Highlights of the Year

<table>
<thead>
<tr>
<th></th>
<th>1965</th>
<th>1964</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$166,590,997</td>
<td>$105,523,850</td>
<td>+57.9%</td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (U.S. federal and foreign)</td>
<td>$5,619,046</td>
<td>$3,190,733</td>
<td>+76.1%</td>
</tr>
<tr>
<td>Payroll, state, local, and miscellaneous</td>
<td>$5,76</td>
<td>$3,54*</td>
<td>+72.5%</td>
</tr>
<tr>
<td>Total taxes</td>
<td>$4,595,019</td>
<td>$1,499,041</td>
<td>+200.4%</td>
</tr>
<tr>
<td>Net earnings per share</td>
<td>$4.71</td>
<td>$1.57*</td>
<td>+200.0%</td>
</tr>
<tr>
<td>Depreciation, depletion, and amortization</td>
<td>$2,342,211</td>
<td>$2,194,959</td>
<td>+6.9%</td>
</tr>
<tr>
<td>Cash flow</td>
<td>$6,037,881</td>
<td>$3,691,900</td>
<td>+70.0%</td>
</tr>
<tr>
<td>Additions to property, plant, and equipment</td>
<td>$3,460,307</td>
<td>$834,337</td>
<td>+314.9%</td>
</tr>
<tr>
<td>New orders received</td>
<td>$347,648,000</td>
<td>$289,680,000</td>
<td>+20.4%</td>
</tr>
<tr>
<td>Backlog at October 31</td>
<td>$414,000,000</td>
<td>$188,350,000</td>
<td>+122.4%</td>
</tr>
<tr>
<td>Working capital</td>
<td>$21,323,137</td>
<td>$16,600,302</td>
<td>+28.5%</td>
</tr>
<tr>
<td>Shareholders' equity at October 31</td>
<td>$20,472,008</td>
<td>$21,636,402</td>
<td>+22.4%</td>
</tr>
<tr>
<td>Per share</td>
<td>$0.2715</td>
<td>$0.2261*</td>
<td>+20.1%</td>
</tr>
<tr>
<td>Number of shareholders</td>
<td>5,742</td>
<td>5,585</td>
<td>+2.8%</td>
</tr>
<tr>
<td>Shares outstanding at October 31</td>
<td>974,908</td>
<td>911,465</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Earned on average net worth</td>
<td>19.1%</td>
<td>7.3%</td>
<td>-</td>
</tr>
</tbody>
</table>

*Adjusted for 5% stock dividend paid in 1965.

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10 The Challenge of Planning
13 Financial Section
18 Serving the World
20 Markets and Methods--The 1965 Sales Story
21 Fifteen Year Summary
27 Source and Dispositions of Revenue
38 Officers and Directors
Guideposts to Growth

by Chairman J. S. Fluor and President J. R. Fluor

Fiscal 1965 was Fluor's best year by far. We established new records in earnings, new orders and backlog. Earnings will continue to improve in 1966, although not as sharply as in the past year, and our backlog will increase moderately from the new high of $454 million reached on October 31.

The company has come a long way, indeed, from the general contracting business founded by J. Simon Fluor, Sr. Emigrating from Switzerland, he and two brothers set up a small construction firm in Wisconsin 75 years ago. More promising opportunities in Southern California beckoned him in 1912. Operating from a one-room office over a Santa Ana bank, with $50,000 in capital, he started performing general contracting work for a variety of clients. His design of an improved tower for cooling industrial process water led his firm in 1921 into the manufacture and installation of such structures. The fabrication business was a major part of our operations for a good many years.

One of the company's most formidable jobs in the early years was a 10,000 gallons-per-day gasoline plant at Signal Hill, California. The project was in startling contrast to the 190,000 barrel-per-day refineries we design and install today.

