

FLUOR CORPORATION
2003 ANNUAL REPORT

03



CAPITALIZING ON GLOBAL DIVERSIFICATION

FINANCIAL HIGHLIGHTS

Year Ended	December 31, 2003	December 31, 2002	Percent Change
(in thousands, except per share amounts)			
Revenues	\$ 8,805,703	\$9,958,956	(12)
Earnings from continuing operations	179,455	169,976	6
Loss from discontinued operations	(11,616)	(6,361)	(83)
Cumulative effect of change in accounting principle	(10,389)	-	NM
Net earnings	157,450	163,615	(4)
Diluted earnings (loss) per share			
Continuing operations	2.23	2.13	5
Discontinued operations	(0.15)	(0.08)	(88)
Cumulative effect of change in accounting principle	(0.13)	-	NM
Net earnings	1.95	2.05	(5)
Return on average shareholders' equity			
from continuing operations	18.5%	20.1%	-
Capital expenditures—continuing operations	\$ 79,183	\$ 63,014	26
New awards	9,976,000	8,596,800	16
Backlog	\$ 10,607,100	9,709,100	9
Cash dividends per common share	0.64	0.64	-

At Period End	December 31, 2003	December 31, 2002	Percent Change
(in thousands, except per share amounts)			
Working capital	\$ 384,506	\$ 167,921	NM
Total assets	3,449,482	3,142,151	10
Capitalization			
Short-term debt*	221,469	-	NM
Long-term debt*	44,548	17,613	NM
Shareholders' equity	1,081,534	883,867	22
Total capitalization	\$ 1,347,551	\$ 901,480	49
Total debt as a percent of total capitalization	19.7%	2.0%	NM
Shareholders' equity per common share	\$ 13.17	\$ 11.02	20
Closing stock price	39.64	28.00	42
Salaried employees	17,564	19,259	(9)
Craft/hourly employees	11,447	25,550	(55)
Total employees	29,011	44,809	(35)

NM – Not meaningful

*December 31, 2003 includes \$127.0 million in debt (\$100.0 million in short-term and \$27.0 million in long-term) from the consolidation of variable interest entities as prescribed by FASB Interpretation No. 46.

REVENUES FROM CONTINUING OPERATIONS
dollars in billions



EARNINGS FROM CONTINUING OPERATIONS
dollars in millions



RETURN ON EQUITY FROM CONTINUING OPERATIONS
percent



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DEAR SHAREHOLDER: Fluor® accomplished a great deal during the year, with many proud achievements. We delivered solid earnings growth in 2003, despite a business investment climate that remained challenging throughout most of the year. Importantly, we were able to more than offset an anticipated significant decline in earnings contribution from our power segment, as the strong investment cycle in power generation moved to completion.

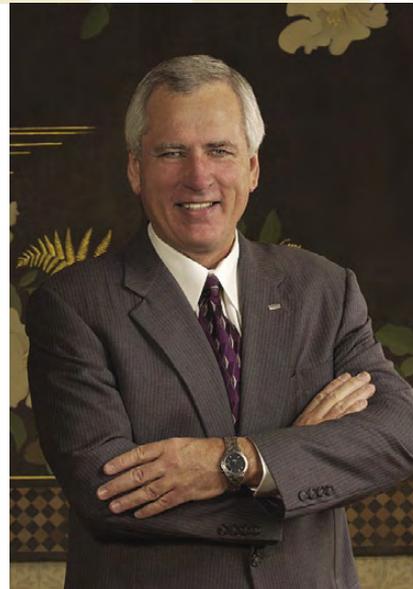
ALAN L. BOECKMANN Chairman and Chief Executive Officer

This year's growth in earnings from continuing operations was accomplished through our strategy of market diversification, combined with solid execution, and was within the upper end of our target range. Most importantly, we delivered excellent safety performance, 50 times better than the national industry average, demonstrating our steadfast commitment to this core value.

We have made significant strides in positioning for long-term growth. Over the past few years, we've outdistanced our competition in key markets, including clean fuels, life sciences, power and transportation. During 2003, we completed three acquisitions that support our goal to grow our Government and Operations & Maintenance (O&M) businesses. Our focus on expanding our participation in the federal services market showed substantial results in 2003, with Fluor's Government business posting record earnings on an increase of 62 percent.

