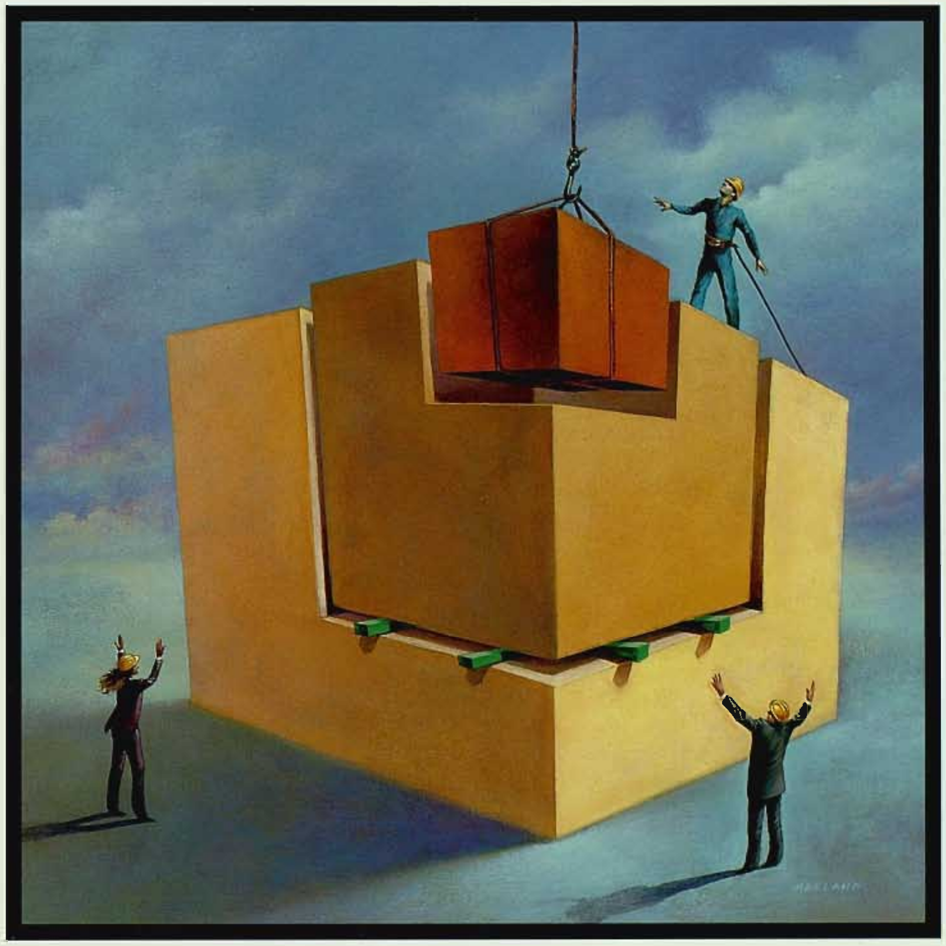
Fluor



Alignment of client, employee and shareholder objectives creates the greatest value for each.

1993 Annual Report

"We're not banking on things getting better with time.
We're banking on us getting better."

–Edwin L. Artzt, Chairman and CEO, Procter & Gamble
Fortune, August 23, 1993

"The value decade has already begun... If you can't sell a top-quality product at the world's lowest price, you're going to be out of the game."

–John F. Welch, Jr., Chairman and CEO, General Electric
From "Control Your Destiny or Someone Else Will," copyright © 1993 by Noel M. Tichy and Stratford Sherman

"The successful enterprise will be the one in which technical innovation and the constant quest for efficiency and competitive advantage go hand-in-hand with respect for human values."

–CAJ Herkströter, President, Royal Dutch Petroleum Company
Royal Dutch 1992 Annual Report

"The real potential is limited by the imagination of the guy who's looking at it."

–James R. Moffett, Chairman and CEO, Freeport-McMoRan
Forbes, January 18, 1993

"Our customers are changing—we cannot maintain any artificial customer segments against the wish of the market."

–Helmut Werner, Chairman, Mercedes-Benz AG
The Reuter Library Report, September 8, 1993

"All this is aimed at bringing decision-making closer to the customer, faster market response, accelerating productivity improvement and superior execution."

–Edgar S. Woolard, Jr., Chairman and CEO, DuPont
New York Times, May 6, 1993

"What we're trying to do at Chrysler is overhaul the engine while we're going 70 miles per hour." *–Robert J. Eaton, Chairman and CEO, Chrysler*
Fortune 500 CEO Conference
November 5, 1993

"I believe that for most businesses, global quality standards, global cost comparisons, and above all global competition have become the governing reality." *–Henry Wendt, Chairman, SmithKline Beecham*
The International Review for Chief Executive Officers—1993

Dear Fellow Stockholder:

What do the statements on the opposite page have to do with our company? In a word, EVERYTHING!

The observations and thoughts of these and other such leaders define the challenges faced by business in today's highly competitive global market. On the one hand, directional philosophies such as these quotes provide great insight into the dramatic changes that companies face. On the other hand, these comments are, in effect, a specific challenge to both Fluor Daniel and Massey. To be truly successful in assisting our clients in attaining a competitive advantage, which is our Corporate Mission, we must listen aggressively to them. Their issues become our issues. Their problems are ours to help solve. Their competitive requirements must be our primary concerns.

The definitive messages we hear today from clients worldwide are about the need for change and redefinition, higher quality, greater value at lower cost and the desire for more rapid response times. Concerns about both the environment and the health and safety of workers are also prominent issues. To assist clients in meeting these demands, as a service company we must constantly redefine who we are, what we do and how we do it. Simultaneously, we must continually raise our own standards of performance. So it is against that backdrop that we report the 1993 news, both good and the not-so-good. We will share with you our vision as we look forward and how we plan to respond.

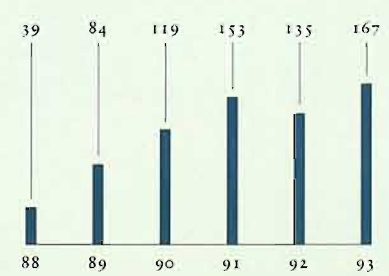
In 1993 our net earnings of $167 million were the best in the hundred-plus year history of the company. Operating profits were proportioned 73 percent from Fluor Daniel's engineering, construction, maintenance and technical services (E&C) and 27 percent from A.T. Massey's coal operations. Return on shareholders' equity reached 17.4 percent. Revenues advanced 19 percent to just under $8 billion, also a record. Our E&C safety performance again showed improvement and we continue as the standard in that industry. While Massey's safety performance is better than the coal industry average, continued improvement is a high priority.

Financially, your company is in solid condition. We have over $300 million in cash and securities on our balance sheet with only $60 million in long-term debt, or less than 6 percent of total capitalization. But more important, it ranks us among the strongest of our global competitors. This is an increasingly important competitive advantage as it allows us to support clients with broader financial services, as well as add to our low-sulfur coal position when unique acquisition opportunities arise.

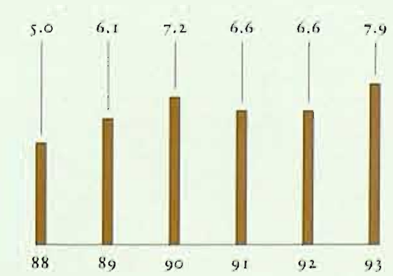
Our strong financial position, solid earnings growth and favorable market position encouraged us in December to raise the quarterly cash dividend 8 percent to 13 cents per share. This quarterly dividend equates to paying out 26 percent of prior year's earnings, an amount somewhat higher than our stated policy of a 20 percent payout. That's the good news, at least from a financial perspective.

The not-so-good news is that despite this record performance our stock has languished. In fact, it

Earnings from Continuing Operations
dollars in millions



Revenues from Continuing Operations
dollars in billions



has remained in the same trading range for an extended period of time in spite of continued improvement in our performance, both financially and operationally. One explanation offered by professional investors is that we are being categorized too closely with other companies, both E&C and coal, many of which are experiencing performance difficulties. That may or may not be true, but it does tell us that we need to better understand these dynamics and react appropriately. We must devote even more energy to communicating our distinctiveness, the financial goals we have set, the strategies we are using to achieve them and the factors that will set us apart in the future from those with whom we will be compared. Over time, we are confident that our stock price will reflect the achievement of our strategic and financial goals.

Looking first at our Fluor Daniel strategy and performance, 1993 marked the sixth consecutive year of improved operating profit. This represents an annual growth rate of 15 percent or better. This consistent performance is a result of the broad diversity of services we offer, industries we serve, geographic markets in which we operate and, of course, a group of very supportive clients.

Virtually every industry and geographic market has had its positive and negative phases, and that will continue to be true in the future. This very fact has caused wrenching dislocations and restructuring at some of our offices. It is painful to see competent people leave, but unfortunately, this is an inescapable part of the competitive atmosphere and we don't have a choice. However, we do believe that our growing diversity within the technical services field will continue to serve us well by dampening the effect of these cycles. Doing more things for more people in more locations has been critical in neutralizing, to some extent, the historical cycles of the business.

A second element of our E&C growth strategy is to both optimize and expand our network of over 50 offices worldwide. Having a historical presence in strategic growth areas, coupled with the flexibility to shift resources electronically to locations of greatest opportunity, continues to benefit both our clients and ourselves.

This strategy worked exceedingly well this past year with more than 50 percent of the value of our new awards coming from projects located outside the United States. As certain markets in the United States, Europe and the Middle East slowed, we were able to focus on growth in the Asia Pacific and Latin American regions. This shift in emphasis was aided by our recent expansion in Mexico. We also further strengthened our long-standing position in markets such as China, Thailand and Indonesia, while establishing new inroads in developing areas such as the Philippines, Peru and Vietnam. The largest share of our global E&C opportunities going forward will be outside the United States. We are well positioned to capitalize on that trend as we continue to build our domestic strength.

A.T. Massey, our coal business, also delivered strong operating profits in 1993 and their outlook is excellent. As an investment, Massey's extensive low-sulfur coal reserves and superior management team provide a rapidly appreciating asset for us, as driven by the clean air legislation. We have made significant investments over the past few years in additional high-quality, low-sulfur reserves at attractive prices. These reserves are readily accessible and very cost-effective. They will be aggressively brought into production over the next three years to serve the increasing demand for low-sulfur coal and will contribute to our earnings potential.

At the end of fiscal 1992, we accounted for our lead investment, The Doe Run Company, as a discontinued operation in preparation for exiting that business. Doe Run, an outstanding company with excellent management, simply does not fit our strategic direction. Unfortunately, historically low lead prices precluded consummation of this effort. With lead demand, and in turn prices, showing recent strength, we expect to complete an exit strategy in 1994 in a manner that will optimize shareholder value from this valuable asset.

One of the keys to our success, but sometimes overlooked, is the many contributions of our highly talented, experienced and dedicated outside directors and advisors. We are quite fortunate in having such a distinguished group. They give us their independent views, constantly challenge us and provide oversight from the shareholders' perspective. This past year we further strengthened our Board with the addition of Vilma S. Martinez. Ms. Martinez has achieved national prominence in both the business and legal communities.

This report contains a special section on our philosophy of alignment, a critically important mindset in our business. We hope this discussion helps you better understand how we work to create value for clients, employees and shareholders.

And so in these few paragraphs we've come full circle. We are back to the broad challenges represented by the quotations from corporate leaders. With service being our core business, it is imperative that we promptly do an in-depth evaluation of all aspects of our company. Other than integrity, safety and quality, there should be no sacred cows. We must revalidate our vision and our philosophy on growth, diversification, market share, accountability, risk and compensation. We must reevaluate our strategy on structure, organization, geographical location and penetration, resource allocation, volume, acquisitions, succession and last, but certainly not least, cost and fundamental competitiveness.

To successfully face a harsh, complex global marketplace nothing less than optimal performance will get it done at the level to which we aspire. That level is to achieve superior earnings growth, cash flow, return on shareholders' equity and balance sheet strength, which will rank us in the top quartile of the S&P 500. That level also includes being viewed with pride and respect by all of our varied stakeholders.

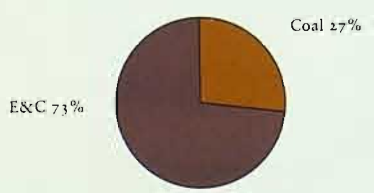
We both extend our sincere thanks to all who have contributed to our success in 1993.

Les McCraw
Chairman and Chief Executive Officer

Vince Kontny
President and Chief Operating Officer

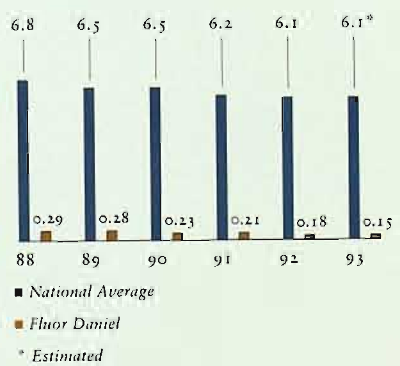
January 18, 1994

*Operating Profit by Segment**

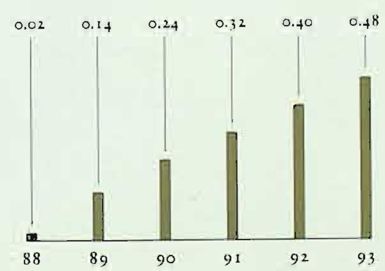


**Excludes nonrecurring charge*

Safety Performance
Lost Workday Incidence Rates



Dividends
dollars



Leslie G. McCraw *Vincent L. Kontny*

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Company Description

Fluor Corporation is one of the world's largest international engineering, construction, maintenance and related technical services companies, with an important investment in low-sulfur coal.

Fluor Daniel, the company's principal operation, provides a broader range of technical services to more clients in more industries and geographic locations than any global competitor.

