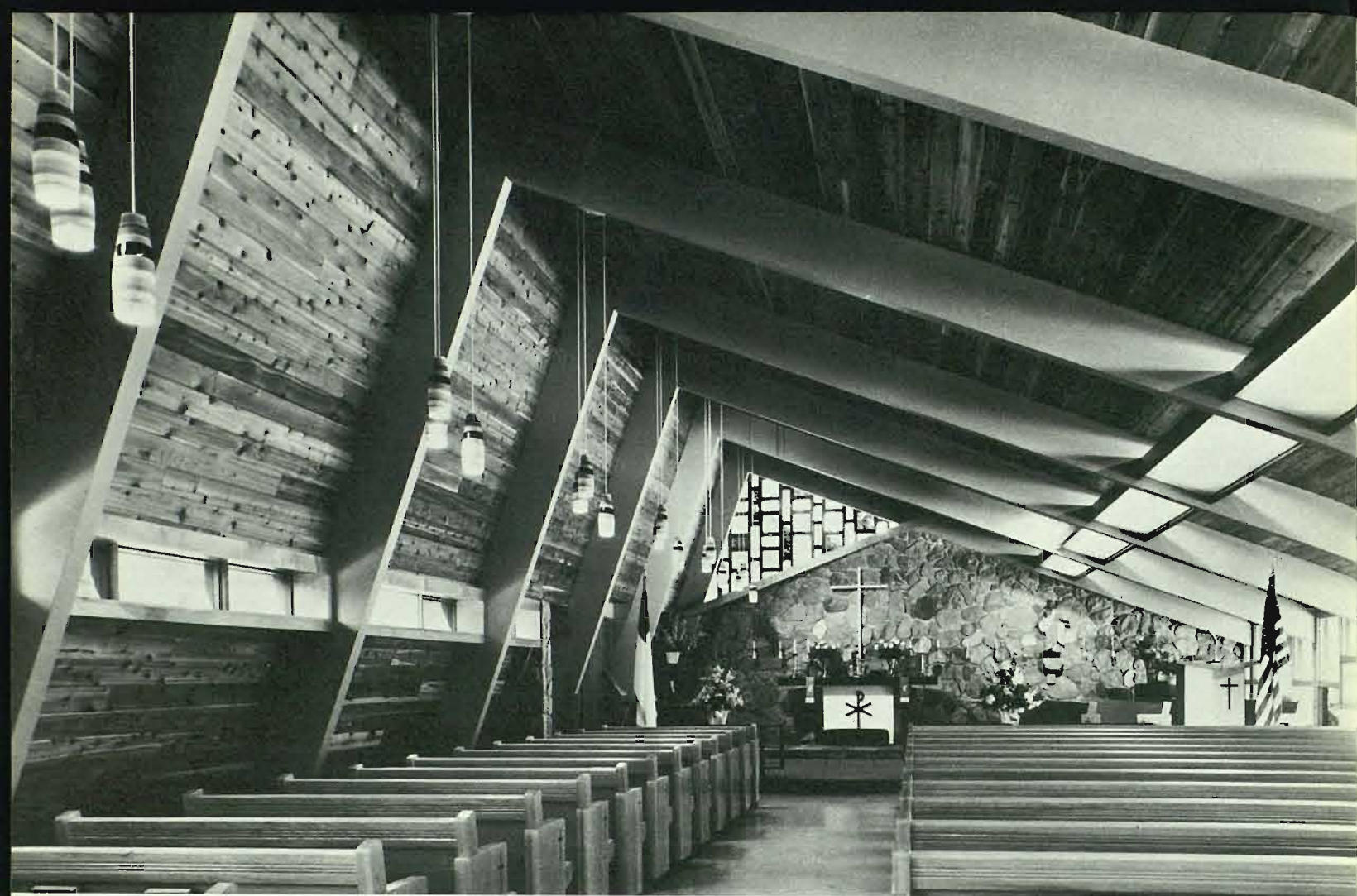
	1961	1960
CURRENT ASSETS		
Cash	\$ 7,498,853	\$ 2,681,691
Notes receivable	2,199,826	1,154,068
Accounts receivable	11,146,962	9,478,799
Refundable taxes on income	63,791	159,494
Unbilled charges on incompletd contracts	5,577,792	3,590,376
Inventories—at the lower of cost (determined by the average method) or market		
Raw materials, purchased parts and supplies	1,063,324	1,560,104
Finished goods and work in process	1,475,635	1,318,282
Prepaid insurance, taxes and deposits	440,550	297,282
Total current assets	29,466,733	20,240,096
PROPERTY, PLANT AND EQUIPMENT—AT COST		
Land	160,398	158,501
Buildings and land improvements	5,394,409	4,444,308
Machinery and equipment	8,086,947	7,334,054
Construction in process	4,344	666,924
	13,646,098	12,603,787
Less accumulated depreciation and amortization	7,116,496	6,617,100
	6,529,602	5,986,687
OTHER ASSETS		
Notes and accounts receivable	5,605,629	6,025,586
Investments	202,198	576,097
Patents, taxes and sundry	595,701	600,197
	6,403,528	7,201,880
	\$42,399,863	\$33,428,663