While selectively pursuing near-term prospects, we also continued to position the company for longer-term growth opportunities, particularly in the transportation and global oil and gas markets. Our reputation and capabilities in the large transportation market continue to expand as we target key projects where we bring unique value that differentiates us from our competition.

In the oil and gas market, our geographic presence and experience in challenging international locations, such as the former Soviet Union, China and the Middle East, is providing a critical competitive advantage. For example, Fluor's ability to quickly put resources in place in Iraq, has led to a growing level of participation in the reconstruction effort. Several significant oil and gas awards were booked during the year, with ongoing development driving increasing levels of capital investment in these key geographic markets. Overall, we're very well positioned to assist our clients as they direct their capital spending in these expanding global markets.

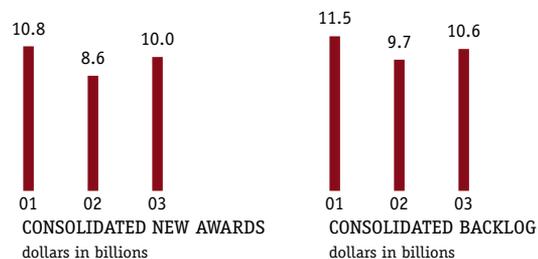


OPERATIONAL PERFORMANCE

In 2003, we achieved our fourth consecutive year of earnings growth, with earnings from continuing operations of \$179 million, or \$2.23 per share, an increase of 6 percent over last year. Consolidated operating profit was \$406 million, down 2 percent from a year ago. An improvement in the operating margin partially offset the impact of the decline in annual revenues, primarily related to the cycle of project completions in our power business and a shift to the early stages of a new cycle of projects in our oil and gas business.

We also posted encouraging growth in new awards and backlog, while remaining fully committed to selectivity and financial discipline that is fundamental to our business strategy. New awards increased 16 percent to \$10 billion, while consolidated backlog grew 9 percent to \$10.6 billion. In particular, Fluor's Government Group nearly doubled their new awards for the year, while O&M posted a 23 per-

cent increase in new business. In addition, we booked several major new oil and gas projects, increasing new awards by more than 80 percent, reflecting tangible evidence that the anticipated cycle of substantial capital investment in this global market has begun.



BUSINESS STRATEGY AND OUTLOOK

Fluor’s market diversity has long been a key strength in reducing the impact of cyclicity in individual markets and enhancing consistency in long-term performance. Our broad geographic scope and experience across the breadth of the markets that we serve, combined with our financial strength, provides a competitive advantage that is virtually unmatched within our industry.

Over the past few years, we have concentrated our attention on executing our diversification strategy to achieve more consistent growth, deliver solid returns on capital and enhance shareholder value. Our portfolio management approach allows us to quickly and efficiently move resources between markets to take advantage of cyclical upturns and reduce costs in the downturns. Combined with our actions to increase our most stable businesses in proportion to our overall business mix, we have achieved a good balance across our entire business portfolio and are extremely well positioned in each of our market areas.

We have continued our unrelenting focus on market selectivity, execution excellence, financial discipline, risk management and meeting our clients’ needs. We remain absolutely committed to these principles and believe that they provide the strong foundation for our current and future success.

Looking ahead to 2004, we expect to build on the growth achieved in new awards and backlog during 2003, driven by anticipated increases in capital spending by a number of major clients. We remain convinced that the market for our services, particularly in the global oil and gas industry, is in the early stages of a long-term cycle of investment that will continue to unfold over the next three to five years. We are actively tracking a number of large, complex projects in geographically challenging locations,

which plays to Fluor’s strengths, along with a growing list of more moderate-sized prospects. In addition, a continuation of the global economic recovery, which began to strengthen late in the year, should add further momentum to our positive outlook for new capital investment across a majority of our markets.

Complementing our pursuit of organic growth within each of our business segments, is our ongoing search for niche acquisitions to further penetrate and expand our share in targeted markets. During 2003, we completed three acquisitions, two focused on expanding our growth potential in the Government market, and another directed at enhancing our turnaround services offering in the O&M market.

In last year’s report, I outlined our goal to increase the proportion of revenue and operating earnings from these two less cyclical markets to approximately 40 percent of Fluor’s total business mix. Significant progress was made toward this objective in 2003, with the combined revenues of these businesses increasing to 32 percent from 19 percent a year ago, while operating earnings grew to 36 percent of the total from 30 percent last year.