A. T. Massey ranks among the top five U.S. coal companies, producing high-quality, low-sulfur steam coal for the electric generating industry as well as industrial customers, and metallurgical coal for the steel industry.

Highlights

$ in thousands, except per share amounts	*1993*	*1992*	*Percent Change*
Fiscal Year			
Revenues	$ 7,850,169	$ 6,600,696	19
Earnings from continuing operations	166,800	135,250	23
Net earnings	166,800	5,818	2,767
Earnings per share from continuing operations	$ 2.03	$ 1.65	23
Net earnings per share	2.03	0.07	2,800
Return on average shareholders' equity	17.4%	0.6%	—
Capital expenditures	$ 171,537	$ 287,046	-40
New awards	8,000,900	10,867,700	-26
Produced coal sold (thousands of short tons)	21,192	17,538	21
Cash dividends per common share	$ 0.48	$ 0.40	20
At Fiscal Year-end			
Working capital	$ 378,151	$ 293,151	29
Total assets	2,588,884	2,365,496	9
Backlog	14,753,500	14,706,000	—
Capitalization			
Long-term debt	59,637	61,262	-3
Shareholders' equity	1,044,122	880,802	19
Total capitalization	$ 1,103,759	$ 942,064	17
Long-term debt as a percent of total capitalization	5.4	6.5	—
Shareholders' equity per common share	$ 12.72	$ 10.81	18
Salaried employees	17,759	17,939	-1
Craft/hourly employees	20,773	25,666	-19
Total employees	38,532	43,605	-12
Closing stock price	$ 40 1/4	$ 44 5/8	-9

The quarterly dividend was increased from $.10 per share to $.12 per share in the first quarter of 1993 and to $.13 per share in the first quarter of 1994.

Results for 1992 include the effects of the classification of the Lead segment as a discontinued operation, including an estimated reserve for loss on disposition and operating losses expected to be incurred during the period prior to disposition and the new method of accounting for postretirement benefits (SFAS No. 106).

The Value of Alignment Through alignment of client, employee and shareholder objectives, the greatest value is created for each. By aligning each constituency's requirements in a way that achieves complementary objectives, the success of one group ensures the success of another. And the value created individually enhances the value created collectively.

While Fluor's clients, employees and shareholders might at first seem to have separate interests, there is indeed an interdependent relationship. In this special section, we'll describe how Fluor has used the concept of alignment to create value for each constituency.

Alignment begins with the client and our Mission: to assist them in attaining a competitive advantage by delivering quality services of unmatched value. If we truly help our clients become more successful, the company should then be compensated at a level which allows it to deliver superior returns for shareholders. In turn, a prosperous and growing business can provide a work environment where employees benefit from their contributions. Enhanced career opportunities, access to training and development programs, improved technology and equipment, and competitive compensation and benefits are all part of the creation of value for employees.

Client Alignment Alignment with the client begins by ensuring that we have the most skilled people available, provide the right array of services, have the global capabilities to win contracts and then to deliver excellence in their execution. The specific elements that create value for one client, however, may be quite different for another. But one theme we consistently hear from all our clients is the need for the highest quality services at the most cost-effective price. As a result, we listen carefully to each client to optimally align our services and resources to provide them with the greatest value for their capital investment dollars. This creates a competitive advantage for us, generates repeat business, and results in superior financial performance.

Fluor Daniel offers a full spectrum of technical services that allows it to respond to client needs at any point in their project cycle, from siting studies through project completion and follow-on maintenance. Furthermore, our global experience and network of telecommunications and electronic engineering capabilities allow Fluor Daniel to apply its full complement of resources for clients anywhere in the world. This global capability is a key value driver for many of our clients who must increasingly compete in the world market.

Alignment of the unique requirements of each client with the right mix of our technical services and capabilities, assists them in attaining a competitive advantage.

Client

"The crisis nature of the Texaco Rebuild Project required immediate mobilization with tremendous economic incentive to bring the plant back into operation as quickly as possible. Fluor Daniel responded to the challenge with innovative approaches to meet the demanding schedule."

C. R. Rice

Texaco Project Manager

Fluor's strong corporate commitment to safety, ethical conduct and continuous performance improvement in everything we do are other aspects of how we add value for our clients.

For some clients, value-added service embraces an alliance agreement built on mutual trust to meet their ongoing engineering, construction and technical service needs. Such strategic alliances with clients are structured on a philosophy of mutual benefit, where both parties gain from the relationship.

The alignment concept is applicable to A.T. Massey, Fluor's low-sulfur coal investment, as well. Massey's state-of-the-art coal processing plants are aligned to provide a wide range of coal blends to meet precise specifications of customers. Consistent quality, with on-time delivery at competitive prices, adds value for Massey customers.

Employee Alignment The creation of value for employees through alignment flows from three key areas. First is alignment of a work environment that challenges, enriches and rewards every employee and provides opportunity to the most qualified and best performing employees, regardless of race, age, sex, national origin or disabilities. Second is alignment of employees' capabilities with client needs. And third is alignment of employee objectives and performance incentives with the creation of shareholder value.

A work environment where employees can develop a sense of pride and achievement fosters increased productivity and a focus on quality. Creating a positive atmosphere where employees know they are directly contributing to the company's success, and are recognized for their contributions, is a key element in creating value for clients and generating superior financial performance.

The alignment of employee objectives and rewards with meeting client needs creates a circular pattern of success that perpetuates increased career growth opportunities. At the same time, capital is generated and reinvested to maintain our value advantage, promote individual employee development and further enhance productivity.

A formal alignment process is employed at the beginning of each project. This meeting ensures client goals and priorities are clearly understood. Project alignment meetings, an outgrowth of the Continuous Performance Improvement process, bring all project team members together with the client. Goals, expectations and responsibilities are clarified and agreed upon based on exactly what the client wants from the project. As

Alignment of the individual talents of employees with the unique requirements of our clients creates a safe work environment which challenges, enriches and rewards.

Employee

"The company's global philosophy of accident prevention by doing every task safely adds value for employees and clients alike. We take great pride in the exceptional record of safety performance we have achieved."

A.B. Robinson

Senior Director, Corporate Safety

Fluor Daniel

a result, every person involved is focused on the same objectives, building a competitive edge and creating a goal-oriented culture that extends throughout the completion of the project.

The financial success that accrues from serving our clients well allows the company to provide competitive employee compensation and benefits. This includes an attractive 401(k) plan that offers a wide choice of investment options and a retirement plan with strong profit sharing features. The 401(k) plan includes the option to invest in Fluor stock and directly participate in the added shareholder value employees create. Over one-third of salaried employees have elected to invest in Fluor's stock through the 401(k) plan. Together with officers and directors, total employee investment accounts for at least 3.7 million shares.

Fluor's management team, which has the ultimate responsibility for creating value through optimum alignment, is even more closely aligned with the creation of shareholder value. Fluor's management compensation philosophy recognizes this respon–sibility. It has led to policies and programs that align management's interests with those of the shareholder.

A significant portion of management compensation is directly linked to financial and stock performance, and increases as a proportion of total compensation at successively higher levels of responsibility. More than 78 percent of the compensation of the five highest paid Executive Officers is at risk and dependent upon achievement of aggressive performance and stock price objectives.

Consistent with the alignment philosophy, new voluntary guidelines for stock ownership were established for company executives in 1993 to encourage the management team to even more closely tie their personal success to that of the shareholder. These guidelines range from 50 to 500 percent of the executives' salaries.

Shareholder Alignment Value for shareholders is created through superior financial performance. It is measured by the total return to shareholders over time—specifically, stock price appreciation plus dividends.

Fluor's strategy of broad diversification within engineering and construction creates the growth opportunities which allows the company to achieve its goal of consistent superior financial performance. Successful translation of these opportunities into con-

Alignment of client requirements with employee talents and rewards generates superior financial performance which drives shareholder value. Linking executive compensation with the creation of shareholder value is key to aligning management's interest with those of the shareholder.

Shareholder

"Fluor is an excellent long-term investment. The premium market valuation it commands reflects its strong growth prospects. Broad diversification, particularly its strength in international markets, should produce steady earnings growth over the next several years. Furthermore, its management compensation programs are designed to create significant incentives to build shareholder value."

Lisa Zeller
Vice President
Trust Company of the West

tinuing profit growth is optimized through application of the alignment philosophy. The flexibility of the organization to shift its engineering and construction resources to wherever the opportunities are currently greatest tends to minimize the cyclical nature of individual markets and further enhances consistency of performance.

Additionally, A.T. Massey is contributing to Fluor's growth potential and performance consistency. Its excellent base of high-quality, low-sulfur coal reserves aligns the company's production with an anticipated increase in demand to meet more stringent air quality standards beginning in 1995. This strong market position, coupled with superior management and a continuing focus on productivity, cost effectiveness and safety, enhances Massey's future earnings potential.

Superior financial performance is defined as delivering operating results that would consistently rank Fluor in the top quartile of the S&P 500. Emphasis is placed on the key measures that contribute most to the creation of shareholder value. These are above average earnings growth and cash flow, superior returns on shareholders' equity, and a strong balance sheet. Top performing companies are generally accorded a premium valuation in the market.

Fluor's dividend payout guideline of 20 percent of the previous year's earnings is designed to provide for dividend growth as earnings grow. Since 1988, dividends have increased every year. In December, Fluor's Board of Directors approved the quarterly dividend rate to be increased 8 percent to 13 cents a share in 1994.

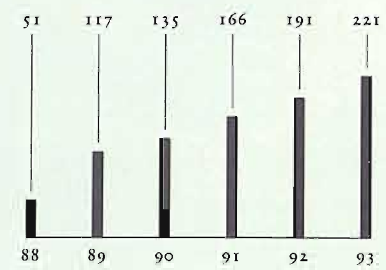
Management's accountability to shareholders is monitored by the Board of Directors whose responsibility it is to ensure that the company's business strategy, organizational competency and financial policies are aligned with the best interests of shareholders.

The Board plays an important part in helping shape the company's policies to respond to emerging trends in corporate governance. Fluor is dedicated to having a strong Board composed of a majority of nonemployee directors who contribute their collective wisdom and insight to Fluor's goal of continually creating shareholder value.

Summary At Fluor, we are striving to achieve the maximum creation of value for each of our three key constituencies. We firmly believe that the value created for clients, employees and shareholders is enhanced through optimum alignment of the needs and rewards of each in a manner that ensures the success of all.

Engineering and Construction Our engineering, construction, technical services and maintenance (E&C) business segment, delivered its sixth consecutive year of operating earnings growth of 15 percent or better in 1993. Operating profit was $221 million, 16 percent ahead of the prior year. Consistent growth has been a primary goal since Fluor Daniel, our core E&C unit, was formed and the strategy of broad diversification of services, industries and geographic areas was developed.

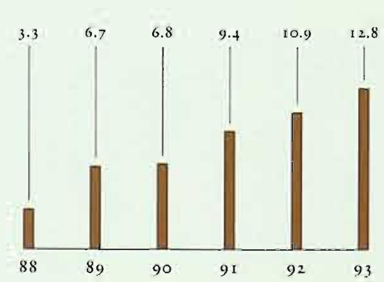
E&C Operating Profit
dollars in millions



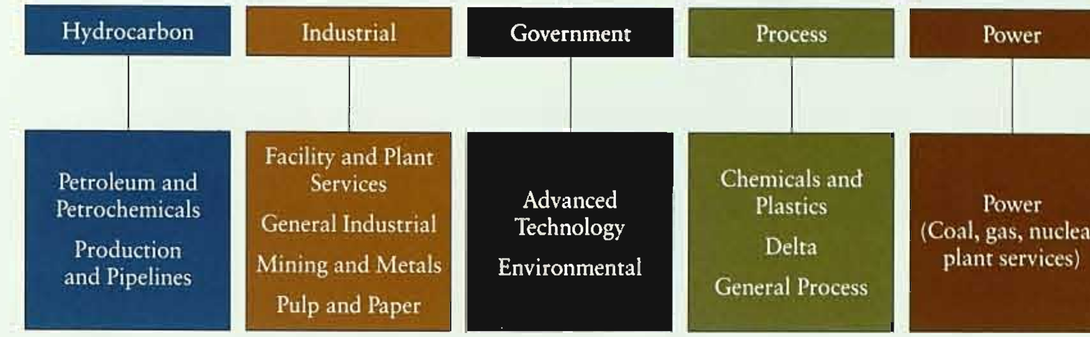
Fluor Daniel's original planning premise was to create an organization that could be successful independent of the external business environment. The approach was to first broaden our potential by increasing the markets we served. At the same time, we developed flexibility throughout our global network to allocate human resources and capabilities to wherever the opportunities are currently greatest. This flexibility and broad diversity allows Fluor Daniel to focus on the strongest markets, offsetting those that are temporarily lagging.

Through investment in electronic engineering, linked by a global telecommunications network, Fluor Daniel has steadily increased its productivity while strengthening its flexibility to respond wherever the opportunities are greatest. This capability enhances the utilization of Fluor Daniel's global resources and allows a project to be executed in the most cost-effective manner. Together with Fluor Daniel's ongoing focus on Continuous Performance Improvement and value-added services, productivity has more than tripled over the last five years, as measured by the E&C operating margin per salaried employee.

E&C Operating Margin
per Salaried Employee
dollars in thousands



Fluor Daniel serves five broad market sectors that operate through 12 global business units focused on specific market opportunities.



New E&C awards in 1993 were $8 billion, which were below the prior year but still the third highest in the company's history. Backlog was $14.8 billion, slightly above $14.7 billion a year ago. The strength of Fluor Daniel's backlog provides important support for our strategy of selectivity in the mix of business and specific projects we pursue.