Fluor sales rose from $100,000 in 1924 to $1.5 million by 1929. Since 1932, our revenues have grown at an average compounded rate of 21.2 percent a year. We believe that the progress of the past half century is, in large part, the result of the management philosophy of our founder. He created a climate in which his firm could grow. Employees were encouraged to use energies and talents fully, to take on greater responsibilities, to upgrade and add to skills. He increased Fluor's capabilities and lengthened its horizons by entering new fields of technology. His sense of business ethics extended to clients as an undeviating commitment to honor all agreements, and to employees as good pay and a secure job in return for outstanding performance.
Fluor’s capabilities and operations expanded during more than 50 years of progress. Our first job for the petroleum industry was a tiny gasoline plant at Signal Hill, California. Today, one of Fluor’s projects around the globe is a 95,000 barrels-per-day refinery near Tehran, conceptualized by President J. R. Fluor on a recent visit to the Shah of Iran.

The depression years were significant in the company's development. We made our first move out of California into the Midwest and received our first refinery construction contracts. In 1930 Fluor built the compressor stations on the Panhandle Eastern Pipeline Company system. We opened an office in Kansas City. After constructing a $100,000 refinery gasoline-treating unit in Illinois in 1931, the company received its first total-responsibility refinery contract, a propane dewaxing unit in California.

Fluor expanded its staff and skills almost beyond imagination from 1940 to 1943. We were in a crash program calling for the immediate installation of alkylation plants. Our units produced 30 percent of the aviation gasoline urgently needed during the war. In retrospect, the effort opened the way to new opportunities. We were soon to engineer and construct a complete refinery, our first, at Billings, Montana. We went overseas in 1947 to provide services for the first time, and, in 1948, we established a major new office in Houston.

During the next decade, the company branched into the engineering and construction of chemical and petrochemical plants, notably for the production of ammonia, butadiene and polyethylene. Several of the facilities we completed were the first of their kind. By 1957, however, the domestic petroleum industry had more than ample capacity and curtailed capital spending. We met this decline in our major market by diversifying quite rapidly in other fields of construction — in petrochemicals, of course, but also in government work, power, cement, and others. And, while pushing ahead and doing well in these directions, we also were busy establishing subsidiaries in England and Holland. Since our customers were developing their operations on an international scale, it was vital for us to do the same.

Although we had an adequate volume of business, our income declined from 1957 to 1964 because of severely competitive conditions in the engineering-construction industry. During this period, however, we were able to retain and strengthen our key personnel so that we were prepared to do the work in 1964, when the domestic oil industry rapidly started expanding its facilities to meet mounting demand.

Meantime, we have taken steps to broaden our earnings base through investments in real estate development projects and in oil.

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Meantime, we have taken steps to broaden our earnings base through investments in real estate development projects and in oil.
Planners, engineers, designers... This multinational organization provides comprehensive engineering services, from conceptual design through plant start-up. Directed by experienced project managers, specialists use advanced techniques in preparing the plans and building new facilities. The level of sophistication involved in the design and construction of processing plants in the mid-1960's far exceeds that encountered even five years ago.

Calkins, Vice President—Domestic Sales; H. T. Lorne, Vice President—International Sales (Europe and Middle East); and C. F. Royse, Vice President—International Sales (Canada, Africa, Australia, and New Zealand). They will play an important role in extending the company's penetration of new markets.

Fluor Products Company, Inc. earned a modest profit in 1965. Management responsibilities of our manufacturing subsidiary were realigned recently to promote further progress. M. A. Ellsworth, Executive Vice President of the parent company, assumed the additional responsibility of Fluor Products President, and W. F. Kane was named Vice President and General Manager.

Another appointment was that of J. P. Milor to the newly created position of Vice President—Oil & Gas Division. He will continue to manage our mineral interests from Division headquarters at Midland, Texas.

Two senior executives—D. W. Darnell and W. P. Downey—retired January 1, 1966. Mr. Darnell joined Fluor in 1925, was President from 1949 to 1952, and served as Chairman for 10 years. He will continue on the Board of Directors.

Mr. Downey also served Fluor long and well. Joining the company in 1930, he became Vice President—Construction in 1954. The position he left was filled by J. G. Bounds, an employee since 1939. By continuing to encourage such men of ability and ambition, we expect to make great strides in the years ahead.
The Challenge of Planning

by M. A. Ellsworth, Executive Vice President

The cyclical nature of the engineering and construction industry presents two types of challenge: that of managing a large volume of work during periods of capital expansion, and that of operating efficiently when there is less activity.