Additionally, in February 2004, we completed a fourth acquisition, further strengthening our capabilities and presence in the Government market. Fluor’s Del-JenSM unit acquired Trend Western Technical Corporation, which specializes in logistics services and base operations support. Trend Western has previously teamed with Del-Jen, and will be fully integrated into the company, enabling the combined entity to provide a full spectrum of support services to the Department of Defense at military installations worldwide. We intend to continue to pursue well-managed and accretive acquisition candidates that complement and enhance our long-term growth potential.

Overall, we believe significant progress was made during the year in executing our business strategy and we are cautiously optimistic about our prospects in the coming year. We expect that 2004 will be a year of transition, as we move from the completion of a cycle of power projects to a new cycle of oil and gas projects.

This shift from the conclusion of a cycle to the beginning of a new one has implications for the company’s near-term earnings outlook. Because projects often take two to three years or longer to complete, revenues and earnings recognized in the early stages of project execution reflect the lower volume of work performed during engineering and project planning. As projects get closer to completion the volume of work performed is at a peak, resulting in higher revenue and profit recognition. This means that

there is a lag time between when projects are booked and when they begin to materially contribute to the bottom line. For this reason, an important leading indicator of future performance will be the trend in new awards and backlog, which we expect will be positive in 2004.

While the precise timing of major new awards, particularly in the oil and gas market, remains difficult to predict, continuing front-end activities, positive ongoing client discussions and improving global economic conditions all point toward major new investment. An additional factor that could influence earnings performance in 2004 is the extent of work Fluor performs in Iraq, given the fast-track nature of the reconstruction effort. Fluor is engaged in a variety of activities in Iraq, with continuing potential for expansion of existing task orders as well as further new opportunities that are being actively pursued.

Overall, we are optimistic about our business prospects in 2004 and beyond, and are confident that our strategy of market diversity will continue to allow us to deliver long-term earnings growth. However, given the timing issues and potential variables that could affect earnings in 2004, we have chosen to remain somewhat cautious in our earnings guidance at this early stage, until we gain greater visibility as the year progresses.

FINANCIAL CONDITION

Fluor's financial condition remains strong and will continue to be a high priority. Our "A" investment grade credit rating and strong balance sheet provides a distinctive competitive advantage, and ensures access to letters of credit and bonding capability, which is critical to executing our business. At the end of 2003, Fluor had cash and securities of \$497 million and a debt-to-total capital ratio of 20 percent. Our financial strength will continue to provide the financial capability to fund internal growth initiatives, strategic acquisitions and pay dividends.

DIRECTOR CHANGES

In October 2003, we were pleased to welcome Admiral Joseph Wilson Prueher to Fluor's board of directors. He brings an international, informed and seasoned set of perspectives, as well as valuable expertise on China and the federal government. Following 35 years of distinguished service in the U.S. Navy, Admiral Prueher served as ambassador to the People's Republic of China from 1999 to 2001. He currently is a consulting professor at Stanford University's Institute of International Studies and a senior advisor on The Preventive Defense Project.

Effective February 3, 2004, Fluor announced the election of Suzanne H. Woolsey to its board. Dr. Woolsey served as the chief operating officer and most recently, the chief communications officer, for the National Academies, the advisors to the nation on science, engineering and medicine. Her expertise in and passion for government policy, private industry and science will be important enhancement to our board.

At year-end, Admiral Bob Inman, a long-time member of Fluor's board, retired. During his tenure on the board, Bob's depth of political insight, awareness of global changes and understanding of technology provided invaluable leadership to Fluor. Bob has served with distinction on the board since 1985 and we thank him for his many contributions and long, dedicated service. We also saw the departure of Paul Anderson from our board, who resigned to become the chairman and chief executive officer of Duke Energy.

ACKNOWLEDGEMENTS

Iwould like to thank our board of directors and employees for their outstanding contributions during the year. With their hard work and dedication we made significant progress during the year on a number of our strategic objectives and delivered a strong return to shareholders. Their commitment to our guiding values of safety, integrity, teamwork and excellence in everything we do are key to achieving our vision to be the premier engineering and construction company in the world.