A sizable backlog also permits a more concentrated focus on strategic megaproject opportunities which comprise an important component in our overall business mix. Fluor Daniel's extensive global capabilities and experience position the company particularly well to pursue these large, multi-year projects. Such projects offer greater profit opportunity because there are fewer competitors and significant incentives can be earned through superior performance. Over the past two years, these large project opportunities have accounted for roughly half of the dollar volume of Fluor Daniel's new awards.

FINA Refinery

Major Fuel Oil Upgrading Program for FINA at their Antwerp, Belgium refinery

Because most of these larger projects are intended to significantly expand a client's production capacity, the economics of individual projects are driven by capital availability and global end-product demand, both of which can be influenced by world events and trends.

As a result, the timing or certainty of such projects is often difficult to predict and can occasionally create an uneven pattern in new awards and backlog growth. Nevertheless, the profitability potential and the growing number of such opportunities make them an important component of our growth strategy.

Smaller-sized projects, which are prevalent throughout the diverse industries we serve, will continue to be the mainstay of our business. Fluor Daniel is currently working for more than 700 clients on more than 2200 projects in more than 50 countries. Here, too, selectivity remains a key marketing strategy. To offset the effect of the increased number of competitors on smaller projects, we focus only on those opportunities where our capabilities, geographic presence, client relationship or other factors enable us to provide added value and achieve a competitive advantage.

While the U.S. will remain an important market for Fluor Daniel's services, increasingly the largest share of opportunities are located outside the U.S. Demand for higher living standards is driving strong economic growth in developing economies, particularly in the Asia Pacific and Latin American regions. Expansion of basic industries is increasing fundamental energy requirements and infrastructure needs. Globalization of markets and geopolitical change is also stimulating strategic investment in new production facilities in these emerging markets. Clients are capitalizing on these growth markets and seeking opportunities to enhance cost competitiveness.

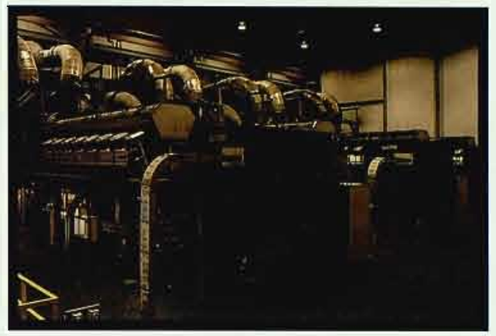
P.T. Freeport Indonesia

Expansion of production facilities for P.T. Freeport Indonesia Company at its copper/gold mine and mill in Irian Jaya, Indonesia

Opportunities for Fluor Daniel in the Asia Pacific region include significant prospects for petroleum refining and petrochemical processing. Fluor Daniel, in a joint venture with Raytheon Company, was awarded a lump-sum project valued at more than $1.3 billion to build a new oil refinery in Thailand for Rayong Refinery Company, which is a joint venture between the Petroleum Authority of Thailand and Shell.

Growing demand for electric generating capacity in many of the developing economies in the Asia Pacific region is also creating new opportunities. Fluor Daniel is nearing completion of a second privatized power plant for Enron in the Philippines. Additional projects in other parts of the region are now being discussed. As the Asian Pacific economies continue to grow, demand for consumer goods will increase, raising the prospects for more industrial projects as well.

Enron Power



105-megawatt power plant for Enron Power Philippines Corp. in Pinamucan, Philippines

The developing countries of Latin America offer similar strong growth prospects. The passage of the North American Free Trade Agreement (NAFTA) is anticipated to spur investment in new plants and facilities throughout Mexico. ICA Fluor Daniel, our joint equity company with Grupo ICA in Mexico, is working on several projects, including a polymer facility for Eastman Chemical and a consumer product plant for Procter & Gamble. Additional project opportunities in Mexico are anticipated across a wide range of industries, including power generation, hydrocarbon processing facilities and manufacturing plants.

Eastman Chemical

Expansion of polymer production facilities for Eastman Chemical in Workington, England

In Chile, Fluor Daniel continues to be very active in mining projects, with the award for a major expansion of a copper smelting facility for Minera Escondida Limitada. Prospects are growing in Colombia and Venezuela for development of oil and gas resources and expansion of downstream processing capacity. Additionally, Fluor Daniel is performing work on a 250-mile trans-Andean crude oil pipeline from Argentina to Chile.

Valero Refinery

Recent project assignments at the Valero Refinery in Corpus Christi, Texas include the addition of an MTBE plant

Although economic growth in the U.S. was sluggish for most of 1993, certain markets continued to be active. For example, Fluor Daniel received several projects for the production of cleaner burning reformulated gasoline at California refineries. Significant environmental remediation opportunities, primarily for U.S. government agencies, also continued to develop during the year. Fluor Daniel is entering its second year of the major environmental restoration project of uranium production facilities at Fernald, Ohio, for the Department of Energy.

Department of Energy

Engineering support for the Department of Energy's Complex-21 Reconfiguration Study.

In the industrial area, Fluor Daniel received its second contract from Ford for a truck paint shop and performed the site selection studies for the new Mercedes-Benz plant that will be located in Tuscaloosa, Alabama. Early in 1994, Fluor Daniel was also selected by Mercedes-Benz to be the project manager and construction manager for the new facility.

Economic recession in Western Europe has reduced near-term prospects in many of the more economically sensitive markets. Fluor Daniel's largest award in 1993, however, was the $1.5 billion first phase of a major renovation plan at the Pernis Refinery in

the Netherlands for Shell. Environmental issues and the need to have the capability to process heavier crudes, which are less expensive and more readily available, are stimulating demand for upgrading projects at several European refineries.

Chrysler Eurostar

Expansion of Chrysler's Eurostar minivan assembly plant in Graz, Austria

Prospects for development of new sources of oil and gas production are also increasing, including potential opportunities for projects in the former Soviet Union. Growing demand for consumer-related goods in the emerging economies of Central Europe also offers promise over the longer term.

Project activity in the Middle East is developing slowly due to low oil prices and slow growth in global energy demand, particularly in the developed economies of North America and Western Europe. Prospects remain strong, however, over the intermediate and long term. The extent of global oil and gas resources that are located in the region will always make the Middle East a significant market for our services.

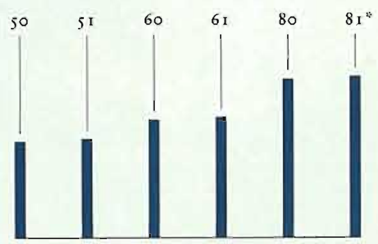
Fluor Daniel's strategy of diversification has positioned the company to capitalize on the significant growth opportunities of the global E&C market in the decade of the 90s. The cornerstone of translating those opportunities into superior financial performance is our ability to successfully execute contracts which keep our clients coming back. Excellence in project execution, continuous performance improvement and safety in everything we do remain the most important elements of our continued success.

Fluor Constructors International, Inc. (FCII) provides construction services for certain Fluor Daniel projects worldwide, and performs union direct-hire work in North America. FCII's union construction and maintenance capabilities make Fluor the largest double-breasted company in the U.S. FCII is aligned to provide global support to all five Fluor Daniel business sectors.

American Equipment Company, a wholly owned Fluor subsidiary, provides a comprehensive package of construction equipment, tools and related asset management services to Fluor Daniel, Fluor Constructors, and the construction/maintenance industry at large through strategically located support centers. American Equipment is consistently ranked as one of the top 10 equipment rental firms in the U.S.

Coal Through its operating subsidiaries, A.T. Massey produces high-quality, low-sulfur steam coal for the electric generating industry as well as industrial customers, and metallurgical coal for the steel industry. The company also brokers coal for independent producers.

Coal Operating Profit
dollars in millions



*Excludes nonrecurring charge of $10 million.

Massey continued its solid performance during 1993 with operating profits of $81 million, before a $10 million nonrecurring pretax charge related to the settlement of a dispute regarding the pension and benefits funds of the United Mine Workers of America (UMWA). Excluding the nonrecurring charge, Massey's earnings rose slightly over 1992. Revenues increased over 1992 primarily due to a 7 percent increase in total volume sold. Sales volume of produced coal increased 21 percent, while purchased coal sales volume decreased 48 percent, reflecting a planned shift towards an increased proportion of produced coal which carries a higher profit margin.

Massey increased steam coal sales by 17 percent over the prior year, although poor pricing and soft demand continued to plague the industry throughout much of 1993. Toward the end of the year, however, prices began to show improvement as a result of a selective strike by the UMWA against several coal producers. Because Massey is primarily nonunion, its operations were essentially unaffected by the strike, but did benefit from improved pricing.

As a result of the strike settlement which was reached in December, prices may soften as idled union production returns to the market. However, many utilities deferred purchases during the strike and are now entering the winter heating season with lower than normal inventories. Additionally, indications of an improving economy should increase electricity use, triggering increased demand for steam coal. Massey's strategy is to focus on providing its U.S. utility customers with high-quality, low-sulfur coal to meet more stringent clean air standards that will go into effect January 1, 1995. This approaching deadline is expected to place a premium on low-sulfur coal beginning as early as 1994.

Massey Coal

Massey's state-of-the-art coal processing facilities allow the company to provide utility customers with custom blends of low-sulfur coal to meet new clean air standards.

Continuing the strategy of marketing its coal into the best priced market available, Massey increased sales of metallurgical coal by 35 percent in 1993. Stronger pricing in this market segment resulted from the increasingly higher quality standards being demanded by the steel industry to achieve greater fuel efficiency and to respond to environmental issues. New production from high-quality, cost-effective metallurgical coal reserves acquired in 1992 is allowing Massey to capitalize on this current market opportunity.

During 1993, Massey acquired approximately 40 million tons of additional high-quality, low-sulfur reserves. The new reserves are strategically located adjacent to existing operations and will contribute to expanded, cost-effective production. Several larger reserve acquisitions completed in 1992, including Marfork, Big Creek and New Ridge, were brought into production or further developed during the year. Massey's total reserves at year-end were 1.1 billion tons.

Massey continues to concentrate on operating efficiencies and reducing costs. Investment in equipment upgrades and development of reserves during 1993, should produce significant benefits in 1994 and beyond.

In millions, except per share amounts	*1993*	*1992*	*1991*	*1990*	*1989*	*1988*
Operating Results						
Revenues from continuing operations	$ 7,850.2	$ 6,600.7	$ 6,572.0	$7,248.9	$6,127.2	$5,008.9
Earnings from continuing operations before taxes	242.2	215.4	228.4	153.6	135.6	62.0
Earnings from continuing operations, net	166.8	135.3	153.1	119.4	84.1	38.6
Earnings (loss) from discontinued operations, net	—	(96.6)	11.0	35.2	28.6	21.6
Cumulative effect of change in accounting principle, net	—	(32.9)	—	—	—	—
Net earnings	166.8	5.8	164.1	154.6	112.7	60.2
Earnings per share						
Continuing operations	2.03	1.65	1.87	1.47	1.04	0.48
Discontinued operations	—	(1.18)	0.14	0.43	0.36	0.27
Cumulative effect of change in accounting principle	—	(0.40)	—	—	—	—
Net earnings per share	$ 2.03	$ 0.07	$ 2.01	$ 1.90	$ 1.40	$ 0.75
Return on average shareholders' equity	17.4%	0.6%	20.2%	23.3%	21.5%	14.2%
Cash dividends per common share	$ 0.48	$ 0.40	$ 0.32	$ 0.24	$ 0.14	$ 0.02
Financial Position						
Current assets	$ 1,309.1	$ 1,138.6	$ 1,159.5	$1,222.8	$1,036.4	$1,001.0
Current liabilities	930.9	845.4	848.2	984.0	797.7	786.1
Working capital	378.2	293.2	311.3	238.8	238.7	214.9
Property, plant and equipment, net	1,100.9	1,046.9	1,092.7	925.3	775.3	729.8
Total assets	2,588.9	2,365.5	2,421.4	2,475.8	2,154.3	2,075.7
Capitalization						
Long-term debt	59.6	61.3	75.7	57.6	62.5	95.0
Shareholders' equity	1,044.1	880.8	900.6	741.3	589.9	467.1
Total capitalization	$ 1,103.7	$ 942.1	$ 976.3	$ 798.9	$ 652.4	$ 562.1
Percent of total capitalization						
Long-term debt	5.4	6.5	7.8	7.2	9.6	16.9
Shareholders' equity	94.6	93.5	92.2	92.8	90.4	83.1
Shareholders' equity per common share	$ 12.72	$ 10.81	$ 11.10	$ 9.22	$ 7.39	$ 5.91
Common shares outstanding at October 31	82.1	81.5	81.1	80.4	79.8	79.1
Other Data						
New awards	$ 8,000.9	$10,867.7	$ 8,531.6	$7,632.3	$7,135.3	$5,955.2
Backlog at year end	14,753.5	14,706.0	11,181.3	9,557.8	8,360.9	6,658.6
Capital expenditures	171.5	287.0	159.7	155.7	139.2	86.3
Cash provided by operating activities	$ 192.0	$ 306.0	$ 219.0	$ 353.1	$ 265.1	$ 17.7

See Management's Discussion and Analysis on pages 23 to 25, Consolidated Statement of Earnings on page 28, Notes to Consolidated Financial Statements on pages 31 to 41 and Quarterly Financial Data on page 43 for information relating to significant items affecting the results of operations.

The quarterly dividend was increased from $.02 per share to $.04 per share in the second quarter of 1989, to $.06 per share in the first quarter of 1990, to $.08 per share in the first quarter of 1991, to $.10 per share in the first quarter of 1992, to $.12 per share in the first quarter of 1993 and to $.13 per share in the first quarter of 1994.

The following discussion and analysis is provided to increase understanding of, and should be read in conjunction with, the consolidated financial statements and accompanying notes.