When capital spending dipped in the late 1950's, Fluor experienced a similar decline in sales of engineering and construction services. At that time we had a highly talented staff that we considered too valuable to lose. So we sought new outlets for their skills. Europe offered a more promising capital spending market in 1957 than the United States, and the overseas subsidiaries we established demanded the kind of supervisory personnel we had available. By now, total-responsibility projects handled by our London and Haarlem offices are prominent among our completed contracts as well as in the list of new assignments undertaken in 1965.

We explored new directions in technology, too. We put our staff to work developing Fluor's capabilities in the fields of petrochemicals and highly sophisticated refining processes. Fluor gained a sharp lead in hydrocracking, for instance, because it was ready to exploit this promising development when refiners began expanding again. A year ago, we were able to report that we had taken on our seventh hydrocracking project. The addition of three new contracts in 1965 brings to 10 the total number of Fluor hydrocrackers. Fluor set the pace, too, with the Wulff acetylene process. We contributed to its development and, at this time last year, announced as new assignments engineering and construction of the first two commercial Wulff plants. We have now begun a third project utilizing the process. It will be the first major job in West Germany.

Other contracts were awarded us during 1965 for work in Spain, Belgium and Denmark, new countries on our growing international list. We returned to the Republic of Korea through contracts for twin fertilizer plants, having previously installed that country's initial petroleum refinery.

Among the contracts completed this year was the world's largest aromatics plant in Puerto Rico. A petrochemical plant engineered and constructed by Fluor went on stream in Holland. We completed a second expansion of a polyethylene plant in Louisiana, and a Fluor-engineered polyethylene unit went into operation in Sardinia.

Fluor has more than 50 contracts in various stages of progress, including six grass-roots refineries. Some of these represent the largest projects ever undertaken. The average value of major new projects awarded in 1965 was $12.5 million, compared to $6.6 million a year ago and $2.4 million in 1950. Several contracts are in the $20 to $35 million range, and three exceed $50 million.

In the years when we were not so busy, our staff concentrated on the development of more efficient methods of handling both engineering and construction workloads. Even five years ago, it would have been difficult to imagine facilities operating at today's high pressures and temperatures, and of such size and complexity.
### Consolidated Balance Sheets