The accompanying notes are an integral part of these balance sheets.

CONSOLIDATED BALANCE SHEETS OCTOBER 31, 1961 AND 1960

LIABILITIES

	1961	1960
CURRENT LIABILITIES		
Notes payable	\$ 400,000	\$ 2,800,000
Accounts payable	8,649,605	5,047,965
Customers' deposits and advance payments	4,643,797	1,603,524
Income taxes	1,764,560	318,614
Accrued liabilities	2,647,789	1,814,731
Total current liabilities	18,105,751	11,584,834
NONCURRENT LIABILITIES		
Notes payable—noncurrent portion	4,155,555	4,151,316
DEFERRED INCOME		
Unearned fees on engineering and construction contracts	380,905	350,018
Gain on installment sale of property	143,366	167,687
	524,271	517,705
MINORITY INTERESTS IN SUBSIDIARIES	625,727	570,270
STOCKHOLDERS' EQUITY		
Contributed capital		
Capital stock—authorized, 2,000,000 shares of \$2.50 par value; issued and outstanding: 1961—805,277 shares; 1960—793,777 shares	2,013,192	1,984,443
Capital contributed in excess of par value of capital stock	7,115,289	6,932,398
Retained earnings	9,860,078	7,687,697
	18,988,559	16,604,538
	\$42,399,863	\$33,428,663



New church in Minnesota utilizes Fluor glued-laminated beams

ALEXANDER GRANT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
LOS ANGELES, CALIFORNIA

Board of Directors and Shareholders
The Fluor Corporation, Ltd.

We have examined the consolidated balance sheets of THE FLUOR CORPORATION, LTD. (a California corporation) and its subsidiaries as of October 31, 1961 and 1960, and the related statement of earnings and retained earnings for the years then ended. Our examinations, which did not include the accounts of the Canadian, English, Dutch and Swedish subsidiaries, were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The accounts of foreign subsidiaries, which have not been examined by us, are included in the accompanying consolidated statements on the basis of reports prepared by other accountants.

In our opinion, based upon our examinations and the reports of other accountants, the accompanying consolidated balance sheets and consolidated statements of earnings and retained earnings present fairly the financial position of The Fluor Corporation, Ltd. and its subsidiaries at October 31, 1961 and October 31, 1960, and the results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Los Angeles, California
December 15, 1961

Alexander Grant & Company

NOTES TO FINANCIAL STATEMENTS October 31, 1961 and 1960

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of The Fluor Corporation, Ltd. and its subsidiaries. All the subsidiaries are wholly-owned except Fluor-Singmaster & Breyer, Inc. (formerly Singmaster & Breyer, Inc.), and Fluor-Schuytplot N. V., which are owned 58.76% and 75%, respectively, by The Fluor Corporation, Ltd.

All ascertainable intercompany accounts and transactions have been eliminated in consolidation. The excess of the company's equity in the net assets of the subsidiaries over its investment therein has been included in consolidated retained earnings with the exception that an excess of the company's investment over its equity in the net assets of the following companies has been included in "Other Assets" in the consolidated balance sheets.

	1961	1960
Fluor-Schuytplot N. V.	\$151,812	\$151,812
Fluor-Singmaster & Breyer, Inc.	22,019	22,019
	<u>\$173,831</u>	<u>\$173,831</u>

The Fluor Corporation of Canada, Ltd. sold its interest in H. G. Acres & Company, Limited in August 1960. The operations of H. G. Acres & Company, Limited to July 31, 1960 are included in the consolidated financial statements.

ACCOUNTING TREATMENT OF ENGINEERING AND CONSTRUCTION CONTRACTS The company follows the general principle of recognizing income on engineering and construction contracts on the percentage of completion method in the proportion that aggregate costs incurred bear to total estimated costs of the work being performed under the contract. 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.