Results of Operations

Earnings from continuing operations were $167 million in 1993 compared with $135 million in 1992 and $153 million in 1991. The related earnings per share were $2.03 in 1993 compared with $1.65 in 1992 and $1.87 in 1991. Earnings from continuing operations in 1993 and 1991 include net nonrecurring gains of approximately $6 million and $22 million, respectively, while there were no comparable items in 1992. Revenues increased 19 percent in 1993 following a slight increase in 1992.

Engineering and Construction

Due largely to weak economies and capital spending within certain United States, European and Middle Eastern markets, the Government, Process, Industrial and Power sectors experienced declines in awards during 1993 that were only partially offset by an increase in the Hydrocarbon sector. Total new awards decreased 26 percent to $8.0 billion in 1993, compared with $10.9 billion in 1992 and $8.5 billion in 1991. At the same time, there continue to be a number of mega-project opportunities, particularly outside the United States. These projects develop slowly and, therefore could create variability in the company's incoming order and backlog pattern. Accordingly, it is difficult to predict future award trends with any degree of certainty. Consistent with the company's long-term goal of broad geographic diversity, over 50 percent of 1993 new awards came from projects located outside the United States, compared with approximately 30 percent in 1992 and 35 percent in 1991.

The following table sets forth new awards for each of the company's business sectors:

$ in millions / Year ended October 31,	*1993*		*1992*		*1991*	
Hydrocarbon	$4,540	57%	$ 3,534	33%	$3,216	38%
Industrial	1,612	20	2,300	21	943	11
Government	123	2	2,278	21	535	6
Process	1,288	16	2,012	18	3,127	37
Power	438	5	744	7	711	8
Total new awards	$8,001	100%	$10,868	100%	$8,532	100%
United States	$3,686	46%	$ 7,348	68%	$5,586	65%
Outside United States	4,315	54	3,520	32	2,946	35
Total new awards	$8,001	100%	$10,868	100%	$8,532	100%

Total backlog at October 31, 1993, 1992 and 1991 was $14.8 billion, $14.7 billion and $11.2 billion, respectively. The ratio of work outside the United States at October 31, 1993 increased to 39 percent of total backlog, compared with 28 percent at October 31, 1992. This increase is largely attributable to the company's selection by Shell Nederland Rafinaderij B.V. to execute the first phase on the renovation of one of Shell's European refineries and the award of a lump-sum project to a joint venture, in which the company is a 50 percent owner, to build a new oil refinery in Thailand for Rayong Refinery Company. These contracts added approximately $3.0 billion to the company's backlog for the year ended October 31, 1993. Together with a 1992 award from the Department of Energy to manage the environmental cleanup of its uranium production facilities in Fernald, Ohio, these three contracts represent approximately $4.4 billion, or 30 percent of total backlog at October 31, 1993.

Engineering and Construction operating profits increased 16 percent to $221 million in 1993 compared with $191 million in 1992 and $166 million in 1991 primarily as the result of the increased volume of work performed. Overall margins in 1993 are approximately level with the prior year. Margins are affected by competitive market conditions and the mix of engineering and construction projects, making it difficult to predict a trend over time.

Coal

Revenues and operating profit from Coal operations in 1993 were $717 million and $71 million, respectively, compared with revenues of $697 million and operating profit of $80 million in 1992. Revenues and operating profit in 1991 were $758 million and $61 million. The increase in revenues in 1993 is due primarily to a 21 percent increase in sales volume of produced coal that more than offset the effects of decreases in the sales price per ton of produced coal and the sales volume of purchased coal. Gross margin improved in 1993 due primarily to overall increased sales volume and a continued emphasis on produced coal sales, which generated a 20 percent margin in 1993, rather than sales of purchased coal which had a 6 percent margin. Revenues and margin in 1993 also benefited from the initial production from new coal reserves acquired during the past two years. Operating profits declined in 1993 compared with 1992 due primarily to a $10 million nonrecurring charge in 1993 related to the settlement of a dispute with the pension and benefits funds of the United Mine Workers of America/Bituminous Coal Operators of America. During 1993, a major strike against many coal producers, other than Massey, caused higher coal prices in the latter part of the year. The long-term impact of the strike on coal prices is uncertain.

The decrease in revenues in 1992 compared with 1991 was due primarily to lower sales volume of purchased coal that more than offset a 2 percent increase in produced coal revenues. Overall sales volume was down due to decreased demand resulting from mild weather together with continued recessionary market conditions. However, margins improved in 1992 compared with 1991 due to a greater emphasis on produced coal sales, which had a 23 percent margin in 1992, compared with purchased coal which had a 4 percent margin. The effect of emphasizing produced coal sales from existing and newly acquired mines resulted in an increase in overall gross margin percentage to 20 percent in 1992 from 17 percent in 1991, which accounted for slightly more than half of the increase in total operating profit in 1992. The remainder of the increase in operating profit is due primarily to a gain on the sale of a coal processing plant.

Other

Net interest income improved slightly in 1993 due largely to the repayment during 1993 and 1992 of approximately $46 million and $18 million, respectively, of long-term debt. The decrease in interest expense resulting from the debt repayment was, however, almost entirely offset by lower interest income as the result of lower interest rates and lower interest earning assets. The significant decline in 1992 compared with 1991 is primarily attributable to the elimination of the company's high-interest-earning bond portfolio in connection with the repurchase of its Sugar Land facility in 1991, lower 1992 levels of short-term interest-earning assets resulting from capital expenditures at Massey Coal, the prepayment of long-term notes in the third quarter of 1992 and lower interest rates.

Although corporate overhead expense remained level in 1993 compared with 1992, corporate administrative and general expense increased in 1993 compared to 1992 primarily due to higher net periodic pension income in 1992. Corporate administrative and general expense decreased in 1992 compared with 1991 due to lower stock price driven compensation plan expenses, an increase in net periodic pension income and lower corporate overhead costs.

Net earnings for the year ended October 31, 1993 benefited from the reversal of $12.6 million of income tax liabilities. This reversal was made in connection with the conclusion of a federal income tax audit in the second quarter of 1993 for the years 1984 through 1986. This reduction in liabilities did not affect the company's cash flows. After excluding the 1993 and 1991 reversals of income tax liabilities, there is no significant difference in 1993, 1992 or 1991 between the effective federal income tax rate on earnings from continuing operations and the statutory rate.

The Revenue Reconciliation Act of 1993 did not have a material effect on the consolidated financial position or results of operations of the company.

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS No. 112). The statement requires accrual of the estimated cost of benefits provided by the employer to former or inactive employees after employment but before retirement. Adoption of SFAS No. 112 by the company is not required until fiscal year 1995. Although the precise method and impact of implementation is not known at this time, management believes the effect, based on the company's current benefit programs, will not be material.

The company's operations, including its discontinued Lead operations, are subject to and affected by federal, state and local laws and regulations regarding the protection of the environment. The company maintains reserves for potential future environmental costs where such obligations are either known or considered probable and can be reasonably estimated. St. Joe Minerals Corporation ("St. Joe"), a wholly owned subsidiary of the company, is participating as a potentially responsible party at several different sites pursuant to proceedings under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund"). Other parties have also been identified as potentially responsible parties at all but one of these sites, and many of these parties have shared in the costs associated with the sites. Investigative and/or remedial activities are ongoing at each site. The company believes, based upon present information available to it, that its reserves in respect to future environmental costs are adequate, and that such future costs will not have a material effect on the company's consolidated financial position, results of operations or liquidity. However, the imposition of more stringent requirements under environmental laws or regulations, new developments or changes regarding site cleanup costs or the allocation of such costs among potentially responsible parties, or a determination that the company is potentially responsible for the release of hazardous substances at sites other than those currently identified, could result in additional expenditures, or additional reserves in expectation of such expenditures.

Effective November 1, 1991, the company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The company elected immediate recognition of the transition obligation in 1992 which resulted in a one time net charge to earnings of $33 million, or $.40 per share.

In July 1991, the company purchased certain partnership interests which owned the company's Sugar Land, Texas engineering office buildings and leasehold on the land for $64.3 million in cash and the assumption of $32.4 million of notes. The company had previously acquired approximately $93 million of related notes that were effectively extinguished as a result of the transaction. As a result of the partnership interest purchase, lease cost reserves and other items were no longer required and were reversed, thereby reducing the cost basis of the property by $51.7 million and increasing pretax earnings by $19.6 million, after a $5 million provision for certain foreign lease reserves. The company also sold its minority interest in Centre Reinsurance Holdings Ltd., a Bermuda-based insurer, resulting in a 1991 pretax gain of $16.4 million.

Discontinued Operations

In November 1992, the company announced its decision to exit its Lead business. As of October 31, 1992 the Lead business was classified as a discontinued operation and adjusted to estimated net realizable value. The estimated after-tax loss on disposal in 1992 of $78.9 million includes an after-tax provision of $6 million for estimated losses through the date of disposition. Largely as the result of historically low lead prices, in addition to a temporary disruption due to flood conditions at its smelter in Missouri, the Lead business's after-tax loss for fiscal year 1993 was $30 million. The smelter was returned to full production and lead prices began to improve in late 1993. The company continues to believe that its reserves for loss on disposal are adequate at October 31, 1993 in relation to its consolidated financial statements taken as a whole. During 1993, the company made substantial progress toward the disposition of its Lead business. While the outcome of such disposition cannot be determined with certainty at this time, management's intent to dispose of the Lead business remains unaltered and management believes that a disposal will be accomplished during fiscal 1994.

Financial Position and Liquidity

Working capital at October 31, 1993 was $378 million compared with $293 million at October 31, 1992. Working capital increased 29 percent primarily due to significant increases in current receivables and contract work in process. Capital expenditures for 1993 were $172 million compared with $287 million in 1992 and $160 million in 1991. Capital expenditures at Massey Coal in 1993 and 1992 were $111 million and $214 million, respectively, which included approximately $13 million and $115 million, respectively, related to new coal reserve and facility acquisition costs, with the remainder attributable to ongoing operations.

The long-term debt to capitalization ratio at October 31, 1993 was 5.4 percent compared with 6.5 percent and 7.8 percent at October 31, 1992 and 1991, respectively. The 1993 ratio decreased primarily due to the increase in shareholders' equity from earnings, net of dividends. At October 31, 1993, all long-term debt bears interest at fixed rates.

The company has on hand and access to sufficient sources of funds to meet its anticipated operating, expansion and capital needs. Significant short and long-term lines of credit are maintained with banks which, along with cash on hand and marketable securities, provide adequate operating liquidity. Additional liquidity is provided by the company's commercial paper program under which there was $30 million outstanding at both October 31, 1993 and 1992.

Quarterly cash dividends of $.08 per share declared in December 1990 were raised to $.10 per share in December 1991, to $.12 per share in December 1992 and to $.13 per share in December 1993.

Although the company is affected by inflation and the cyclical nature of the industry, its Engineering and Construction operations are generally protected by the ability to recover cost increases through price escalation provisions in most contracts. Coal operations produce a commodity which is internationally traded at prices established by market factors outside the control of the company. However, commodity prices generally tend over the long term to reflect a correlation to inflationary trends and the company's substantial coal reserves provide a hedge against the adverse long-term effects of inflation. Although the company has taken actions to reduce its dependence on external economic conditions, management is unable to predict with certainty the amount and mix of future business.

Consolidated Balance Sheet

$ in thousands / At October 31,	1993	1992
Assets		
Current Assets		
Cash and cash equivalents	$ 214,844	$ 195,346
Marketable securities	97,335	147,584
Accounts and notes receivable	392,577	312,354
Contract work in progress	306,251	219,108
Inventories	32,834	31,188
Net assets of discontinued operations	172,822	138,638
Deferred taxes	76,364	70,204
Other current assets	15,997	24,133
Total current assets	1,309,024	1,138,555
Property, Plant and Equipment		
Land	58,867	61,581
Buildings and improvements	304,566	294,944
Machinery and equipment	643,818	569,349
Mining properties and mineral rights	499,459	449,966
Construction in progress	35,875	40,091
	1,542,585	1,415,931
Less accumulated depreciation, depletion and amortization	441,676	369,046
Net property, plant and equipment	1,100,909	1,046,885
Other Assets		
Investments and goodwill, net of accumulated amortization of $44,490 and $36,388, respectively	52,383	56,761
Other	126,568	123,295
Total other assets	178,951	180,056
	$2,588,884	$2,365,496

	1993	1992
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 289,721	$ 199,001
Note payable to affiliate	30,000	—
Commercial paper	30,053	29,957
Advance billings on contracts	194,695	174,409
Accrued salaries, wages and benefit plan liabilities	194,270	191,895
Other accrued liabilities	190,447	204,449
Current portion of long-term debt	1,687	45,693
Total current liabilities	930,873	845,404
Long-term Debt Due After One Year	59,637	61,262
Noncurrent Liabilities		
Deferred taxes	51,642	63,109
Other	502,610	514,919
Total noncurrent liabilities	554,252	578,028
Contingencies and Commitments		
Shareholders' Equity		
Capital stock		
Preferred — authorized 20,000,000 shares without par value, none issued		
Common — authorized 150,000,000 shares of $.625 par value; issued and outstanding in 1993 — 82,093,207 shares and in 1992 — 81,480,008 shares	51,308	50,925
Additional capital	478,204	436,063
Retained earnings (since October 31, 1987)	534,678	407,218
Unamortized executive stock plan expense	(16,828)	(14,610)
Cumulative translation adjustment	(3,240)	1,206
Total shareholders' equity	1,044,122	880,802
	$2,588,884	$2,365,496

See Notes to Consolidated Financial Statements.