Finally, let me express my appreciation to our fellow shareholders for their support and confidence in Fluor and its future. We are confident in our global market diversification strategy and I believe that we have never been better positioned to deliver increasing shareholder value than we are today. Our financial strength, coupled with the quality of our services and people, and the reliability of our performance, are well aligned with our clients' needs. We continue to build the strong foundation for long-term growth and to make our goals for the future a reality. It is with tremendous pride that I serve this great company and look forward to the exciting future that lies ahead.

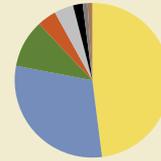


Alan L. Boeckmann
Chairman and Chief Executive Officer
March 3, 2004

In the tradition of history's master builders, we design, execute and maintain the infrastructures that support the progress and expansion of civilization.

Fluor Corporation is one of the world's largest, publicly owned engineering, procurement, construction and maintenance (EPCM) organizations.

CONSOLIDATED BACKLOG BY REGION



- United States 48%
- Europe 30%
- Latin America 10%
- Asia Pacific 4%
- Middle East 4%
- Africa 2%
- Australia 1%
- Canada 1%

CAPITALIZING ON GLOBAL



FLUOR'S VISION IS TO BE THE PREEMINENT LEADER IN THE GLOBAL BUILDING AND SERVICES MARKETPLACE BY DELIVERING WORLD-CLASS SOLUTIONS.

FLUOR DELIVERS DEPENDABILITY, EXPERTISE AND SAFETY TO CUSTOMERS AROUND THE GLOBE.

For more than **100 years**, our customers have relied on our exceptional breadth and depth of expertise to add value to their projects, reduce cost and improve schedule.

100 YEARS

For the past 15 years, Fluor has consistently ranked No. 1 or No. 2 on Engineering News-Record (ENR) magazine's annual list of "Top 400 Contractors."

FLUOR HAS AN INTERNATIONAL PRESENCE WITH OPERATIONS AROUND THE WORLD

- | | |
|------------|-----------------|
| Argentina | The Netherlands |
| Australia | Peru |
| Azerbaijan | Philippines |
| Bahamas | Poland |
| Brazil | Portugal |
| Canada | Puerto Rico |

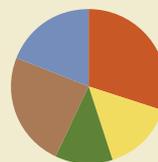
Nearly **30,000 employees** worldwide, with a network of offices in **25 countries** across six continents.



- | | |
|----------------|--------------------------|
| Cayman Islands | Qatar |
| Chile | Russia |
| China | Saudi Arabia |
| Czech Republic | Singapore |
| Denmark | South Africa |
| France | South Korea |
| India | Spain |
| Indonesia | United Arab Emirates |
| Iraq | United Kingdom |
| Ireland | United States of America |
| Jamaica | Venezuela |
| Japan | |
| Kazakhstan | |
| Kuwait | |
| Malaysia | |
| Mexico | |

Our global construction safety record is 50 times better than the U.S. national average.

OPERATING PROFIT BY SEGMENT FROM CONTINUING OPERATIONS



- Oil & Gas 30%
- Industrial & Infrastructure 15%
- Government 12%
- Global Services 24%
- Power 19%

MARKETS SERVED

GAS PROCESSING

LIQUEFIED NATURAL GAS (LNG)

OFFSHORE SERVICES

OIL & GAS PRODUCTION

PETROLEUM REFINING

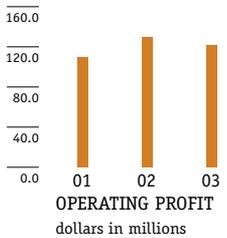
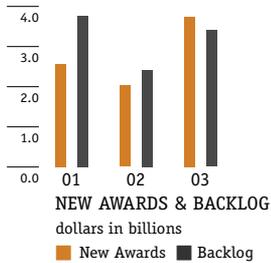
PIPELINES

SAMPLE CLIENTS

ABU DHABI GAS INDUSTRIES,
 BASF, BP, CHEVRONTXACO, CHINA
 NATIONAL OFFSHORE OIL COMPANY
 (CNOOC), CONOCOPHILLIPS, ENGEN,
 EXXONMOBIL, AGIP KAZAKHSTAN
 NORTH CASPIAN OPERATING
 COMPANY (KCO), KUWAIT OIL
 COMPANY, LUKOIL, MARATHON
 ASHLAND PETROLEUM, PEMEX
 GAS, SASOL, SAUDI YANBU
 PETROCHEMICALS, SHELL,
 SUNCOR ENERGY, SYNCRUDE,
 TENGIZCHEVROIL (TCO), WOODSIDE

Fluor continues to see strong indications that the global oil and gas industry is in the early stages of a major capital investment cycle.