INCOME TAXES The company and its subsidiaries have made full provision for all known liabilities in respect of United States and foreign income taxes to which they are subject. However no provision has been made for theoretical tax liability which would have been incurred had the company received in dividends its share of the retained earnings of foreign subsidiaries. No such tax liability has been incurred, may never be incurred; and the amount, if ever incurred, is presently indeterminable, being dependent upon income tax rates in effect at the time of transfer.

NET ASSETS OF FOREIGN SUBSIDIARIES The accounts of The Fluor Corporation of Canada, Ltd. have been included in the accompanying financial statements in Canadian dollars.

The net assets of the foreign subsidiaries at October 31, 1961 and 1960 are presented below:

	1961	1960
The Fluor Corporation of Canada, Ltd.	\$1,428,982	\$1,609,394
Fluor Engineering & Construction Co., Ltd.	76,238	105,802
Fluor International, S. A.	784,368	583,692
Fluor-Schuytplot, N. V.	460,259	424,267
Fluor Venezuela, S. A.	900	900
Middle-East Fluor, S. A.	911,858	1,096,860
Fabricantes de Equipos de Enfriamiento, S. A. de C.V.	(14,192)	(1,265)
Svenska Constructors Fluor AB.	6,419	—

NONCURRENT LIABILITIES In October 1958, the company negotiated 5½% notes in the amount of \$2,000,000 with a bank, and 5½% notes in the amount of \$3,000,000 with two insurance companies. The notes were issued in accordance with a common note agreement, and are payable in semi-annual installments of \$200,000 plus interest, commencing May 1, 1959, and extending to May 1, 1971, subject to contingent and optional prepayment provisions.

Under the terms of the note agreement, as amended, the company is required to maintain net current assets of \$5,000,000 and the current assets must not be less than 150% of the current liabilities. The company is restricted from paying cash dividends in excess of the net earnings (as defined) after October 31, 1959, increased by \$630,000. As of October 31, 1961 retained earnings of \$2,900,000 were free of restrictions.

In June 1960 Fluor-Schuytplot N. V. negotiated a 5% mortgage loan to finance the construction of a new building. At October 31, 1961 the company had been advanced the total commitment of \$555,555. The loan is payable in annual installments of \$34,700, plus interest, beginning June 1, 1962 for a period of 16 years, subject to contingent and optional prepayment provisions.

RENEGOTIATION Sales subject to renegotiation for the year ended October 31, 1961 are estimated at \$22,500,000. Reports of renegotiable sales for all years through October 31, 1960 have been reviewed and cleared by government agencies, and no refunds requested. It is the opinion of management that a current provision for renegotiation is not required.

RESTRICTED STOCK OPTION PLAN The company has a restricted stock option plan under which options may be granted to key management employees to purchase a maximum of 50,000 shares of common stock. During the year ended October 31, 1961 options were granted to purchase 2,400 shares of common stock and options to purchase 11,500 shares of common stock were exercised, the proceeds of which have been added to the capital accounts of the company. At October 31, 1961 there were options outstanding for 32,300 shares at prices ranging from \$12.25 to \$30.40 a share and there were 5,000 shares unoptioned. Options to purchase 5,200 shares previously granted have expired by their terms and became available for granting.

COMMITMENT The Fluor Corporation, Ltd. is committed to purchase the shares of Fluor-Singmaster & Breyer, Inc. (formerly Singmaster & Breyer, Inc.) not presently held by the company. As of October 31, 1961, the purchase of all such outstanding shares would involve a payment of approximately \$771,000.

STOCK DIVIDEND In September 1961 the Board of Directors declared a 5% common stock dividend payable December 15, 1961 to shareholders of record November 15, 1961. Approximately 40,300 shares will be issued at a value of \$28.50 a share. This transaction will be recorded as deduction from retained earnings in the approximate amount of \$1,149,000, and an addition to capital stock for the par value of the shares issued and to capital contributed in excess of par value of capital stock.