Consolidated Statement of Earnings

In thousands, except per share amounts / Year ended October 31,	*1993*	*1992*	*1991*
Revenues			
Engineering and construction services	$7,133,578	$5,903,975	$5,813,477
Coal	716,591	696,721	758,481
Total revenues	7,850,169	6,600,696	6,571,958
Cost of Revenues			
Engineering and construction services	6,918,464	5,729,148	5,655,793
Coal	645,911	616,671	697,985
Total cost of revenues	7,564,375	6,345,819	6,353,778
Other (Income) and Expense			
Corporate administrative and general expense	43,682	39,270	57,032
Reduction in accrued lease cost, net	—	—	(19,649)
Gain on sale of investment	—	—	(16,426)
Interest expense	19,982	23,580	16,466
Interest income	(20,070)	(23,323)	(47,644)
Total cost and expenses	7,607,969	6,385,346	6,343,557
Earnings from Continuing Operations Before Taxes	242,200	215,350	228,401
Income Tax Expense	75,400	80,100	75,312
Earnings from Continuing Operations	166,800	135,250	153,089
Earnings (Loss) from Discontinued Operations, Net	—	(96,566)	11,059
Earnings Before Change in Accounting Principle	166,800	38,684	164,148
Cumulative Effect of Change in Accounting Principle, Net	—	(32,866)	—
Net Earnings	$ 166,800	$ 5,818	$ 164,148
Earnings per Share			
Continuing operations	$ 2.03	$ 1.65	$ 1.87
Discontinued operations	—	(1.18)	0.14
Cumulative effect of change in accounting principle	—	(0.40)	—
Net Earnings per Share	$ 2.03	$ 0.07	$ 2.01
Shares Used to Calculate Earnings per Share	82,282	81,558	81,807

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

In thousands / Year ended October 31,	*1993*	*1992*	*1991*
Cash Flows from Operating Activities			
Net earnings	$166,800	$ 5,818	$164,148
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation, depletion and amortization	111,793	135,259	121,482
Discontinued operations	(34,184)	127,275	—
Change in accounting principle	—	53,008	—
Deferred taxes	(6,082)	(55,674)	(18,248)
Changes in operating assets and liabilities	(61,497)	37,021	(24,964)
Other, net	15,136	3,336	(23,468)
Cash provided by operating activities	191,966	306,043	218,950
Cash Flow from Investing Activities			
Capital expenditures	(171,537)	(287,046)	(159,718)
Sale (purchase) of marketable securities, net	50,249	38,458	(105,756)
Purchase of Sugar Land real estate partnership interests	—	—	(64,311)
Proceeds from sale of (additions to) investments	(20,081)	—	31,426
Proceeds from sale of property, plant and equipment	9,841	11,493	14,699
Other, net	13,904	(1,169)	10,869
Cash utilized by investing activities	(117,624)	(238,264)	(272,791)
Cash Flows from Financing Activities			
Proceeds from issuance of short-term debt to affiliate	30,000	—	—
Payments on long-term debt	(45,689)	(17,969)	(483)
Issuance of commercial paper, net	96	29	29,928
Cash dividends paid	(39,340)	(32,486)	(25,825)
Common stock issuance, net	8,709	2,540	10,758
Other, net	(8,620)	(8,569)	(6,404)
Cash provided (utilized) by financing activities	(54,844)	(56,455)	7,974
Increase (decrease) in cash and cash equivalents	19,498	11,324	(45,867)
Cash and cash equivalents at beginning of year	195,346	184,022	229,889
Cash and cash equivalents at end of year	$214,844	$195,346	$184,022

See Notes to Consolidated Financial Statements.

Consolidated Statement of Shareholders' Equity

In thousands, except per share amounts Year ended October 31, 1991, 1992 and 1993	Common Stock Shares	Common Stock Amount	Additional Capital	Retained Earnings	Unamortized Executive Stock Plan Expense	Cumulative Translation Adjustment	Total
Balance at October 31, 1990	80,390	$50,244	$398,844	$295,563	$ (6,805)	$ 3,410	$ 741,256
Net earnings				164,148			164,148
Cash dividends ($.32 per share)				(25,825)			(25,825)
Exercise of stock options, net	631	394	10,364				10,758
Stock option tax benefit			8,463				8,463
Amortization of executive stock plan expense					839		839
Issuance of restricted stock, net	91	57	4,646		(4,831)		(128)
Tax benefit of net operating loss			2,299				2,299
Translation adjustment (net of deferred taxes of $600)						(1,165)	(1,165)
Balance at October 31, 1991	81,112	50,695	424,616	433,886	(10,797)	2,245	900,645
Net earnings				5,818			5,818
Cash dividends ($.40 per share)				(32,486)			(32,486)
Exercise of stock options, net	346	217	5,996				6,213
Stock option tax benefit			4,024				4,024
Amortization of executive stock plan expense					1,425		1,425
Issuance of restricted stock, net	33	20	5,093		(5,238)		(125)
Common stock repurchase	(11)	(7)	(3,666)				(3,673)
Translation adjustment (net of deferred taxes of $535)						(1,039)	(1,039)
Balance at October 31, 1992	81,480	50,925	436,063	407,218	(14,610)	1,206	880,802
Net earnings				166,800			166,800
Cash dividends ($.48 per share)				(39,340)			(39,340)
Exercise of stock options, net	520	326	8,383				8,709
Stock option tax benefit			5,839				5,839
Amortization of executive stock plan expense					1,889		1,889
Issuance of restricted stock, net	93	57	3,858		(4,107)		(192)
Tax benefit from reduction of valuation allowance for deferred tax assets			24,061				24,061
Translation adjustment (net of deferred taxes of $2,694)						(4,446)	(4,446)
Balance at October 31, 1993	82,093	$51,308	$478,204	$534,678	$(16,828)	$(3,240)	$1,044,122

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Major Accounting Policies

Principles of Consolidation
The financial statements include the accounts of the company and its subsidiaries. The equity method of accounting is used for investment ownership ranging from 20 percent to 50 percent. Investment ownership of less than 20 percent is accounted for on the cost method. All significant intercompany transactions of consolidated subsidiaries are eliminated. Certain 1992 and 1991 amounts have been reclassified to conform with the 1993 presentation. In November 1992 the company announced its decision to exit its Lead business and, accordingly, the assets and liabilities of the Lead business as of October 31, 1993 and 1992 are shown as net assets of discontinued operations. Discontinued operations for fiscal years 1992 and 1991 include the results of operations for the Lead business.

Engineering and Construction Contracts
The company recognizes engineering and construction contract revenues using the percentage-of-completion method, primarily based on contract costs incurred to date compared with total estimated contract costs. Customer furnished materials, labor and equipment and in certain cases subcontractor materials, labor and equipment are included in revenue and cost of revenue when management believes that the company is responsible for the ultimate acceptability of the project. Contracts are generally segmented between types of services, such as engineering and construction, and, accordingly, gross margin related to each activity is recognized as those separate services are rendered. Changes to total estimated contract costs or losses, if any, are recognized in the period they are determined. Revenues recognized in excess of amounts billed are classified as current assets under contract work in progress. Amounts received from clients in excess of revenues recognized to date are classified as current liabilities under advance billings on contracts. The company anticipates that substantially all incurred costs associated with contract work in progress at October 31, 1993 will be billed and collected in 1994.

Depreciation, Depletion and Amortization
Additions to property, plant and equipment are recorded at cost. Assets other than mining properties and mineral rights are depreciated principally using the straight-line method over their estimated useful lives. Mining properties and mineral rights are depleted on the units-of-production method. Leasehold improvements are amortized over the lives of the respective leases. Goodwill is amortized on the straight-line method over periods not longer than 40 years.

Exploration and Development
Coal exploration costs are expensed as incurred. Development and acquisition costs of coal properties, when expected to be significant, are capitalized in mining properties and depleted over the expected economic life of the mine on the units-of-production method.

The company accrues for post-mining reclamation costs as coal is mined. Reclamation of disturbed acreage is performed as a normal part of the mining process; such costs are expensed as incurred.

Income Taxes
In 1992, the company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109) retroactive to the year ended October 31, 1987. SFAS No. 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the company's financial statements or tax returns.

Earnings per Share
Earnings per share is based on the weighted average number of common and, when appropriate, common equivalent shares outstanding in each period. Common equivalent shares, primarily stock options, are included when the effect of exercise would be dilutive.

Inventories

Coal inventories are stated at the lower of cost, using the last-in, first-out (LIFO) method, or net realizable value. Supplies and other are valued on the average cost method. Inventories comprise:

$ in thousands / At October 31,	1993	1992
Coal	$15,375	$10,485
Supplies and other	17,459	20,703
	$32,834	$31,188

Foreign Currency

The company enters into forward exchange contracts to hedge foreign currency transactions, and not to engage in currency speculation. The company's forward exchange contracts do not subject the company to risk from exchange rate movements because gains and losses on such contracts offset losses and gains, respectively, on the assets, liabilities or transactions being hedged. At October 31, 1993, the company had $75.6 million of foreign exchange contracts outstanding relating to foreign currency denominated long-term debt and interest, lease commitments and contract obligations. If the counterparties to the exchange contracts (AA rated international banks) do not fulfill their obligations to deliver the contracted for foreign currencies, the company could be at risk for fluctuations, if any, required to settle the obligations. The forward exchange contracts generally require the company to exchange U.S. dollars for foreign currencies at maturity, at rates agreed to at inception of the contracts.

Concentrations of Credit Risk

The company provides a variety of financing arrangements for its Engineering and Construction clients. The majority of accounts receivable and all contract work in process are from Engineering and Construction clients in various industries and locations throughout the world. Most contracts require payments as the projects progress or in certain cases advance payments. Accounts and notes receivable at October 31, 1993 include $47.5 million in notes receivable related to engineering and construction contracts. The company generally does not require collateral but, in most cases can place liens against the property, plant or equipment constructed if a default occurs. Accounts receivable from customers of the company's Coal operations are primarily concentrated in the steel and utility industries. The company maintains adequate reserves for potential credit losses and such losses, which have been minimal, have been within management's estimates.

Consolidated Statement of Cash Flows

The company invests in short-term, highly liquid investment grade securities which are usually sold before their maturity. Securities with maturities of ninety days or less at the date of purchase are classified as cash equivalents. Securities with maturities beyond ninety days are classified as marketable securities and are carried at cost which approximates market. Due to the high dollar volume and turnover of these securities, the related cash flows are reported on a net basis.

The change in operating assets and liabilities as shown in the Consolidated Statement of Cash Flows comprises:

$ in thousands / Year ended October 31,	1993	1992	1991
Decrease (increase) in:			
Accounts and notes receivable	$(80,223)	$ 50,758	$107,880
Contract work in progress	(87,143)	37,456	72,264
Inventories	(1,646)	(9,222)	9,270
Other current assets	8,136	(1,241)	(31,203)
Increase (decrease) in:			
Accounts payable	90,720	(58,310)	(118,595)
Advance billings on contracts	20,286	18,783	(115,518)
Accrued liabilities	(11,627)	31,533	50,938
Other noncurrent liabilities	—	(32,736)	—
Changes in operating assets and liabilities	$(61,497)	$ 37,021	$ (24,964)
Cash paid during the year for:			
Interest expense	$ 20,152	$ 18,650	$ 9,988
Income tax payments, net	$ 89,469	$ 53,713	$ 93,677

Acquisitions and Dispositions

From time to time the company enters into joint venture arrangements with other engineering and construction firms. During 1993, the company formed an exclusive association with ICA Industrial of Mexico, and acquired a 49 percent interest in that entity, now known as ICA Fluor Daniel. In 1992, the company entered into a joint venture agreement with the Jaakko Poyry Group of Finland. Together, the company invested approximately $20 million in these ventures.

In November 1992, the company announced its decision to exit its Lead business. As of October 31, 1992 the Lead business was classified as a discontinued operation and adjusted to estimated net realizable value, including estimated operating losses through the date of disposal. During 1993, the company made substantial progress toward the disposition of its Lead business. While the outcome of such disposition cannot be determined with certainty at this time, the company's intent to dispose of the Lead business remains unaltered and management believes that a disposal will be accomplished during fiscal 1994. The company continues to believe that its reserves for loss on disposal are adequate at October 31, 1993 in relation to its consolidated financial statements taken as a whole.

Net assets of discontinued operations in the accompanying Consolidated Balance Sheet is composed of $64 million and $63 million of net current assets and $109 million and $76 million of net noncurrent assets as of October 31, 1993 and 1992, respectively. These amounts consist primarily of accounts receivable, inventories, plant and equipment, accounts payable and accrued liabilities.

Revenues applicable to discontinued operations were $121 million, $143 million and $170 million in 1993, 1992 and 1991, respectively. The 1992 estimated loss on disposal shown below included an after-tax provision of approximately $6 million for estimated operating losses through the date of disposition. Largely as a result of historically low lead prices, in addition to a temporary disruption due to flood conditions at its smelter in Missouri, the Lead business's after-tax loss for fiscal year 1993 was $30 million. The smelter was returned to full production and lead prices began to improve in late 1993.

Discontinued operations, net in the accompanying Consolidated Statement of Earnings is composed of the following:

$ in thousands / Year ended October 31,	1992	1991
Loss from operations, net of income tax expense (benefit) of $(10,795) in 1992 and $28 in 1991	$(17,656)	$ (617)
Gain (loss) from disposal, net of income tax expense (benefit) of $(48,635) in 1992 and $(5,198) in 1991	(78,910)	11,676
	$(96,566)	$11,059

In September 1991, the company sold its minority interest in Centre Reinsurance Holdings, Ltd., a Bermuda-based insurer, resulting in a pretax gain of $16.4 million.

In July 1991, the company purchased certain partnership interests which owned the company's Sugar Land, Texas, engineering office, including the leasehold on the land as well as the buildings, for $64.3 million in cash and the assumption of $32.4 million of notes. The company had previously acquired approximately $93 million of notes related to the property that have been effectively extinguished. As a result of the purchase certain lease cost reserves and other items, which were no longer required, were reversed thereby reducing the cost basis of the property by $51.7 million and increasing pretax earnings by $19.6 million net of a $5 million provision for foreign lease reserves.