OIL & GAS



PERCENT OF TOTAL OPERATING PROFIT



FLUOR'S OIL & GAS BUSINESS SEGMENT HAS A long legacy of serving the world-wide oil and gas production and processing industries, providing a full scope of engineering, procurement, construction and program management services. Markets served range the full spectrum from upstream oil and gas production and pipelines to downstream refining and integrated petrochemicals.

Operating profit for the Oil & Gas segment was \$121 million, down from \$129 million a year ago. The decline reflects a transition in business mix as a cycle of gasoline clean fuels projects were completed, and large-scale upstream oil and gas programs began to be added to backlog. During 2003, new awards for Oil & Gas nearly doubled to \$3.7 billion, driving a 46 percent increase in backlog compared with year-end 2002.

Based on economic, political and strategic factors, as well as what our clients are telling us, Fluor continues to see strong indications that the global oil and gas industry is in

OIL & GAS

the early stages of a major capital investment cycle. Fluor has performed front-end engineering on a number of major oil and gas projects, which tend to be very large, complex multi-year programs in challenging geographic locations. Because of the significant scope and complexity of these projects, particularly development of new oil and gas resources, Fluor is exceptionally well positioned to capitalize on this major cycle of investment.

While Fluor performs projects of all sizes, it is one of the few companies with megaproject experience and execution capability. Our global scope, experience and critical program management skills provide the capabilities and resources to handle large, multi-faceted programs. While it is difficult to predict the precise timing of these projects, the company's confidence that they will move forward was reinforced during 2003 with the award of the first two expected major upstream programs.

The first of these significant awards was the \$1.3 billion Tengizchevroil project, a major oil and gas development program, in Kazakhstan. The second award was for oil-processing and gas re-injection facilities in Eastern Russia, part of the Sakhalin I program. The key drivers for these and a number of anticipated future projects are diminishing global supply and increasing demand for new production capacity. Global demand for oil and gas continues to grow, while current reserves are being depleted. It has been estimated by industry sources that 60 to 80 million barrels per day of new capacity will be required over the next decade, translating to new investment of \$1 trillion, to fund the required growth in production.

Fluor is tracking a significant number of major oil and gas programs in widely diverse geographic locations, including the Caspian Sea region, the former Soviet Union, the Middle East, China, offshore West Africa and Canada. The projects range from upstream development of new oil and gas fields, to extensive production increases from Canadian oil sands, to major new petrochemical facilities. While Fluor has a long resumé of experience in the Middle East, the company has continued to build its market position in China and has established a strong presence over the past several years in the developing markets in the Caspian Sea region and the former Soviet

As consortium leader, Fluor is managing the development of the Hamaca Heavy Crude Upgrader Project for Petrolera Ameriven. Located in the hydrocarbon-rich Orinco Belt of Venezuela, the largest known hydrocarbon deposit in the world, the Hamaca project area is estimated to contain more than 30 billion barrels of extra-heavy oil. The upgrader is a grassroots facility that will upgrade heavy crude oil to commercial grade by removing heavy carbon as coke and removing sulfur and nitrogen contaminants. (bottom)

The world-class Bayu-Undan Offshore Gas Production and Separation Complex was completed for ConocoPhillips in late 2003 and positioned in the Timor Sea. With more than 1.5 million work-hours, Fluor provided EPCM services to develop the project's gas liquids resources and export gas via sub-sea pipeline. (below)



From conceptual design to engineering, procurement and construction support, Fluor worked with Tesoro on their clean fuels project to increase Golden Eagle refinery's production of CARB3 gasoline by 20,000 barrels per day. "This project was extremely important to Golden Eagle and to California's gasoline supply," said Bill Haywood,

President, California and Southwest Region for Tesoro Refining and Marketing Company. "As always, Fluor delivered a successful project." Located in Northern California, the \$120 million CARB3 RFG Project was completed in 2003.



Union. Fluor's capabilities and experience in these challenging international locations are providing an important competitive advantage.