15-YEAR
FINANCIAL SUMMARY

(Dollar amounts are in thousands, except per share amounts)

OPERATING RESULTS															
	Revenues	Wages and Salaries	Purchased Materials and Services	Depreciation and Amortization	Maintenance and Repairs	Contributions to Employees' Benefit Trust Funds	Interest on Indebtedness	State, Local and Miscellaneous Taxes	Earnings Before Income Taxes	U.S. and Foreign Income Taxes	Minority Interests	Net Earnings	Net Earnings Per Share*	Dividends Paid	Reinvested Earnings
1961	\$130,275	\$42,699	\$79,740	\$ 847	\$794	\$1,136	\$328	\$239	\$4,492	\$2,037	\$ 63	\$2,392	\$2.97	—	\$2,392
1960	85,949	29,646	52,452	1,007	853	107	400	292	1,192	293	113	786	.99	—	786
1959	110,398	40,870	67,971	1,163	838	81	375	346	(1,246)	(428)	68	(886)	(1.12)	\$873	(1,759)
1958	120,767	44,363	68,387	1,299	906	965	162	373	4,312	2,188	215	1,909	2.41	912	997
1957	152,709	51,822	91,252	1,200	821	1,227	159	288	5,940	2,969	338	2,633	3.46	768	1,865
1956	121,268	39,079	77,945	946	501	298	181	300	2,018	1,022	259	737	1.03	720	17
1955	106,479	36,136	65,388	911	532	500	146	236	2,630	1,258	138	1,234	1.72	720	514
1954	93,672	34,905	53,839	945	616	541	138	243	2,445	1,203	64	1,178	1.63	720	458
1953	105,901	37,528	62,076	717	437	691	129	272	4,051	1,949	42	2,060	3.43	600	1,460
1952	80,906	29,516	45,970	422	353	814	108	216	3,507	1,766	—	1,741	3.63	420	1,321
1951	52,269	17,978	30,621	311	334	570	78	114	2,263	1,127	—	1,136	2.37	320	816
1950	26,577	10,660	14,165	229	326	264	1	158	774	295	—	479	1.00	198	281
1949	33,565	11,701	19,034	224	305	435	14	114	1,738	661	—	1,077	2.33	199	878
1948	33,197	11,086	17,790	182	290	752	17	74	3,006	1,143	—	1,863	4.83	192	1,671
1947	22,402	6,678	13,232	138	217	416	22	36	1,663	633	—	1,030	2.67	129	901

FINANCIAL POSITION

	Current Assets	Current Liabilities	Working Capital	Property, Plant and Equipment		Other Assets	Total Capitalization
				Gross	Net		
1961	\$29,467	\$18,106	\$11,361	\$13,646	\$6,530	\$6,404	\$24,295
1960	20,240	11,585	8,655	12,604	5,987	7,202	21,844
1959	20,726	9,463	11,263	13,652	7,211	3,804	22,278
1958	29,492	15,560	13,932	14,430	8,358	2,783	25,073
1957	27,320	18,251	9,069	13,441	8,303	2,772	20,144
1956	24,597	17,666	6,931	12,053	7,670	1,968	16,569
1955	19,261	10,338	8,923	9,366	5,821	1,076	15,820
1954	22,464	12,328	10,136	8,331	5,386	183	15,705
1953	22,011	12,669	9,342	7,071	4,683	99	14,124
1952	17,568	10,840	6,728	5,034	3,280	79	10,087
1951	15,049	9,638	5,411	4,381	2,902	67	8,380
1950	7,935	4,011	3,924	3,246	2,034	64	6,022
1949	7,955	4,033	3,922	2,767	1,705	129	5,756
1948	8,571	5,585	2,986	2,427	1,534	175	4,695
1947	5,450	3,226	2,224	1,981	1,230	145	3,599

EQUITY, DIVIDENDS & SHAREHOLDERS

	Shareholders' Equity			Dividends		Number of Shareholders
	Aggregate	Per Share*	% Net Earnings to average equity	Per Share*	% of Net Earnings	
1961	\$18,989	\$23.58	13.4%	—	—	5,165
1960	16,605	20.92	4.8	—	—	5,339
1959	15,819	19.93	—	\$1.10	—	4,883
1958	17,558	22.15	11.4	1.20	47.8%	4,501
1957	15,861	20.86	18.2	1.05	29.2	4,010
1956	13,098	18.19	5.6	1.00	97.7	3,709
1955	13,081	18.17	9.6	1.00	58.3	3,389
1954	12,567	17.46	10.0	1.00	61.1	3,376
1953	11,089	18.03	21.4	1.00	29.1	2,235
1952	8,176	17.03	23.2	.88	24.1	1,227
1951	6,838	14.27	17.7	.67	28.2	1,115
1950	6,022	12.54	8.3	.42	41.3	867
1949	5,474	11.84	22.2	.50	19.9	355
1948	4,240	10.99	54.6	.50	10.3	304
1947	2,586	6.70	47.8	.33	12.5	294

*Adjusted for ten-for-one stock split in 1950 and 20% stock dividend in 1957.