Income Taxes

The income tax expense (benefit) included in the Consolidated Statement of Earnings is as follows:

$ in thousands / Year ended October 31,	1993	1992	1991
Current:			
Federal (includes a charge in lieu of taxes of $2,299 for 1991)	$ 58,489	$ 23,716	$ 60,482
Foreign	23,490	20,476	20,984
State and local	12,124	12,280	13,024
Total current	94,103	56,472	94,490
Tax liability reversal	(12,621)	—	(6,100)
Deferred:			
Federal	(1,634)	(54,818)	(13,126)
Foreign	(3,939)	6,773	(198)
State and local	(509)	(7,629)	(4,924)
Total deferred	(6,082)	(55,674)	(18,248)
Total income tax expense	$ 75,400	$ 798	$ 70,142

The income tax expense (benefit) applicable to continuing operations, discontinued operations and the cumulative effect of change in accounting principle is as follows:

$ in thousands / Year ended October 31,	1993	1992	1991
Provision for continuing operations:			
Current	$110,917	$ 64,920	$100,370
Tax liability reversal	(12,621)	—	(6,100)
Deferred	(22,896)	15,180	(18,958)
Total provision for continuing operations	75,400	80,100	75,312
Provision for discontinued operations:			
Current	(16,814)	(8,448)	(5,880)
Deferred	16,814	(50,712)	710
Total provision for discontinued operations	—	(59,160)	(5,170)
Provision for cumulative effect of change in accounting principle:			
Deferred	—	(20,142)	—
Total income tax expense	$ 75,400	$ 798	$ 70,142

A reconciliation of statutory federal income tax to the income tax expense on the earnings from continuing operations is as follows:

$ in thousands / Year ended October 31,	1993	1992	1991
Statutory federal income tax expense	$ 84,358	$ 73,219	$ 77,656
Increases (reductions) in taxes resulting from:			
Effect of foreign tax rates	6,173	5,959	7,080
State and local income taxes	5,205	8,487	6,709
Items without tax effect, net	2,137	3,741	(1,324)
Depletion	(5,256)	(7,488)	(8,040)
Tax liability reversal	(12,621)	—	(6,100)
Other, net	(4,596)	(3,818)	(669)
Total income tax expense—continuing operations	$ 75,400	$ 80,100	$ 75,312

Deferred taxes reflect the tax effects of differences between the amounts recorded as assets and liabilities for financial reporting purposes and the amounts recorded for income tax purposes. The tax effects of significant temporary differences giving rise to deferred tax assets and liabilities are as follows:

$ in thousands / At October 31,	1993	1992
Deferred tax assets:		
Accrued liabilities not currently deductible	$169,248	$ 134,402
Expected tax benefits on disposition of Lead business	25,771	42,585
Building tax basis in excess of book basis	25,980	27,160
Other	57,916	50,298
Total deferred tax assets	278,915	254,445
Valuation allowance for deferred tax assets	(55,452)	(79,513)
Net deferred tax assets	223,463	174,932
Deferred tax liabilities:		
Coal mining property book basis in excess of tax basis	(98,516)	(98,369)
Tax on unremitted foreign earnings	(36,324)	(27,155)
Other	(63,901)	(42,313)
Total deferred tax liabilities	(198,741)	(167,837)
Net deferred tax assets	$ 24,722	$ 7,095

The company established a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized. Substantially all of this allowance relates to deferred tax assets existing at the date of the company's 1987 quasi reorganization. Future reductions in the valuation allowance relating to these 1987 deferred tax assets will be credited to additional capital. In 1993, reductions in the valuation allowance resulted in an increase to additional capital of $24.1 million.

Residual income taxes of approximately $16 million have not been provided on approximately $42 million of undistributed earnings of certain foreign subsidiaries at October 31, 1993 because the company intends to keep those earnings reinvested indefinitely.

United States and foreign earnings from continuing operations before taxes are as follows:

$ in thousands / Year ended October 31,	1993	1992	1991
United States	$162,201	$139,241	$163,643
Foreign	79,999	76,109	64,758
Total	$242,200	$215,350	$228,401

Net earnings for 1993 include $12.6 million related to the favorable conclusion in the second quarter of a federal income tax audit for the years 1984 through 1986. As a result of the conclusion of that audit, $12.6 million in income tax liabilities were no longer deemed necessary and were reversed.

During 1991 the company received cash proceeds of $20 million resulting from a settlement with the Internal Revenue Service relating to St. Joe Minerals for the tax years 1975 through 1981. The tax refund and interest components of this amount were $7.7 million and $12.3 million, respectively. The tax refund and $4 million of interest, net of tax, were reported as discontinued operations. The $5.8 million pretax balance of interest income was reported in continuing operations. As a result of the settlement with the IRS and the resolution of other issues, certain income tax liabilities, no longer deemed necessary, were reversed. This reduced the company's income tax expense by $6.1 million in 1991.

The Internal Revenue Service is currently examining the company's returns for fiscal years 1987 through 1989. Management does not expect the resolution of any tax issues raised by the IRS for these years or subsequent periods to have a material adverse effect on the company's consolidated financial position or results of operations.

Retirement Benefits

The company sponsors contributory and noncontributory defined contribution retirement and defined benefit pension plans for eligible employees. Contributions to defined contribution retirement plans are based on a percentage of the employee's compensation. Expense recognized for these plans is primarily related to domestic engineering and construction operations and totaled $67 million in 1993, $65 million in 1992, and $60 million in 1991. Contributions to defined benefit pension plans are generally at the minimum annual amount required by applicable regulations. Payments to retired employees under these plans are generally based upon length of service and/or a percentage of qualifying compensation. The plans are primarily related to international engineering and construction operations, U.S. craft employees and domestic coal operations.

Net periodic pension income for continuing operations defined benefit pension plans includes the following components:

$ in thousands / Year ended October 31,	*1993*	*1992*	*1991*
Service costs incurred during the period	$ 11,528	$ 12,439	$ 10,550
Interest cost on projected benefit obligation	18,494	17,556	16,317
Income and gains on assets invested	(74,228)	(24,282)	(61,491)
Net amortization and deferral	39,295	(12,477)	31,650
Net periodic pension income	$ (4,911)	$ (6,764)	$ (2,974)

The following assumptions were used in the determination of net periodic cost:

Year ended October 31,	*1993*	*1992*	*1991*
Discount rates	8.5- 9.5%	8.5- 9.5%	9.0-10.5%
Rates of increase in compensation levels	5.0- 6.0%	5.0- 6.0%	5.0- 8.0%
Expected long-term rates of return on assets	7.5-10.0%	7.5-10.0%	9.0-10.5%

In recognition of the current interest and inflation rate environment, as of October 31, 1993 the company adjusted the discount rates used in the determination of its benefit obligations to 7.0-8.0 percent, the expected long-term rates of return to 7.5-9.0 percent and the rates of salary increases to 3.5-5.0 percent.

The following table sets forth the funded status of the defined benefit plans:

$ in thousands / At October 31,	*1993*	*1992*
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 211,182	$ 158,058
Nonvested benefit obligation	10,774	12,541
Accumulated benefit obligation	$ 221,956	$ 170,599
Plan assets at fair values (primarily listed stocks and bonds)	$ 373,421	$ 345,076
Projected benefit obligation	(256,709)	(211,834)
Plan assets in excess of projected benefit obligation	116,712	133,242
Unrecognized net gain	(14,048)	(30,876)
Unrecognized net asset at implementation	(20,723)	(25,084)
Pension asset recognized in the Consolidated Balance Sheet	$ 81,941	$ 77,282

Amounts shown above at October 31, 1993 and 1992 exclude the projected benefit obligation of $166 million and $128 million, respectively, and associated plan assets relating to present and former employees of discontinued operations of $156 million and $122 million, respectively.

Massey Coal Company (Massey) participates in multiemployer defined benefit pension plans for its union employees. Pension expense related to these plans approximated $.4 million, $.6 million and $.5 million in the years ended October 31, 1993, 1992 and 1991, respectively. Under the Coal Industry Retiree Health Benefits Act of 1992, Massey is required to fund medical and death benefits of certain beneficiaries. Massey's obligation under the Act is estimated to aggregate $64 million at October 31, 1993 which will be recognized as expense as payments are assessed. For the year ended October 31, 1993 the expense recorded for such benefits approximated $3.8 million.

In addition to the company's defined benefit pension plans, the company and certain of its subsidiaries provide health care and life insurance benefits for certain retired employees. The health care and life insurance plans are generally contributory, with retiree contributions adjusted annually. Service costs are accrued currently. Cash basis accounting was used prior to the November 1, 1991 adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS No. 106).

The accumulated postretirement benefit obligation at October 31, 1993 was determined in accordance with the current terms of the company's health care plans, together with relevant actuarial assumptions and health care cost trend rates projected at annual rates ranging from 12 percent in 1993 down to 5 percent in 2002 and beyond. The effect of a one percent annual increase in these assumed cost trend rates would increase the accumulated postretirement benefit obligation and the aggregate of the annual service and interest costs by approximately 11 percent. At October 31, 1992 the health care cost trend rates were projected at annual rates ranging from 9.5 to 12 percent in 1992 down to 6 to 9.5 percent in 2002 and beyond. The discount rates used in determining the accumulated postretirement benefit obligation were 7 percent and 9 percent at October 31, 1993 and October 31, 1992, respectively.

The following table sets forth the plans' funded status and accumulated postretirement benefit obligation for continuing operations which has been fully accrued in the company's Consolidated Balance Sheet:

$ in thousands / At October 31,	*1993*	*1992*
Accumulated postretirement benefit obligation:		
Retirees	$49,546	$46,875
Fully eligible active participants	2,550	1,730
Other active plan participants	9,150	6,866
Unrecognized loss	(4,536)	—
Accrued postretirement benefit obligation	$56,710	$55,471

Net periodic postretirement benefit cost for continuing operations includes the following components:

$ in thousands / Year ended October 31,	*1993*	*1992*
Service cost incurred during the period	$ 1,017	$ 1,056
Interest cost on accumulated postretirement benefit obligation	4,633	4,821
Net periodic postretirement benefit cost	$ 5,650	$ 5,877

Prior to 1992 the company accounted for health care and life insurance benefits on the cash basis. The cost of such benefits for continuing operations approximated $6 million in 1991.

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS No. 112). The statement requires accrual of the estimated cost of benefits provided by the employer to former or inactive employees after employment but before retirement. Adoption of SFAS No. 112 is not required by the company until fiscal year 1995. Although the precise method and impact of implementation is not known at this time, management believes the effect based on the company's current benefit programs, will not be material.

Fair Value of Financial Instruments

The company adopted Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" (SFAS No. 107) as of October 31, 1993. SFAS No. 107 requires that companies disclose the fair value of financial instruments for which it is practicable to estimate such value.

The estimated fair values of the company's financial instruments are as follows:

$ in thousands / At October 31,	*Carrying Amount*	*Fair Value*
Assets:		
Cash and cash equivalents	$214,844	$214,844
Marketable securities	97,335	102,366
Notes receivable including noncurrent portion	65,417	65,995
Long-term investments	21,615	21,907
Liabilities:		
Commercial paper and notes payable	60,053	60,053
Long-term debt including current portion	61,324	69,211
Other noncurrent financial liabilities	46,099	46,099
Off-balance sheet financial instruments:		
Foreign currency contract obligations	—	2,381
Letters of credit	—	1,332

Methods and assumptions used to value financial instruments:

The carrying amounts of cash and cash equivalents, short-term notes receivable, commercial paper and notes payable approximates fair value because of the short-term maturity of these instruments.

The fair value of marketable securities and long-term investments are based on quoted market prices for these or similar instruments.

The fair value of long-term notes receivable are estimated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings.

The fair value of long-term debt, including current portion, is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the company for debt of the same maturities.

Other noncurrent liabilities consist primarily of deferred compensation, for which cost approximates fair value.

The fair value of foreign currency contract obligations is estimated by obtaining quotes from brokers.

The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate or settle the obligations.

Long-Term Debt

Long-term debt comprises:

$ in thousands / At October 31,	*1993*	*1992*
Deutsche mark financing, with a currency exchange agreement fixing the repayments in U.S. dollars at an effective interest rate of 9.5%, due in 1996	$23,644	$ 23,644
13.50% first mortgage note, due in 2000, prepayable at par in 1995	35,000	35,000
Swiss franc financing, with a currency exchange agreement fixing the repayments in U.S. dollars at an effective interest rate of 9.3%, paid in 1993	—	15,039
12.875% collateral trust notes, due in 2000, prepaid in December, 1992	—	16,050
Notes at an effective interest rate of 9.7%, paid in 1993	—	12,838
Other notes and mortgages	2,680	4,384
	61,324	106,955
Less: Current portion	1,687	45,693
Long-term debt due after one year	$59,637	$ 61,262

Long-term debt maturities are as follows: 1995, $.5 million; 1996, $24.1 million; 1997, no maturities; 1998, no maturities; and $35 million thereafter. All long-term debt (including current portion) outstanding at October 31, 1993, bears interest at fixed rates.

The company assumed the 13.50 percent $35 million first mortgage note in 1992 when it acquired an engineering building located in Greenville, South Carolina.

The company has unsecured committed revolving long-term lines of credit with banks from which it may borrow for general corporate purposes up to a maximum of $250 million. Commitment and facility fees are paid on these lines. In addition, the company has $642 million in short-term uncommitted lines of credit. Borrowings under lines of credit and revolving credit agreements bear interest at prime or rates based on the London Interbank Offered Rate (LIBOR), domestic certificates of deposit or other rates which are mutually acceptable to the banks and the company. At October 31, 1993, no amounts were outstanding under the committed lines of credit. As of that date, $126 million of the short-term uncommitted lines of credit were used to support undrawn letters of credit issued in the ordinary course of business.