**October 31, 1965 and 1964**

**THE FLUOR CORPORATION, LTD. and SUBSIDIARIES**

#### Assets

<table>
<thead>
<tr>
<th>Assets</th>
<th>1965</th>
<th>1964</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$8,659,226</td>
<td>$3,337,338</td>
</tr>
<tr>
<td>Marketable securities and time deposits</td>
<td>17,705,904</td>
<td>4,380,000</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>780,647</td>
<td>2,181,078</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>8,356,072</td>
<td>10,399,582</td>
</tr>
<tr>
<td>Unbilled charges on uncompleted contracts</td>
<td>20,892,590</td>
<td>10,027,232</td>
</tr>
<tr>
<td>Inventories at the lower of cost (determined by the average method) or market Raw materials, purchased parts and supplies</td>
<td>1,158,013</td>
<td>788,807</td>
</tr>
<tr>
<td>Finished goods and work in process</td>
<td>1,750,751</td>
<td>1,580,901</td>
</tr>
<tr>
<td>Prepaid insurance, taxes and deposits</td>
<td>545,075</td>
<td>343,480</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>59,929,178</td>
<td>32,875,418</td>
</tr>
<tr>
<td><strong>PROPERTY, PLANT AND EQUIPMENT — AT COST</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings, improvements, machinery and equipment</td>
<td>15,648,347</td>
<td>12,785,270</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>8,661,884</td>
<td>7,684,295</td>
</tr>
<tr>
<td>Land</td>
<td>6,986,503</td>
<td>5,090,975</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>27,311,832</td>
<td>24,560,530</td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and gas properties and equipment (less depletion and depreciation 1965 = $3,308,962; 1964 = $2,070,854)</td>
<td>18,740,834</td>
<td>19,918,599</td>
</tr>
<tr>
<td>Less balance of reserved production payment</td>
<td>10,070,178</td>
<td>11,750,086</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>8,670,656</td>
<td>8,162,573</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>59,929,178</td>
<td>32,875,418</td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>1965</th>
<th>1964</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>$68,056</td>
<td>$38,889</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>19,471,339</td>
<td>7,387,645</td>
</tr>
<tr>
<td>Customers’ deposits and advance payments</td>
<td>14,957,399</td>
<td>5,811,714</td>
</tr>
<tr>
<td>Income taxes</td>
<td>1,770,739</td>
<td>297,719</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>4,048,508</td>
<td>2,739,149</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>38,616,041</td>
<td>16,275,116</td>
</tr>
<tr>
<td><strong>LONG-TERM DEBT — LESS CURRENT PORTION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DEFERRED CREDITS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned fees on engineering and construction contracts</td>
<td>3,101,098</td>
<td>847,207</td>
</tr>
<tr>
<td>Income taxes and other</td>
<td>1,384,589</td>
<td>334,830</td>
</tr>
<tr>
<td><strong>Deferred credits</strong></td>
<td>3,485,687</td>
<td>782,037</td>
</tr>
<tr>
<td><strong>STOCKHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock — authorized, 2,000,000 shares of $2.50 par value — 1965 — issued 1,079,157 shares; outstanding 974,908 shares</td>
<td>2,447,803</td>
<td>2,338,798</td>
</tr>
<tr>
<td>1964 — issued 933,119 shares; outstanding 911,405 shares</td>
<td>11,966,577</td>
<td>9,541,582</td>
</tr>
<tr>
<td><strong>Capital in excess of par value of capital stock</strong></td>
<td>12,725,748</td>
<td>9,908,821</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>20,536,018</td>
<td>21,866,661</td>
</tr>
<tr>
<td><strong>Less cost of treasury stock (1965 — 4,249 shares; 1964 — 21,714 shares)</strong></td>
<td>63,710</td>
<td>3,250</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>26,672,508</td>
<td>21,866,402</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td>$78,267,680</td>
<td>$46,503,621</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
Principles of Consolidation - The financial statements include the accounts of The Fluor Corporation, Ltd., and all foreign and domestic subsidiaries. All subsidiaries are wholly owned.

The accompanying notes are an integral part of this statement.

The Fluor Corporation, Ltd.

The Fluor Corporation of Canada, Ltd.

Fluor (England) Limited (formerly Fluor Engineering & Construction, Ltd.)

Fluor Nederland N.V. (formerly Fluor Nederland N.V.)

Fluor International, S.A.

Fluor Venezuela, S.A.

Fluor Canada Ltd.

Fluor (Canada) Limited

Fluor De Colombia, Ltda.

Fluor-Korea Corporation, Ltd.

Middle-East Fluor, S.A.

Fluor Nederland N.V. (formerly Fluor Engineering & Construction, Ltd.)

Board of Directors and Shareholders

The Fluor Corporation, Ltd.

We have examined the consolidated balance sheet of THE FLUOR CORPORATION, LTD. (a California corporation) and its subsidiaries as of October 31, 1965 and the related statements of consolidated earnings and stockholders' equity for the year then ended. Our examination, which did not include the accounts of certain foreign subsidiaries, was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and other 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 submitted by us, are included in the accompanying consolidated financial statements presented fairly the financial position of The Fluor Corporation, Ltd. and its subsidiaries at October 31, 1965, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Los Angeles, California

December 15, 1965

ALEXANDER GRANT & COMPANY

LOS ANGELES, CALIFORNIA 90017

Statement of Stockholders' Equity Year ended October 31, 1965

THE FLUOR CORPORATION, LTD. and SUBSIDIARIES

CAPITAL STOCK

Capital stock

Common

PREFERRED

CAPITAL

IN EXCESS

OF

PAR

VALUE

OF

CAPITAL

RETAINED

EARNINGS

TREASURY

STOCK

$2,332,798

$9,541,562

$10,662,281

$(360,259)

Stockholders' equity - November 1, 1964

Net earnings for the year ended October 31, 1965

5 1/2% stock dividend - 46,038 shares

at fair market value

Stokholders' equity - October 31, 1965

Cost

Proceeds

115,005

151,906

1,098,484

121,712,748

$(63,710)

The accompanying notes are an integral part of this statement.