OFFICERS

J. SIMON FLUOR	<i>President (1921)</i>
DONALD W. DARNELL	<i>Chairman of the Board (1925)</i>
J. ROBERT FLUOR	<i>Executive Vice President (1946)</i>
FRANCIS E. FISCHER	<i>Secretary-Treasurer (1924)</i>
JAMES D. HARRIS	<i>Vice President, Legal (1950)</i>
DONALD M. MORGAN	<i>Controller (1941)</i>
MELVIN A. ELLSWORTH	<i>Vice President and General Manager, Engineering-Construction Division (1940)</i>
EDMUND C. AUSTIN	<i>Vice President, Procurement (1958)</i>
GEORGE H. DIETER	<i>Vice President, International Sales (1940)</i>
W. P. DOWNEY	<i>Vice President, Construction (1930)</i>
JOHN G. MARSHALL	<i>Vice President, General Engineering (1946)</i>
ERNEST MONCRIEF	<i>Vice President, Coordinator of Subsidiaries and Affiliates (1937)</i>
DAVID S. TAPPAN	<i>Vice President, Domestic Sales (1952)</i>
LEE VAN HORN	<i>Vice President, Process Engineering and Development (1948)</i>
JAMES P. WISEMAN	<i>Vice President, Mid-Continent Division (1942)</i>
ROBERT W. KERR	<i>Vice President, also President, Fluor Products Company (1960)</i>
NORMAN L. BAILIFF	<i>Vice President, Manufacturing, Fluor Products Company (1952)</i>
JOHN W. HUBENTHAL	<i>Vice President, Engineering, Fluor Products Company (1946)</i>
DANIEL H. WHITE	<i>Vice President, Sales, Fluor Products Company (1946)</i>

SUBSIDIARIES

Fluor-Singmaster & Breyer, Inc., New York City
The Fluor Corporation of Canada, Ltd.,
Toronto, Ontario
Fluor Maintenance, Inc., Los Angeles
Fluor Engineering & Construction Co., Limited, London
Fluor-Schuytplot N.V., Haarlem, Holland
Fluor International, S.A., Panama, R.P.

ANNUAL MEETING

The Annual Meeting of The Fluor Corporation, Ltd.
will be held at 10 a.m. (PST) Monday, March 12, 1962
at the main office.

AUDITORS

Alexander Grant & Company, Los Angeles

GENERAL COUNSEL

Voegelin, Barton, Harris & Callister, Los Angeles

STOCK REGISTRARS

California Bank, Los Angeles
The Chase Manhattan Bank, New York

TRANSFER AGENTS

The Security First National Bank, Los Angeles
The First National City Bank of New York

MAIN OFFICE

2500 South Atlantic Boulevard
Los Angeles 22, California

DIRECTORS

J. SIMON FLUOR	JAMES P. WISEMAN
DONALD W. DARNELL	MELVIN A. ELLSWORTH
J. ROBERT FLUOR	FRANCIS E. FISCHER
	ROBERT W. KERR
FRANK G. BREYER	<i>Senior Partner, Fluor-Singmaster & Breyer, Inc. (1955)</i>
JAN OOSTERMEYER	<i>Chemical Consultant, former President, Shell Chemical Corporation (1953)</i>
DONALD ROYCE	<i>Partner, William R. Staats & Co. (1951)</i>
H. CALVIN WHITE	<i>Patent Attorney, White & Haefliger</i>

OFFICERS OF SUBSIDIARIES

BYRON MARQUIS	<i>President, Fluor-Singmaster & Breyer, Inc. (1954)</i>
JAMES G. BOUNDS	<i>President, The Fluor Corporation of Canada, Ltd. (1939)</i>
JAMES L. TATHWELL	<i>Managing Director, Fluor Engineering & Construction Co., Limited (1941)</i>
VICTOR SCHUYTVLOT	<i>Managing Director, Fluor-Schuytplot N.V. (1959)</i>

NOTE: Figures in parentheses indicate the year each officer joined the Company, or each outside director joined the Board.

The Fluor Corporation, Ltd., 2500 South Atlantic Boulevard, Los Angeles 22, California