The company has unsecured commercial paper outstanding in the amount of $30 million at both October 31, 1993 and 1992. The commercial paper was issued at a discount with an effective interest rate of 3.2 percent and 3.3 percent in 1993 and 1992, respectively. Maturities range from 18 to 90 days in 1993 and 26 to 37 days in 1992. The weighted average maturities at October 31, 1993 and 1992 were 16 days and 18 days, respectively. The maximum and average balances outstanding for the years ended October 31, 1993 and 1992 were $92 million and $44.9 million, respectively, and $84.5 million and $38.4 million, respectively, with weighted average interest rates of 3.2 percent and 4.1 percent, respectively.

Other Noncurrent Liabilities

The company maintains appropriate levels of insurance for business risks. Insurance coverages contain various deductible amounts for which the company provides accruals based on the aggregate of the liability for reported claims and an actuarially determined estimated liability for claims incurred but not reported. Other noncurrent liabilities include $118.1 million and $116.5 million at October 31, 1993 and 1992, respectively, relating to these liabilities.

Stock Plans

The company's executive stock plans, approved by the shareholders, provide for grants of nonqualified or incentive stock options, restricted stock awards and stock appreciation rights (SARs). All plans are administered by the Organization and Compensation Committee of the Board of Directors ("Committee") comprised of outside directors, none of whom are eligible to participate in the plans. Stock options may be granted with or without SARs. Grant prices are determined by the Committee and are established at the fair market value of the company's common stock at the date of grant. Options and SARs normally extend for 10 years and under committee policy become exercisable in installments of 25 percent per year commencing one year from the date of grant or over a vesting period determined by the Committee.

Restricted stock awards issued under the plans provide that shares awarded may not be sold or otherwise transferred until restrictions as established by the Committee have lapsed. Upon termination of employment, shares upon which restrictions have not lapsed must be returned to the company. Restricted stock issued under the plans totaled 101,540 and 132,580 shares in 1993 and 1992, respectively.

The following table summarizes stock option activity for the two years ended October 31, 1993:

	Stock Options	*Price Per Share*
Outstanding at October 31, 1991	2,366,759	$12-44
Granted	438,410	44
Expired or cancelled	(23,539)	20-44
Exercised	(346,401)	12-44
Outstanding at October 31, 1992	2,435,229	12-44
Granted	601,820	41-44
Expired or cancelled	(26,468)	17-44
Exercised	(520,137)	12-44
Outstanding at October 31, 1993	2,490,444	$12-44
Exercisable at:		
October 31, 1992	1,452,174	$12-44
October 31, 1993	1,271,330	$12-44
Available for grant at:		
October 31, 1992	780,854*	
October 31, 1993	2,610,490*	

**Available for grant includes shares which may be granted as either stock options or restricted stock, as determined by the Committee under the 1988 Fluor Executive Stock Plan (the Plan). In March 1993 the Plan was amended and restated to include an additional 2.5 million shares available for grant.*

Lease Obligations

Net rental expense for continuing operations amounted to $69 million, $80 million, and $92 million, in 1993, 1992, and 1991, respectively. The company's lease obligations relate primarily to office facilities, equipment used in connection with long-term construction contracts and other personal property. The company's obligations for minimum rentals under noncancellable leases are as follows:

$ in thousands / At October 31, 1993	
1994	$29,593
1995	29,094
1996	21,809
1997	21,573
1998	20,806
Thereafter	47,452

At October 31, 1993 and 1992, obligations under capital leases of approximately $7 million and $11 million, respectively, are included in other noncurrent liabilities.

Contingencies and Commitments

The company and certain of its subsidiaries are involved in litigation in the ordinary course of business. The company and certain of its engineering and construction subsidiaries are contingently liable for commitments and performance guarantees arising in the ordinary course of business. Claims arising from engineering and construction contracts have been made against the company by clients, and the company has made certain claims against clients for costs incurred in excess of the current contract provisions. The company does not expect that the foregoing matters will have a material adverse effect on its consolidated financial position or results of operations.

The company's operations, including its discontinued Lead operations, are subject to and affected by federal, state and local laws and regulations regarding the protection of the environment. The company maintains reserves for potential future environmental costs where such obligations are either known or considered probable and can be reasonably estimated. St. Joe Minerals Corporation ("St. Joe"), a wholly owned subsidiary of the company, is participating as a potentially responsible party at several different sites pursuant to proceedings under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund"). Other parties have also been identified as potentially responsible parties at all but one of these sites, and many of these parties have shared in the costs associated with the sites. Investigative and/or remedial activities are ongoing at each site. In 1987, St. Joe sold its zinc mining and smelting division to Zinc Corporation of America ("ZCA"). As part of the agreement, St. Joe and the company agreed to indemnify ZCA for certain environmental liabilities arising from operations conducted prior to the sale. During this fiscal year, ZCA has made claims under this indemnity against St. Joe for anticipated environmental expenditures at three of its major operating facilities. These claims are the subject of ongoing discussions between St. Joe, ZCA and other potentially responsible parties, including parties who have given similar contractual indemnities to St. Joe.

St. Joe has initiated a proceeding against certain of its insurance carriers alleging that the investigative and remediation costs incurred by St. Joe in connection with its environmental proceedings are covered by insurance. This proceeding is in its early stages and no credit or offset for any such coverage has been taken into account by the company in establishing its reserves for future environmental costs. The company believes, based upon present information available to it, that its reserves in respect to future environmental costs are adequate, and that such future costs will not have a material effect on the company's consolidated financial condition, results of operations or liquidity. However, the imposition of more stringent requirements under environmental laws or regulations, new developments or changes regarding site cleanup costs or the allocation of such costs among potentially responsible parties, or a determination that the company is potentially responsible for the release of hazardous substances at sites other than those currently identified, could result in additional expenditures, or additional reserves in expectation of such expenditures.

Financial guarantees, made in the ordinary course of business on behalf of clients and others in certain limited circumstances, are entered into with financial institutions and other credit grantors and generally obligate the company to make payment in the event of a default by the borrower. Most arrangements require the borrower to pledge collateral in the form of property, plant and equipment which is deemed adequate to recover amounts the company might be required to pay. As of October 31, 1993, the company had extended financial guarantees on behalf of certain clients and other unrelated third parties totaling $126.3 million.

Operations by Business Segment and Geographic Area

The Engineering and Construction segment includes subsidiaries engaged in the design, engineering, procurement, construction, technical services and maintenance of facilities for industrial, hydrocarbon, process, government and power clients. Coal segment amounts include the operations of Massey Coal Company.

Identifiable assets are those tangible and intangible assets used in the operation of each of the business segments and geographic areas, except for discontinued operations in 1993 and 1992 which is net of related liabilities. Corporate assets are principally cash and cash equivalents, marketable securities and nontrade receivables.

Operations by Business Segment

	Revenues			*Operating Profit*		
$ in millions	*1993*	*1992*	*1991*	*1993*	*1992*	*1991*
Engineering and Construction	$7,133.6	$5,904.0	$5,813.5	$ 220.6	$ 190.7	$ 166.2
Coal	716.6	696.7	758.5	70.7	80.2	60.7
Continuing Operations	$7,850.2	$6,600.7	$6,572.0	$ 291.3	$ 270.9	$ 226.9

	Identifiable Assets			*Capital Expenditures*			*Depreciation, Depletion and Amortization*		
$ in millions	*1993*	*1992*	*1991*	*1993*	*1992*	*1991*	*1993*	*1992*	*1991*
Engineering and Construction	$1,144.7	$1,018.6	$1,003.9	$ 60.6	$ 58.7	$ 38.9	$ 52.5	$ 52.5	$ 48.0
Coal	926.3	864.0	696.7	110.9	214.0	67.6	58.8	54.0	49.5
Corporate	345.1	344.3	393.3	—	—	—	0.5	0.5	0.7
Continuing Operations	2,416.1	2,226.9	2,093.9	171.5	272.7	106.5	111.8	107.0	98.2
Discontinued Operations	172.8	138.6	327.5	—	14.3	53.2	—	28.2	23.3
	$2,588.9	$2,365.5	$2,421.4	$171.5	$287.0	$159.7	$111.8	$135.2	$121.5

Operations by Geographic Area

	Revenues			*Operating Profit*			*Identifiable Assets*		
$ in millions	*1993*	*1992*	*1991*	*1993*	*1992*	*1991*	*1993*	*1992*	*1991*
United States	$5,628.1	$4,790.6	$5,102.7	$ 224.5	$221.6	$177.3	$2,262.2	$2,097.8	$2,131.0
Canada	225.8	391.3	555.8	9.2	11.4	11.9	65.5	46.6	71.9
Middle East	434.5	317.8	76.1	2.1	4.5	4.6	32.7	41.9	43.1
Europe	994.2	714.9	495.2	15.6	21.1	21.8	127.6	112.7	105.5
Other	567.6	386.1	342.2	39.9	12.3	11.3	100.9	66.5	69.9
	$7,850.2	$6,600.7	$6,572.0	$ 291.3	$270.9	$226.9	$2,588.9	$2,365.5	$2,421.4

The following table reconciles business segment operating profit with the earnings from continuing operations before taxes.

$ in millions / Year ended October 31,	*1993*	*1992*	*1991*
Operating profit from continuing operations	$ 291.3	$ 270.9	$ 226.9
Interest income (expense), net	0.1	(0.2)	31.2
Corporate administrative and general expense	(43.7)	(39.3)	(57.0)
Reduction in accrued lease cost, net	—	—	19.6
Gain on sale of investment	—	—	16.4
Other items, net	(5.5)	(16.0)	(8.7)
Earnings from continuing operations before taxes	$ 242.2	$ 215.4	$ 228.4

Management

The company is responsible for preparation of the accompanying consolidated balance sheet and the related consolidated statements of earnings, cash flows and shareholders' equity. These statements have been prepared in conformity with generally accepted accounting principles and management believes that they present fairly the company's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year end, is the responsibility of management. To fulfill this responsibility, an internal control structure designed to protect the company's assets and properly record transactions and events as they occur has been developed, placed in operation and maintained. The internal control structure is supported by an extensive program of internal audits and is tested and evaluated by the independent auditors in connection with their annual audit. The Board of Directors pursues its responsibility for financial information through an Audit Committee of Directors who are not employees. The internal auditors and the independent auditors have full and free access to the Committee. Periodically, the Committee meets with the independent auditors without management present to discuss the results of their audits, the adequacy of the internal control structure and the quality of financial reporting.

Leslie G. McCraw
Chairman of the Board and
Chief Executive Officer

James O. Rollans
Senior Vice President and
Chief Financial Officer

Independent Auditors

Board of Directors and Shareholders
Fluor Corporation

We have audited the accompanying consolidated balance sheet of Fluor Corporation as of October 31, 1993 and 1992, and the related consolidated statements of earnings, cash flows, and shareholders' equity for each of the three years in the period ended October 31, 1993. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fluor Corporation at October 31, 1993 and 1992, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 31, 1993, in conformity with generally accepted accounting principles.

Ernst & Young

Orange County, California
December 6, 1993

(Unaudited)

The following is a summary of the quarterly results of operations:

$ in thousands, except per share amounts	*First Quarter*	*Second Quarter*[a]	*Third Quarter*	*Fourth Quarter*
1993				
Revenues	$1,806,939	$2,006,054	$1,844,112	$2,193,064
Gross margin	66,071	58,407	74,035	87,281
Earnings before taxes	56,881	46,553	64,935	73,831
Net earnings	35,681	41,953	40,835	48,331
Earnings per share	$ 0.43	$ 0.51	$ 0.50	$ 0.59
1992				
Revenues	$1,560,835	$1,544,325	$1,662,748	$1,832,788
Gross margin	58,929	63,593	70,012	62,343
Earnings from continuing operations before taxes	50,888	56,294	62,186	45,982[b]
Loss from discontinued operations, net	(3,386)	(3,170)	(2,482)	(87,528)
Cumulative effect of change in accounting principle, net	(32,866)	—	—	—
Net earnings (loss)	(4,040)	32,381	36,823	(59,346)
Earnings per share				
Continuing operations	0.39	0.44	0.48	0.35
Discontinued operations	(0.04)	(0.04)	(0.03)	(1.08)
Cumulative effect of change in accounting principle	(0.40)	—	—	—
Net earnings (loss)	$ (0.05)	$ 0.40	$ 0.45	$ (0.73)

[a]Second quarter 1993 earnings includes a reversal of income taxes no longer required of $12.6 million and an after tax charge of $9.2 million to recognize possible settlement of disputed obligations relating to pension funds associated with the company's coal segment.

[b]Fourth quarter 1992 earnings from continuing operations includes a pretax charge of $6.2 million related to the cancellation of a lease.

Worldwide Operations

Countries with current projects

Canada
Mexico
Puerto Rico
United States

Major Offices

Anchorage, Alaska
Bakersfield, California
Calgary, Alberta, Canada
Charlotte, North Carolina
Chicago, Illinois
Cincinnati, Ohio
Corpus Christi, Texas
Dallas, Texas
Denver, Colorado
Greenville, South Carolina
Houston, Texas
Irvine, California
Kansas City, Missouri
Mexico City, Mexico
Philadelphia, Pennsylvania
Richmond, Virginia
San Juan, Puerto Rico
Tulsa, Oklahoma
Vancouver, British Columbia, Canada
Washington, D.C.

