FLUOR

annual report

FOR THE FISCAL YEAR ENDING OCTOBER 31, 1947

THE FLUOR CORPORATION, LTD.
Last year we lost a good friend. Ironically, 1947 should have been his year of triumph; the best year in Fluor history took shape under his guidance. For thirty-five years he was on the job. Now he’s gone. There will always be a special place in our hearts for the warm-hearted, vital man who liked to be called “P. E.”
To the Stockholders

The Fluor Corporation, Ltd., as of October 31, 1947 (with comparative figures as of October 31, 1946), and comparative income account for the fiscal years ending October 31, 1947 and 1946. The fiscal year ending October 31, 1947 was a good year, except for the sadness occasioned by the loss of our friend, director and president, Mr. Peter E. Fluor.

1947 was our year of greatest achievement in many ways. It was a year of spectacular gain in sales and earnings over 1946. Total sales were slightly less than 1943, our largest sales year, yet all earnings records were surpassed by reason of a more favorable income tax position than in 1943.

The company's current financial condition is illustrated most effectively by the substantial increase in working capital over last year. Current Assets at October 31, 1947, including cash amounted to $5,449,581.00 and Current Liabilities were $3,225,818.00 giving working funds of $2,223,763.00. This is an increase of $1,238,358.00 over last year. We ended the year with no long term debt, bank loans or borrowed money of any kind.

One of the most gratifying results of the year's operations was our ability to provide for Fluor employees throughout the organization a uniform pattern of wage and salary increases in excess of increases in cost of living resulting from current unsettled economic conditions. In addition to increased wages and salaries we were able to and did pay into our two employees' Retirement Benefit and profit sharing Trust Funds contributions of $415,916.94, which in terms of individual employee benefits meant 16.98% added to base pay of the 503 employees qualified by length of service to participate in both trusts and 6.73% added for those 1005 employees qualified for Fluor Employees Benefit Trust Fund No. 2 only. Stockholders were paid dividends during the year amounting to $4.00 per share.

As part of an active program of economy and efficiency, Cooling Tower manufacture was put on a standard parts, fully pre-fabricated basis.

Our customer relations remain most cordial and a substantial backlog of sales leaves the company in a favorable position for 1948. Indications are for much continuing activity in the replacement and expansion of facilities for the petroleum and chemical industries.

We are sincerely grateful for the loyalty and support of our employees and stockholders. Without the full benefit of the energy, skill, and determination of each employee and the full confidence of our stockholders the story of 1947 might not be told with the same degree of satisfaction as we feel in presenting the figures and facts on the pages following.

BY ORDER OF THE BOARD OF DIRECTORS

Los Angeles, February 3, 1948

President
The Fluor Corporation, Ltd.

NET INCOME

The Corporation received from:

Sales:
- Construction—Billing Revenues: $15,720,709
- Manufactured Products (Less Discounts): $6,516,648
- Royalties, discounts and other: $162,729
Total sales and revenues: $22,402,086

Which it used for:
- Wages and salaries (including employees' bonuses): $6,978,879
- Materials and services, purchased from others: $3,045,911
- Wear and tear on Plant and Equipment (Depreciation): $541,064
- Contributions to employees' profit sharing trust funds: $415,917
- Interest on indebtedness: $21,860
- State, local and miscellaneous taxes: $35,988
- Federal taxes on income: $613,339
Total costs: $21,371,758

This left net operating profit of: $1,030,328

Other income and adjustments:
- Adjustment of claims for refund of federal income taxes—net: 0
- Miscellaneous adjustments: 9,961
- Net proceeds from insurance policies: 0

This left Net Income of: $1,067,476

The Company paid dividends of: $128,648

And retained in the Business for future needs: $938,828

*net deduction

ACCOUNTANTS' CERTIFICATE

We have examined the statement of financial condition of THE FLUOR CORPORATION, LTD. as of October 31, 1947 and the statement of net income for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the position of THE FLUOR CORPORATION, LTD. as of October 31, 1947 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DEICKSON & EAGLE
Certified Public Accountants

FINANCIAL CONDITION

Year ended October 31

Current Assets:
- Cash: $877,454
- U. S. Government securities: 60,018
- Accounts and notes receivable—less reserve: 2,560,810
- Estimated refund of prior year's income taxes: 55,574
- Inventories—at lower of cost or replacement market: 1,877,077
- Cash surrender value of life insurance: 9,648
Total current assets: $5,449,351

Current Liabilities:
- Notes payable—trust deed: 0
- Accrued payrolls, bonuses, and commissions: 1,532,084
- Taxes other than income taxes: 147,869
- Provision for estimated federal income taxes: 66,628
Total current liabilities: 3,225,818