A. L. Griflith

Chairman of the Board

T. W. Cooper

President
Serving the World

by J. L. Tathwell, Vice President - International Operations

In 1947, an oil-hungry world turned toward the Middle East—exploring for new fields, building and expanding refineries. Saudi Arabia was one of the countries to benefit from the boom and became the location for Fluor's first major step overseas.

The Fluor projects in Saudi Arabia — expansion of production facilities for The Arabian American Oil Company — provided new challenges for us. We learned to cope with them: to hire and supervise local labor; to procure and ship materials long distances to overseas job sites; to house and feed employees; to cooperate with local governments; to establish effective communications. We underwent the transformation from a domestic firm to one accustomed to dealing in global logistics.

In fiscal 1965, Fluor worked on projects in more than 30 locations outside the United States. Customers in 22 countries on 6 continents were served by this multinational company, with subsidiaries in England, Holland and Canada, and engineering and procurement offices in Iran, Japan, France, Germany, Spain, and Brazil.

From the Saudi Arabian projects to the international operations of last year, the story of our growth as a multinational company was one of planned expansion. It began in the Western Hemisphere. In Canada, expanding business created a market for us. A new subsidiary Fluor Corporation of Canada Ltd. was organized in 1952. To the south, we started work on gas plants in Venezuela and Colombia. Fluor began the design and engineering in 1954 for an expansion and modernization program at the Minatitlan refinery of Petroleos Mexicanos — the first of a number of projects we were to carry out in Mexico.

In 1957, Fluor crossed the Atlantic in what must be considered its major move in the drive for multinational capabilities. In establishing Fluor Engineering & Construction Co. Limited, in London, England, we proved to our customers that we could engineer projects at offices outside the U.S., with a minimum of American personnel.

A majority interest was purchased in a small engineering firm at Haarlem, Holland, two years later, to create Fluor-Schuytvlot N.V. Five years later, total ownership was transferred to Fluor.

In the intervening years, subsidiaries were initiated in Sweden, Denmark, Spain, Iran, and Korea to handle certain phases of projects in those countries. All of these subsidiaries are presently active and could become permanent offices, if opportunities continue.

This year the Board of Directors announced name changes for the subsidiaries in England and Holland, to reflect their geographic bases of operations. Fluor Engineering & Construction Co. Limited became Fluor (England) Limited. Fluor-Schuytvlot N.V. became Fluor Nederland N.V.

Both Fluor (England) and Fluor Nederland are capable of handling total-responsibility projects, often overcoming problems in novel ways which adapt to local conditions.

Fluor (England) last year began construction of the world's first two commercial Wulff acetylene plants — in Northern Ireland and Wales. Massive fractionating columns were found to be too large for economical shipment by road or rail in the United Kingdom. So they were sealed and towed by tugboat across the Irish Sea from the fabricator in Scotland to ports near their destinations. On the short journeys from these ports to the job sites, they were the biggest loads ever carried on United Kingdom highways.

Fluor Nederland completed or continued work on a number of chemical facilities for different companies in the Botlek region of Rotterdam — one of Europe's fastest growing industrial areas. Our Haarlem office also completed engineering and construction of a Fluor Solvent Process plant for Union Chimique-Chemische Bedrijven at Zandvoorde, Belgium, during 1965. The plant is the second of its kind to be built in Europe — both constructed by Fluor.

Our European offices handle projects on a global scale, utilizing the capabilities of the entire Fluor organization. They are major links in the chain of offices necessary for a company which operates all over the world. And in a world which is short of low-cost energy and other basics of an adequate standard of living, global opportunities for Fluor will continue to arise.
Fluor's sales activities in fiscal 1965 resulted in the best record ever for the corporation. New orders last year totaled $347 million, more than $50 million above the previous record high in 1964. Of the total, 58 percent represented work to be performed outside the United States.

As we noted last year, the market for our services in other industrial countries is continually expanding. Those nations are demanding more petroleum and chemical products, and plants must be built to produce them. Other emerging nations are just now beginning to need basic hydrocarbon fuels and chemicals.

We are still quite active within the U.S., too. Last year our domestic bookings of engineering and construction services amounted to $146 million of all new orders.

Our biggest customer in 1965 — both in the U.S. and elsewhere — was the petroleum industry. New jobs won by Fluor within this industry came to 50 percent of our total orders. Our other principal market, the chemical and petrochemical industries, accounted for 40 percent of new orders in the fiscal year. Other projects such as power and desalination accounted for the remaining one percent.