Argentina
Brazil
Chile
Colombia
Peru
Venezuela

Caracas, Venezuela
Santiago, Chile

Egypt
Gabon
Ivory Coast
Qatar
Saudi Arabia
United Arab Emirates

Dhahran, Saudi Arabia
Dubai, United Arab Emirates
Jeddah, Saudi Arabia

Countries with current projects

Austria
Belgium
Bulgaria
Croatia
Czech Federal Republic
Federal Republic of Germany
Former Soviet Union
France
Great Britain
Hungary
Ireland
Italy
Luxembourg
Netherlands
Norway
Poland
Portugal
Romania
Slovenia
Spain
Turkey
Ukraine

Offices

Asturias, Spain
Bergen op Zoom, Netherlands
Camberley, England
Dusseldorf, Germany
Haarlem, Netherlands
Leipzig, Germany
London, England
Madrid, Spain
Manchester, England
Wiesbaden, Germany

Australia
India
Indonesia
Japan
Korea
Malaysia
New Zealand
People's Republic of China
Philippines
Singapore
Taiwan
Thailand

Bangkok, Thailand
Beijing, People's Republic of China
Hong Kong
Jakarta, Indonesia
Kuala Lumpur, Malaysia
Manila, Philippines
Melbourne, Australia
Perth, Australia
Seoul, Korea
Singapore
Tokyo, Japan

Principal Subsidiaries

Engineering and Construction
Fluor Daniel, Inc.
Fluor Constructors International, Inc.
American Equipment Company

Coal Operations
A.T. Massey Coal Company, Inc.

Leslie G. McCraw, 59, is Chairman of the Board and Chief Executive Officer. Joining the company in 1975, he led the formation of Fluor Daniel in 1986. He was elected President of Fluor Corporation in 1988, and Chief Executive Officer in 1990. Mr. McCraw also is a director of Allergan and Multimedia, and is active in a number of business and civic organizations at the local, state and national levels. (1984)[1][3]

Vincent L. Kontny, 56, is President and Chief Operating Officer. He joined the company in 1965 and was part of the executive team that led the formation of Fluor Daniel. He was elected President of Fluor Corporation in 1990. Mr. Kontny is actively involved in a number of organizations dedicated to improving the quality of life in the community and in American education. (1988)[1]

Hugh K. Coble, 59, is Group President of Fluor Daniel. He joined Fluor in 1966 and has served in numerous positions throughout his career including several posts overseas with responsibilities for both international marketing and operations. As a recognized global executive, Mr. Coble was part of the team that led the formation of Fluor Daniel. (1984)[1]

Peter J. Fluor, 46, is President and Chief Executive Officer of Texas Crude Energy. Mr. Fluor brings extensive knowledge of the oil and gas industry, a key market for Fluor Daniel. He also serves as a director of Seagull Energy Corporation and Texas Commerce Bank. (1984)[2][4]

Dr. David P. Gardner, 60, is President of the William and Flora Hewlett Foundation and former President of the University of California. His extensive career in education provides valuable perspective on a topic of key importance to a professional services company like Fluor. Dr. Gardner is also a director of John Alden Financial Corporation and First Security Corporation. (1988)[3][4]

Gerald M. Glenn, 51, is Group President of Fluor Daniel. Responsible for worldwide marketing and sales, Mr. Glenn joined the company in 1964 and was part of the executive team that led the formation of Fluor Daniel. He is also a director of the United States-China Business Council. (1989)[1]

William R. Grant, 69, is Chairman of the Board of Galen Associates and former Chairman of MacKay-Shield Financial Corporation. Mr. Grant adds extensive financial community perspective to the board. Additionally he has taken a leading role in providing council on current issues in corporate governance. He is also a director of Allergan, New York Life Insurance, Seagull Energy, SmithKline Beecham and Witco Corporation. (1982)[2][4]

Admiral Bobby R. Inman, 62, retired U.S. Navy, served as director of the National Security Agency and Deputy Director of Central Intelligence. Admiral Inman's depth of political insight, global changes and understanding of technology serves Fluor Corporation well. He is also a director of Science Applications International, Southwestern Bell, Temple-Inland and Xerox. (1985)[3][4]

Robert V. Lindsay, 68, is the retired former President of Morgan Guaranty Trust Company of New York. Mr. Lindsay's 37-year career at J.P. Morgan encompassed a broad range of responsibilities which have provided extensive experience in international banking and finance. He also serves as director of Chubb, Fishkill National, Lomas Financial, J.P. Morgan (Suisse), Russell Reynolds Associates and United Meridian. (1982)[2][4]

Vilma S. Martinez, 50, is a Partner at Munger, Tolles & Olson, and the former President and General Counsel for the Mexican-American Legal Defense and Educational Fund (MALDEF). Her position of national prominence in both the business and legal communities gives her key insights on work force issues. Ms. Martinez is also a director of Anheuser-Busch Companies, Inc. and Sanwa Bank California, and serves on a variety of advisory boards and community organizations. (1993)[2][3]

E. Morgan Massey, 67, is Chairman Emeritus of A.T. Massey Coal Company. A nationally recognized leader in the coal industry, Mr. Massey led that company from 1972 until his retirement from active management in 1991. He also serves as a director of Owens and Minor, Inc. (1987)

Buck Mickel, 68, is Fluor's retired Vice Chairman of the Board. Mr. Mickel has served the company since 1948. Beginning his career at Daniel Construction Company, which was acquired by Fluor in 1977, he later served in senior officer positions for Fluor Corporation. His broad business connections and strong regional associations continually contribute ideas and opportunities for the company. Mr. Mickel also serves as a director of Delta Woodside Industries, Duke Power, Emergent Group, Insignia Financial, Liberty Corporation, Monsanto, NationsBank and RSI Holdings. (1977)

Dr. Martha R. Seger, 61, is a Distinguished Visiting Professor of Finance at the American Graduate School of International Management and former member of the Board of Governors of the Federal Reserve System. Dr. Seger's career included numerous positions which have yielded significant experience in the fields of finance, economics and international banking. She is also a director of Amoco, Capital Holding, Johnson Controls, Kroger, Tucson Electric and Xerox. (1991)[2][3]

David S. Tappan, Jr., 71, is the retired former Chairman and Chief Executive Officer of Fluor. Mr. Tappan has served the Company since 1952 with his global industry experience and leadership. He also is a director of Advanced Tissue Sciences, Allianz Insurance, Beckman Instruments and Genentech in addition to serving a variety of other business, civic and cultural organizations. (1965)

[1] Executive Committee Leslie G. McCraw, Chairman

[2] Audit Committee Robert V. Lindsay, Chairman

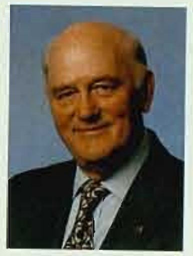
[3] Nominating Committee Bobby R. Inman, Chairman

[4] Organization and Compensation Committee William R. Grant, Chairman

Senior International Advisors

Dr. William A. Cochrane, 69, is President of W.A. Cochrane & Associates and former Chairman, President and Chief Executive Officer of Connaught Laboratories, Limited. Dr. Cochrane is Chairman of the Advisory Committee of Fluor Daniel, Canada. He contributes a key perspective on the Canadian market and brings a strong technical knowledge of the biotechnology industry.

Friedrich H. Esser, 61, is Chairman and Chief Executive Officer of STEAG AG. Mr. Esser's extensive German mining and industrial background provides an in-depth understanding of the German economy, a key driver in European economic growth, with particular perspective on the formation of the new Germany and business development in Central Europe.



Sir Francis Kennedy, 67, is currently a Director of British Airways having retired from a long and distinguished career in the British Diplomatic Services. Sir Francis is Chairman of Fluor Daniel Limited, United Kingdom. His global experience in Africa, the Middle East, Turkey and the U.S., as well as an extensive network of political and industry associations in the U.K., provide a unique perspective on political and economic issues facing the company.

Cor van Rijn, 67, is a member of the Supervisory Board of Robeco Group of Investment Companies and the retired former Vice Chairman of its Management Board. He is a member of the Supervisory Board of Fluor Daniel B.V., the Netherlands. Mr. Rijn's extensive European financial background and network of associates bring a valuable perspective of how to operate on the continent.

Years in parentheses indicate the year each Director was elected to the Board. Except as indicated, all offices are of the company.

Corporate Executive Officers

Leslie G. McCraw
Chairman of the Board and
Chief Executive Officer (1975)

Vincent L. Kontny
President and Chief Operating Officer (1965)

James O. Rollans
Senior Vice President and
Chief Financial Officer (1982)

P. Joseph Trimble
Senior Vice President–Law and Secretary (1972)

Charles J. Bradley
Vice President–Human Resources and Administration (1958)

J. Michal Conaway
Vice President–Finance (1993)

Corporate Officers

Betty H. Bowers
Vice President–Government Relations (1974)

Lawrence N. Fisher
Vice President–Corporate Law (1974)

J. Robert Fluor II
Vice President–Corporate Relations (1967)

Thomas H. Morrow
Vice President–Tax (1984)

Wilson M. Torrence
Vice President—Project Finance (1989)

Fluor Daniel Executive Officers

Vincent L. Kontny
President (1965)

Hugh K. Coble
Group President (1966)

Gerald M. Glenn
Group President (1964)

Fluor Daniel Senior Executives

Dennis G. Bernhart (1968)
Richard D. Carano (1970)
Charles R. Cox (1969)
Charles R. Oliver (1970)
Emil J. Parente (1978)
James C. Stein (1964)
Richard M. Teater (1980)

Fluor Constructors International, Inc.

Richard A. Flinton
Chairman (1960)

Larry R. Copeland
President (1969)

American Equipment Company, Inc.

Thomas J. Putman
President (1975)

A. T. Massey Coal Company, Inc.

Don L. Blankenship
Chairman and Chief Executive Officer (1982)

Wynston D. Holbrook
Executive Vice President–Sales (1972)

Bennett K. Hatfield
Chief Coordinating Officer of Norfolk Southern Operations (1983)

H. Drexel Short
Chief Coordinating Officer of CSX Operations (1981)

James S. Twigg
Vice President and Chief Financial Officer and Treasurer (1981)

James L. Gardner
General Counsel (1993)

Years in parentheses indicate the year each officer or executive joined the company.

Stockholders' Reference

Form 10-K
A copy of the Form 10-K, which is filed with the Securities and Exchange Commission, is available upon request.

Write to: Vice President - Corporate Law, Fluor Corporation, 3333 Michelson Drive, Irvine, California 92730, (714) 975-2000.

Registrar and Transfer Agent
Chemical Trust Company of California, 300 S. Grand Avenue, Los Angeles CA 90071 and Chemical Bank, 450 W. 33rd Street, New York, NY 10001. For change of address, lost dividends, or lost stock certificates, write or telephone: Chemical Bank, J.A.F. Building, P. O. Box 3068, New York, NY 10116-3068, Attn: Securityholder Relations (800) 356-2017

Independent Auditors
Ernst & Young, 18400 Von Karman Avenue, Irvine, California 92715

Annual Stockholders' Meeting
Annual report and proxy statement are mailed in early February. Fluor's annual meeting of stockholders will be held at 9:00 a.m. on March 8, 1994 at the Hyatt Regency Irvine, 17900 Jamboree Boulevard, Irvine, California.

Stock Trading
Fluor's stock is traded on the New York, Chicago, Pacific, Amsterdam, London and Swiss Stock Exchanges. Common stock domestic trading symbol: FLR.

Company Contacts
Stockholders may call collect.
Stockholder information:
Lawrence N. Fisher
(714) 975-6961
Investor Relations:
Lila J. Churney
(714) 975-3909

Common Stock Information
At December 31, 1993, there were 82,105,564 shares outstanding and approximately 15,600 stockholders of record of Fluor's common stock.

The following table sets forth for the periods indicated the cash dividends paid per share of common stock and the high and low sales prices of such common stock as reported in the Consolidated Transactions Reporting System.

Common Stock and Dividend Information

	Dividends Per Share	Price Range High	Price Range Low
Fiscal 1993			
First Quarter	$0.12	$46⅞	$39½
Second Quarter	0.12	46	38
Third Quarter	0.12	43⅞	38⅛
Fourth Quarter	0.12	46⅛	38⅜
	$0.48		
Fiscal 1992			
First Quarter	$0.10	$48⅛	$35¼
Second Quarter	0.10	46⅛	36⅞
Third Quarter	0.10	44⅞	36⅝
Fourth Quarter	0.10	47¼	37⅞
	$0.40		

History of Stock Dividends and Splits Since Going Public in 1950

08/23/57	20% Stock Dividend
12/15/61	5% Stock Dividend
03/11/63	5% Stock Dividend
03/09/64	5% Stock Dividend
03/08/65	5% Stock Dividend
02/14/66	5% Stock Dividend
03/24/66	2 for 1 Stock Split
03/27/67	5% Stock Dividend
02/09/68	5% Stock Dividend
03/22/68	2 for 1 Stock Split
05/16/69	5% Stock Dividend
03/06/70	5% Stock Dividend
03/05/71	5% Stock Dividend
03/10/72	5% Stock Dividend
03/12/73	5% Stock Dividend
03/11/74	3 for 2 Stock Split
08/13/79	3 for 2 Stock Split
07/18/80	2 for 1 Stock Split

Mission Statement

Mission
As Fluor Daniel employees, our mission is to assist clients in attaining a competitive advantage by delivering quality services of unmatched value.

Services and Markets
We provide a complete range of engineering, construction, maintenance and related services to virtually all industries and government.

We service our clients through a network of offices strategically located around the world. We globally link technology, experience, human resources and services in meeting client needs.

Principles
To add value to our services, these principles are emphasized:
- We are client focused.
- We are innovative and flexible in meeting client needs.
- We deliver quality.
- And above all, we do every task safely.

Philosophy
Our philosophy is based upon ethical conduct, mutual trust and teamwork. To ensure continuous improvement, we challenge, test, reevaluate and continually raise our standards of excellence.

As a service organization, our success depends upon the combined capability and contribution of all employees.

Fluor Daniel is dedicated to fostering a work environment which challenges, enriches and rewards each individual.

Designed by:
The Jefferies Association

Illustrations:
Greg Ragland

Photography:
Steven Burr Williams
Kevin Burke
David X. Tejada

Lithography:
George Rice & Sons

Typography:
Central Typesetting

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