Working Capital:
- $2,223,533

Property, Plant and Equipment:
- Land, buildings, machinery, equipment, etc.: $1,981,221
- Less reserves: 790,808
Net: 1,190,413

Other Assets:
- Notes, deposits, etc.: 56,855
- Patents, goodwill: 21,946
- Deferred charges: 66,628
Total other assets: 145,499

Total: 3,590,545

Less Other Liabilities:
- Long term debt—trust deed note: 0
- Deferred income—fees billed in advance: 1,013,715
Total other liabilities: 1,013,715

Net Worth: $2,576,830

SHAREHOLDER'S OWNERSHIP

Capital stock—divided into 32,162 shares of $25.00 par value: $804,050
Capital surplus: 904,256
Income retained in the business: 1,777,524
Total: $3,585,830

$1,721,032

THE FLUOR CORPORATION, LTD.
**15 Years AT A GLANCE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Sales</th>
<th>Profit or Loss Before Federal Taxes</th>
<th>Provision for Federal Income Taxes</th>
<th>Profit or Loss After Federal Taxes</th>
<th>Dividends Declared or Paid</th>
<th>Net Worth (Total Capital and Surplus)</th>
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</thead>
<tbody>
<tr>
<td>1933</td>
<td>472,252.36</td>
<td>*18,389.47</td>
<td>*18,389.47</td>
<td>301,491.87</td>
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<td>1934</td>
<td>596,291.75</td>
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<td>314,922.98</td>
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<td>1935</td>
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<td>9,355.95</td>
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<td>23,846.12</td>
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<td>1942</td>
<td>10,884,496.86</td>
<td>421,866.75</td>
<td>332,444.16</td>
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<td>1943</td>
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<td>860,000.00</td>
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<td>1944</td>
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<td>41,469.47</td>
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<td>90,467.91</td>
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<td>633,139.13</td>
<td>810,528.43</td>
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<td>2,355,830.38</td>
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</table>

*Indicates net loss.

Where $22,270,380 worth of Fluor Products and Services were sold in 1947

**Foreign Sales**

**Who Owns Fluor?** The 32,162 Shares, all common, are owned by Fluor Employees, their families and the two Employees' Trust Funds.

**11,277 Shares**

Employees' Profit-Sharing Trust Funds

**20,855 Shares**

297 individual Employees and Their Families

**Arizona** $ 210,415

**Arkansas** 248,516

**California** 4,871,795

**Colorado** 39,303

**Connecticut** 3,173

**Delaware** 333

**Florida** 16,257

**Georgia** 11,121

**Illinois** 143,993

**Indiana** 425,472

**Iowa** 143,412

**Kansas** 1,097,519

**Kentucky** 20,197

**Louisiana** 220,701

**Massachusetts** 4,918

**Michigan** 10,359

**Minnesota** 51,085

**Missouri** 162,662

**Mississippi** 33,747

**Montana** 2,463,512

**Nebraska** 219,795

**Nevada** 14,795

**New Jersey** 16,972

**New Mexico** 867,937

**New York** 92,673

**Ohio** 85,802

**Oklahoma** 136,673

**Oregon** 378,139

**Pennsylvania** 249,912

**Texas** 8,253,946

**Utah** 8,975

**Virginia** 683,101

**Washington** 199

**West Virginia** 211,214

**Wisconsin** 616

**Wyoming** 725

**Arizona** $210,415

**Canada** 102,484

**E. Indies/Netherlands** 5,272,766

**France** 3,691

**Mexico** 14,795

**Peru** 11,162

**Venezuela** 219,809
FLUOR
Services and Processes

Engineering and constructing process plants for oil, chemical and allied industries is Big Business. And in this business, Fluor is an old name; a big name; an honored name. On these two pages is a condensed summary of Fluor 1947-1948 Engineering-Construction activities; and a couple of photos showing some typical end-products of these efforts.

FLUOR Services and Processes

Still the biggest part of the business and growing fast, all earning records were broken in 1947. At fiscal year's end (October 31), backlog for 1948 was $26,950,000.

FLUOR Services and Processes

Lines on Paper...and before that, a lot of hard thinking. This is what goes on in the Engineering Department. Later the lines are translated into pages and boilers and buildings and all the other things that go into a process plant. Pictured here is one of the main Engineering Drafting Rooms at Los Angeles.

FLUOR Services and Processes

Rotten Eggs and Natural Gas have something in common: hydrogen sulphide gas. And it doesn't smell so good. When natural gas is “sour” with bad-smelling H2S, Fluor has the perfect prescription: the Fluor Glycol-Amine Gas Treating Process. Result? Smart operators today don’t burn off their “sour” gas. Instead they call in Doctor Fluor and turn waste into profits. Top photo is a Fluor-designed-and-engineered Glycol-Amine plant; built for El Paso Natural Gas Co. at Eunice, New Mexico.