A significant increase in the demand for natural gas, particularly in the United States, is driving the development of a number of new programs. While plentiful gas resources exist globally, the reserves are located at distances too far from the source of demand to be transported by pipelines. As a result, alternatives such as liquefied natural gas (LNG) and gas-to-liquids (GTL) projects, which create a product that can be transported by tankers, are being developed. Fluor is involved in front-end activity for proposed receiving terminals and LNG regasification projects in the Gulf of Mexico and Baja, California, as well as for a GTL project in the Middle East. Additionally, through a consortium, Fluor is building the first Mexican LNG regasification terminal, which will be located in the port of Altamira on Mexico's Gulf Coast.

During the year, Fluor was also successful in winning a number of smaller, strategic awards that position the company well for future opportunities with key clients. These include the long-term consulting services agreement with the Kuwait Oil Company for their capital spending program. Another key award was Fluor's selection by Lukoil, one of Russia's largest oil companies, to build a crude oil and petroleum products export terminal near St. Petersburg. This sole-source award resulted from Fluor's early involvement with Lukoil in the development stage of the project where we were their exclusive financial consultant, helping structure and arrange long-term financing.

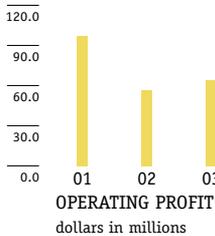
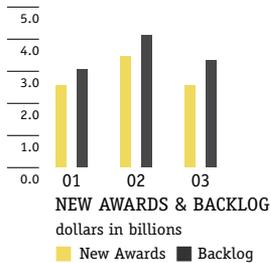
Another important continuing market for Fluor's oil and gas business is in downstream refining projects to produce clean fuels. These project opportunities are primarily in North America and Europe, driven by new environmental regulations to reduce the sulfur content in gasoline and in diesel. Fluor has largely completed a cycle of projects to meet the new gasoline requirements, but is just starting to see front-end investment for the next phase related to diesel fuels.

- MARKETS SERVED
- ALTERNATIVE POWER
 - BIOTECHNOLOGY
 - CHEMICALS
 - COMMERCIAL & INSTITUTIONAL
 - CONSUMER PRODUCTS
 - LIFE SCIENCES
 - MANUFACTURING
 - MICROELECTRONICS
 - MINING
 - PETROCHEMICALS
 - PHARMACEUTICALS
 - TELECOMMUNICATIONS
 - TRANSPORTATION
 - WATER

Growing evidence of sustained economic recovery in the U.S. and abroad is beginning to stimulate development of projects in a number of economically sensitive markets served by Fluor.

- SAMPLE CLIENTS
- AMGEN, ASTRA ZENECA, BASF,
 - BAYER, BHP BILLITON, BIOGEN,
 - BRISTOL MYERS SQUIBB, DOW,
 - DUPONT, EASTMAN KODAK, ELI
 - LILLY, FOUR SEASONS, FRITO-
 - LAY, HUNTSMAN, IBM, LEVEL
 - 3 COMMUNICATIONS, LONDON
 - UNDERGROUND, MERCK, MINERA
 - ESCONDIDA, NEWMONT MINING,
 - NOVA CHEMICALS, PFIZER, PROCTOR
 - & GAMBLE, RIO TINTO PLC, RITZ-
 - CARLTON, SINOPEC, STATE DEPTS OF
 - TRANSPORTATION, WYETH

INDUSTRIAL & INFRASTRUCTURE



PERCENT OF TOTAL
OPERATING PROFIT



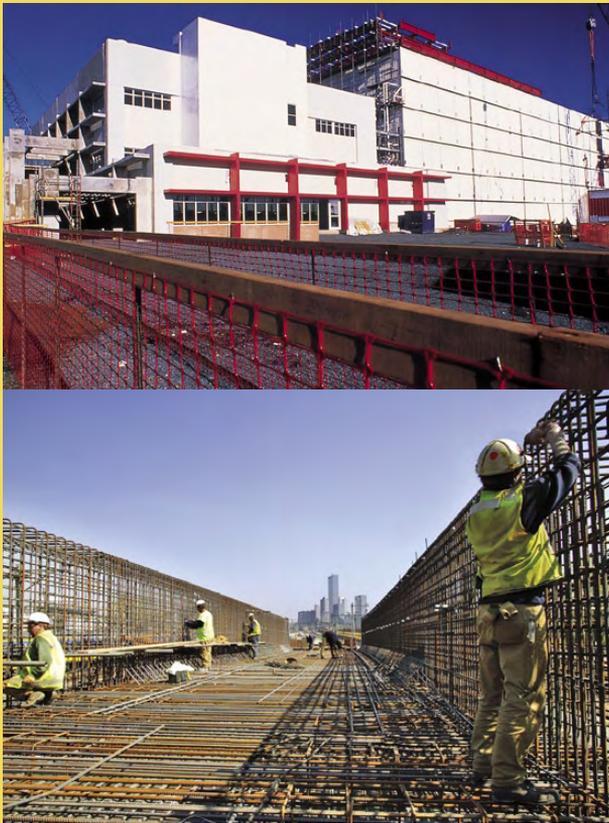
FLUOR'S INDUSTRIAL & INFRASTRUCTURE BUSINESS SEGMENT serves a diverse range of markets including life sciences, general manufacturing, microelectronics, commercial & institutional, mining, chemicals, telecommunications and transportation. Operating profit for 2003 was \$63 million, compared with \$55 million a year ago.