We have found that we can best achieve sales aims through selective bidding. By this we mean that we go after those projects which not only challenge our abilities but which also help us develop new directions for the corporation. The main criteria that we use in selecting projects are these:

- We look for projects that will help us expand our know-how in areas of technology that show potential for growth.
- We seek those projects for which we are best qualified.
- We try to find projects which use Fluor's total capabilities.

 Builders of complex plants ...

Active in 22 countries, Fluor solves the logistical and physical problems of transporting and installing massive equipment. Constructors lift vessels as heavy as 600 tons to their foundations, weld the miles of piping that criss-cross the jobsite, install the instruments which will precisely monitor and control process reactions. The construction superintendent marshals his teams of craftsmen and sequences the flow of materials to achieve on-time completion of a new plant.
- We actively look for projects on which we can make a reasonable profit.

One of the most significant processes that will affect the corporation’s future activities is hydrocracking. This versatile process, which helps refineries obtain a greater gasoline yield from crude oil, is gaining wide acceptance and popularity, particularly in the United States. Hydrocrackers announced or planned for completion by the end of 1967 will bring the domestic capacity to around 500,000 barrels per day. Fluor, through eight of its ten contracts, is already responsible for more than 20 percent of that amount.

We expect hydrocracking capacity to grow to as high as 1 million barrels per day by 1975 in the United States alone. In Europe and elsewhere, the move to hydrocracking is slower, but there is a definite pattern indicating much potential work for us in this field. Because of our experience, we feel that Fluor has a strong position in obtaining a sizable portion of future hydrocracker installations.

On a larger scale, we can look toward growth in the chemical industry as another sector in which we may expect future business. A U.S. Department of Commerce preliminary survey for 1966 shows that the domestic chemical industry plans to increase its spending on plants and equipment from $2.47 billion to $2.77 billion—an increase of 12 percent. An estimated $835 million will be invested in overseas plants by U.S. chemical firms.

Petrochemicals will have a similarly dramatic growth. Within 10 years, U.S. demand for basic petrochemical products will almost double. World demand is expected to grow even faster. Production of certain key petrochemicals, such as ethylene and aromatics, have growth rates of from 8-10 percent annually.

The company was invited to submit proposals on petroleum, chemical and petrochemical projects valued in excess of $1 billion last year. We selected those jobs that best met our bidding criteria and succeeded in obtaining better than half of the work sought, on the basis of its dollar worth. We have reason to believe we can equal or surpass that record in 1966.

Today, Fluor rides the crest of technological developments in such fields as hydrocracking, acetylene, aromatics, polymers, gas processing. New fields like desalination point toward continued growth for the company in the years ahead. The world's demand for fuels and for synthetics increases year by year with the growth of population and the desire for higher standards of living. Fluor will be one of the leaders in providing the new facilities.
### Operating Results

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Wages</th>
<th>Salaries</th>
<th>Services</th>
<th>Depletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>121,268</td>
<td>39,079</td>
<td>76,917</td>
<td>946</td>
<td>1,299</td>
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<tr>
<td>1958</td>
<td>120,767</td>
<td>44,363</td>
<td>67,375</td>
<td>1,299</td>
<td>1,163</td>
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<tr>
<td>1959</td>
<td>110,398</td>
<td>40,870</td>
<td>66,752</td>
<td>-</td>
<td>1,163</td>
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<tr>
<td>1961</td>
<td>130,275</td>
<td>42,699</td>
<td>78,356</td>
<td>847</td>
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<tr>
<td>1962</td>
<td>174,600</td>
<td>50,769</td>
<td>118,001</td>
<td>1,299</td>
<td>1,163</td>
</tr>
<tr>
<td>1963</td>
<td>144,902</td>
<td>40,735</td>
<td>95,985</td>
<td>1,299</td>
<td>1,163</td>
</tr>
<tr>
<td>1964</td>
<td>109,138</td>
<td>23,596</td>
<td>76,364</td>
<td>2,192</td>
<td>1,163</td>
</tr>
<tr>
<td>1965</td>
<td>170,582</td>
<td>31,944</td>
<td>122,842</td>
<td>2,342</td>
<td>1,163</td>
</tr>
</tbody>
</table>

### Operating Summary

- 15 Year Financial

### Equity, Dividends, and Shareholders

#### 15 Year Financial and Operating Summary

*Dollar amounts in thousands, except per share amounts*

#### Financial Position

- **Current Assets**: 30,616
- **Total Liabilities**: 31,323
- **Net Worth**: 24,604
- **Property, Plant, and Equipment**: 21,344
- **Other Assets**: 6,504
- **Total Capital**: 22,041

Telling our story...