FLUOR Services and Processes

End-Product of a lot of energy and applied experience, oil refineries are just as complicated as they look. Bottom photo shows the big Fluor-built boiler-generator plant at Shell Oil Company’s Deer Park, Texas, refinery. When completed in ’48, there will be two more big (390,000 lb./hr., 650 ps) boilers for a total of five.

FLUOR Services and Processes

The Major 1947-1948 Engineering-Construction Jobs

(completed in ’47 or continuing into ’48)

- CHEMICAL PLANT ADDITION for the Filtoel Corporation at Vernon, California
- CRUDE STILL and BUNKER HOUSE for Sinclair Refining Company at Houston, Texas
- PRESSURE MAINTENANCE PLANT ADDITION for Richfield Oil Corporation at North Cokes Levee, California
- OIL REFINERY for Carter Oil Company at Billings, Montana
- CONSTRUCTION OF PLANT for production of Soda Ash and Borax for American Potash and Chemical Co. at Trona, California
- EQUIPMENT AND PIPE INSTALLATION ON PILOT PLANT for American Cyanamid Company at Azusa, California
- ENGINEERING AND DRAFTING WORK for Arabian American Oil Company in Saudi Arabia: CRUDE WEATHERING UNITS at Abqaiq; POWER TRANSMISSION LINE, Abqaiq to Hobti; TURBO-GENERATOR PLANT at Ras Tanura; POWER PLANT EXTENSION at Ras Tanura
- COMPRESSOR STATION for Virginia Gas Transmission Company at Stanardsville, Virginia
- LUBE PLANT UTILITIES AND AUXILIARIES; BOILER PLANT AND GENERATORS, WAX PLANT FACILITIES for Shell Oil Company, Inc. at Deer Park, Texas
- COMPRESSOR STATION ADDITIONS for Pacific Eastern Pipe Line Company at Liberal, Kansas
- GASOLINE PLANT for Shell Oil Company, Inc. at Denver City, Texas
- COMPRESSOR STATION for Northern Natural Gas Company at Clifton, Kansas
- ASPHALT PLANT for California Asphalt Corporation at Willbridge, Oregon
- CHEMICAL PROCESSING UNITS for Shell Chemical Corporation, Texas
- AMINE RECOVERY and OIL PLANT for Pure Carbinic Corporation at Berkeley, California
- OIL RECOVERY UNIT for Union Oil Company at Oceano, California
- GASOLINE RECUPERATION PLANTS for Shell Oil Company, Inc., at Long Beach and Bakersfield, California
FLUOR PRODUCTS

1947 was the best year ever—and backlog for 1948 was $4,150,000 at the end of 1947 fiscal year.

Fluor Products work hand in hand with Fluor Services. Product sales, of course, are not limited to the plants we build; but the combination has a healthy stability. A lot of hard planning and hard work has gone into making each Fluor Product the best in its field. The robust health of the sales picture makes us feel that trying to do a better job is really worthwhile. Here, on these two pages, is a glance at the Fluor Product Family.

"Colder Water Cheaper" is a current Fluor advertising theme. It is also a pretty accurate description of Fluor counter-flow Cooling Tower performance. This 3-cell tower is delivering "colder water cheaper" at a natural gas plant in Tyler, Texas.

"Scrubber" is just another way of saying gas cleaner. But no matter what you call it, Fluor builds the device that gets gas the cleanest. Photo shows Fluor "Scrubber" on the recently completed Texas-California Pipe Line.

Air-Cooled Silence. These Air-Cooled Mufflers are a Fluor-patented design. By putting exhaust energy to work they cool the entire exhaust system and ventilate the adjoining compressor building.

Pulsation Plays Tricks on gas pipes in many industrial plants. But not where the patented Fluor Pulsation Dampener is at work. It looks just like another pipe; but what it does to destructive pulsation is no pipe dream. Photo shows 3 of 19 Fluor Pulsation Dampeners at a Fluor-built cycling plant.
There were changes in 1947, with $289,370 spent on property, plant and equipment additions.

**Kansas City.** 1947 was a year of consolidation and reshifting, with an eye to the future. Since most of the Kansas City personnel had been transferred to Los Angeles, the need for large Kansas City facilities ceased to exist. So the Kansas City building was sold.

**Expansion at Los Angeles.** Last year we bought 9.4 acres of land adjacent to the main plant for future expansion; erected two new buildings at the plant; leased and occupied 15,000 square feet of space in a downtown Los Angeles office building. As soon as building conditions permit, permanent facilities for all Los Angeles employees will be provided at the main plant.