Results for 2003 included a provision of \$7.4 million for impairment of an equity investment, while results for 2002 included dispute resolution provisions of \$26 million on legacy projects which had been completed in prior years. Overall earnings performance in 2003 reflected continuing strength in life sciences and strong growth in Fluor's transportation business, which partially offset continuing weakness in certain economically sensitive markets that are now showing indicators of increased activity.

New awards were \$2.6 billion, down from last year's robust \$3.5 billion. Backlog at year-end was \$3.3 billion, down from \$4.2 billion a year ago largely due to decisions during the year to not proceed with three projects that, as a result, were removed from the

Fluor is executing an integrated engineering, procurement, construction management, and validation (EPCMV) project for Eli Lilly's large-scale biotech manufacturing facility in Carolina, Puerto Rico. The major process buildings are of modular design and construction, utilizing over 600 modules, and demonstrate

Fluor's biotech expertise and strong Puerto Rico execution platform. The new facility is slated to become fully operational in late 2004.



Fluor is program manager for the design, build, finance and maintenance operations of the super-structure portion of HSL-Zuid PPP high-speed rail route in The Netherlands, a 25-year concession with the Dutch State. Pictured above, craftsmen work on

the sub-structure connection to the existing track at Rotterdam Central Station, ultimately connecting Amsterdam to the Dutch/Belgium border. *(Photo courtesy of Project Organisation HSL-Zuid/Ton Poortvliet.)*

Industrial & Infrastructure backlog. Two of these were commercial projects in very early stages, which the company decided not to execute due to significant changes in the insurance and financial profiles of these projects. The third was a mining project that had been put on hold due to unanticipated financing challenges.

Continued strength is anticipated in the life sciences market, where Fluor has a dominant market position and has established strong client relationships with major pharmaceutical and biotechnology clients. Expiration of a sizeable number of patents over the next several years is stimulating significant new product development activity with critical time-to-market demands where Fluor's project management skills provide a strong competitive advantage.

Fluor is continuing to selectively pursue opportunities within the commercial & institutional market that target relatively larger projects with accompanying logistical and technical challenges, which leverage the company's program and construction management capabilities. These include convention centers and performing arts complexes, along with high-end destination resorts outside the U.S., particularly in the Caribbean and Mexico. Another targeted niche within the commercial & institutional market is research laboratories, where Fluor's technical skills bring specialized value, particularly in the life sciences area where the company has numerous strong client relationships.

In transportation, Fluor continues to build on its growing track record of success with its business model that focuses primarily on large, complex design/build and public/private partnership opportunities. Budget constraints are driving increased use of privatization as a solution to state and federal transportation infrastructure needs. During 2003, Fluor was awarded several first-of-kind road projects. The SR 125 toll road in California is the first project to combine private debt and equity financing with Federal TIFIA financing; the ROG 52 highway in Minnesota is the first best-value and the largest design/build contract ever awarded by the Minnesota Department



U.S. Transportation Secretary Norman Mineta delivered the keynote address during the ground-breaking celebration, praising California's SR 125 expansion as a model for future privately financed transportation projects. The 12.5-mile highway is located southeast of San Diego, California and is being built by Otay River Constructors, a 50:50 joint venture between Fluor and Washington Group. (Photo courtesy of California Transportation Ventures, Inc. Used with permission.)

of Transportation; and the A59 project is the first highway public/private partnership in The Netherlands.