To keep the investing public informed of its progress, Fluor disseminates periodic financial information, announces major contract awards, and communicates directly with individual shareholders and other interested persons. Top management holds regular meetings with security analysts in New York City and elsewhere to report on the company's performance and prospects.

The five panels in this report were painted by Charles E. White III.
Officers

J. Robert Fluor, President (1946)
J. Simon Fluor, Chairman of the Board (1921)
Donald W. Darnell, Vice Chairman of the Board (1925)
Melvin A. Ellsworth, Executive Vice President (1940)
Edmund C. Austin, Vice President Procurement (1938)
James G. Bounds, Vice President International Construction (1939)
Lyman O. Calkins, Vice President Domestic Sales (1942)
William F. Chapin, Vice President Process Engineering and Development (1944)
George H. Dieter, Vice President International Sales (Far East) (1940)
W. P. Downey, Vice President Construction (1930)
Donald J. Engleman, Controller (1946)
James D. Harris, Vice President and General Counsel (1940)
H. Thomas Lorne, Vice President International Sales (Europe and Middle East) (1953)
John G. Marshall, Vice President Real Estate Development (1946)
James F. Miler, Vice President Oil & Gas Division (1965)
Ernest Monsief, Vice President Project and Design Engineering (1937)
Donald M. Morgan, Treasurer (1941)
Harold J. Nehr, Secretary (1952)
Jay L. Reed, Vice President Administration (1949)
C. Fred Royse, Vice President International Sales (Canada, Africa, Australia and New Zealand) (1947)
David S. Tappan, Vice President Sales (1952)
James L. Tathwell, Vice President International Operations (1938)
James P. Wiseman, Vice President Houston Division (1942)

Directors

J. Simon Fluor, Chairman of the Board (1949)
Donald W. Darnell, Vice Chairman of the Board (1928)
Melvin A. Ellsworth, Executive Vice President (1945)
Francis E. Fischer, Fluor Secretary-Treasurer Emeritus (1928)
J. Robert Fluor, Fluor President (1946)
Silvano Vorrasana, Partner, Pierson, Hadling & Pierson (1964)
Lemo E. Olson, Attorney, former Member, U.S. Atomic Energy Commission (1962)
Jan Oosterwegener, Chemical Consultant, retired President, Shell
Chemical Corporation (1953)
David S. Tappan, Fluor Vice President (1965)
Maurice H. Stans, President, Glore Forgan, Wm. R. Staats Inc.; former Director, U.S. Bureau of the Budget (1965)
James P. Wiseman, Fluor Vice President (1946)

Note: Figures in parentheses indicate the year each Officer joined the Corporation, or year each Director was elected to the Board.

Major Subsidiaries

Fluor (England) Limited
Managing Director: Arthur C. Sheffield (1940)
Fluor Nederland N.V.
Hamelinkstraat 4-6, Haarlem, Holland
Managing Director: Frank G. Crawford (1942)
Fluor Products Company, Inc.
P.O. Box 1927, Santa Rosa, California
President: Melvin A. Ellsworth (1940)
Vice President and General Manager: Warren P. Kane (1961)
The Fluor Corporation of Canada Ltd.
123 Eglinton Avenue East, Toronto 12, Ontario, Canada
Vice President: C. Fred Royse (1947)

Stock Registrars

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

Auditor

Alexander Grant & Company, Los Angeles

Transfer Agents

The Security First National Bank, Los Angeles
First National City Bank

General Counsel

Voegelin, Barton, Harris & Callister, Los Angeles

The Annual Meeting will be held at the main office, 10 a.m., Monday, March 14, 1966