**Paola Grew, Too.** The Fluor Plant at Paola, Kansas, also grew—not in area, but in the expansion of yard and shop facilities and in the addition of new machinery and equipment. Paola continues to be the manufacturing center for all Fluor Products except the cooling towers. Peak sales kept Paola humming in 1947 and the big 1948 backlog makes sure there will be no let-down.

**The Main Plant at Los Angeles** now covers 27½ acres, with the 9.4 acres added last year. The two Quonset Huts, erected in 1947, house a portion of the Manufacturing Division; the one nearest the main buildings is for office personnel, the other for warehousing. Here, at the main plant, is the center of Engineering and Construction activity as well as Product and Process Research. Here, too, are the mills that manufacture all Fluor Cooling Towers.

**A Cooling Tower Grows.** 100% pre-fabrication is the modern way. It’s also the way Fluor makes cooling towers at the main plant. It means lower manufacturing costs, faster erection, lower over-all cost to customers while Fluor gets a fair profit. Photo shows fast post-drilling operation.

**Towers Aren’t All Wood.** It takes motors, gears, fans, pipe and distributing nozzles as well as redwood to complete the job. Pictured is a pipe-tapping operation in the main plant machine shop.

**’Round and ’Round It Goes...** at just the right speed for fast, continuous welding—parts held in precise alignment. The Paola plant is equipped to build Fluor Pulsation Dampeners fast and build them right.

**The Heat’s On...** in Fin-Fan Cooling Unit production at Paola. This machine does its part by punching structural members.
1947 was a busy year for the men who work out the theories that become practical products and processes. Here’s a quick summary of their activities for the year:

Mobile Laboratory instrumentation completed; many pulsation and vibration surveys conducted in the United States and Canada.

Performance studies of dirt removal type “scrubbers” led to design changes that increased capacity about 30%. Future increase to 40% indicated by continuing studies.

Investigations into relations between pressure drop and pulsating flow in pipes gave more proof of pulsation dampener advantages. Study continues.

Initial development of electronic equipment for recording indicator cards on both power and compression ends of large compressors.

Laboratory and pilot plant studies of gas treatment. Result: improvement in the Fluor Glycol-Amine Process; several patent applications filed.

Constructed and operated a new precision calorimeter to get very precise heat of reaction and specific heat data involved in the process design of treating plants.

Extensive field studies of the performance and operating characteristics of various oil and chemical processing plants.

Cooling tower erected at University of Southern California for research studies.

Good Will Makes Fluor Go. There is good feeling between Fluor employees and Fluor management; a mutual liking and respect that augurs well for Today and Tomorrow. This is due to a long-continuing policy that started many years ago with the founder, J. Simon Fluor, Sr. It’s a simple policy, based on friendliness and a determination that every man will get a fair break. It’s a spirit of good will that gets translated into the vital, driving energy that makes Fluor go. It’s the reason for a real open-door relationship between top management and employees.

More Than a Pay Check. You can’t explain or put your finger on all the things that make good will. But here are some of the more tangible results of that feeling. Here are the official “Employee Benefits,” things that you measure in money as well as good will, things the employee gets in addition to pay checks:

- Vacations with pay...one or two weeks each year.
- Holidays with pay...six of them each year.
- Liberal benefits during periods of sickness or injury.
- **Group Life Insurance...first $1000 paid by Company. Additional coverage, up to $10,000, at nominal cost shared by Company ($5,893,800 Group Life Insurance in force at end of 1947 fiscal year. Death Benefits paid during 1947 amounted to $54,000.)**
- **Group Accident and Sickness Insurance...**
- **Hospital, Surgical, Medical Service...**
- **Employees Retirement and Profit-Sharing Trust Funds...**

In 1947, this meant an income increase of 16.98% to all employees who had completed two years of service, 6.73% to those with 6 months’ service. For monthly-paid employees.

1947 saw an increase in all Group Insurance Benefits as well as extension of coverage to include employee’s families.
SERVICE PIN

Awards

At Fluor's Annual Christmas Party, Service Pin Awards to the tune of 965 years were hung on waiting lapels (and dresses). The Service Pins were grouped as follows: 145 of them were 5-year Pins; another 13 were 10-year Pins; three got 15-year Pins; two were awarded 20-year Pins; and, to top them all, there was one 25-year Pin.

Safety Champions

OF AMERICA!

First Award for Fluor! ... in nation-wide competition with other major contractors, all members of the Associated General Contractors of America. First Award in the Heavy Division of the AGC Accident Prevention Contest for 1947!