In addition, Fluor selectively pursues rail opportunities and recorded project scope increases during the year on existing projects for the London Underground and a high-speed rail project in The Netherlands. Also during the year, Fluor-led teams were appointed to preferred bidder status for a high-speed rail project in Florida and a highway expansion project in Virginia that takes advantage of the innovative "Hot Lanes" concept. Fluor was also part of a joint venture that was awarded the exclusive rights to develop a large-scale offshore wind farm in the United Kingdom. While these projects still have significant development issues that must be addressed before becoming viable projects for Fluor, we are pleased with the potential that they represent.

Growing evidence of sustained economic recovery in the U.S. and abroad is also beginning to stimulate development of projects in a number of economically sensitive markets served by Fluor, including chemicals, general manufacturing, microelectronics and mining.

At the beginning of the year, Fluor took steps to increase its focus on anticipated opportunities for chemical and petrochemical projects, as early indicators of a market recovery began to emerge. Although a cycle of new capital

investment in chemicals is still in the early stages, the market outlook continues to strengthen with several major programs in the planning stages. The vast majority of developing projects are in the Middle East, close to abundant, inexpensive gas feedstock, or in China where the demand for chemicals is strong and growing. Fluor's geographic reach and experience in these markets position the company well to capture a significant share of work as these projects move forward. In November 2003, Fluor was awarded a contract to serve as the managing partner of the project-execution consortium for a \$700 million chemicals complex to be located in Shanghai, China. Fluor's share of the contract award is 50 percent, or \$350 million.

Early signs of renewed investment in general manufacturing was also evident during the year, with awards for consumer products and foods projects. The market for microelectronics facilities, which has been dormant for the past three years, showed signs of renewed activity as well. Continuing economic recovery is starting to strengthen demand for microelectronic products. The outlook for improving demand, combined with advances in technology, is showing up in plans for new fabrication facilities primarily in the Far East where Fluor's capabilities and experience are a competitive advantage.

Completed in 2003, Fluor managed construction services for the Four Seasons Resort Great Exuma at Emerald Bay in the Bahamas. Fluor's quality control program was essential to achieve the five-star status for this

luxury resort featuring 217 guest rooms and suites and a Greg Norman-designed golf course.



A pharmaceutical development facility at Pfizer's European R&D headquarters at Sandwich, Kent is in the final stages of completion. Fluor's UK Life Sciences division is responsible for construction and commissioning for the facility

and has achieved 1.7 million safe manhours on the project. The five-storied facility will include 35,500 square meters of office space, laboratories and ancillary facilities.



Although strengthening commodity prices have yet to translate into a broad market recovery in the mining industry, a limited number of projects are developing for which Fluor is well positioned and is selectively pursuing. Fluor began work on a number of feasibility studies that were initiated during the year, which support an expanding list of project prospects that are expected to move ahead in 2004. Global economic growth and increasing consumption by China in particular, is driving increased demand for copper and iron ore. Fluor has a strong market position in South America, where projects to expand production of copper are being planned. Similarly, anticipated investment in new iron ore production is primarily concentrated in Australia, where Fluor has a long-established presence.

Opportunities in telecommunications remain modest, primarily focused on emergency response networks or for secure communications systems to address heightened security concerns. Fluor was awarded work in each of these areas during 2003, including design of a new Emergency Operations Center for the City of Los Angeles.

MARKETS SERVED

DISASTER RELIEF

ENERGY

GOVERNMENT SERVICES

HOMELAND SECURITY

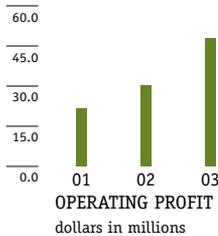
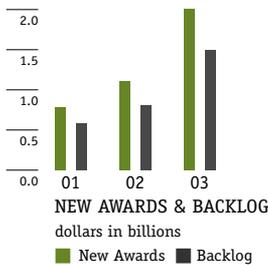
MILITARY & DEFENSE

SAMPLE CLIENTS

FEMA, U.S. DEPT. OF DEFENSE,
 U.S. ARMY, U.S. AIR FORCE,
 U.S. NAVY, U.S. NAVAL ACADEMY,
 U.S. DEPT. OF ENERGY, U.S. DEPT.
 OF LABOR, U.S. DEPT. OF STATE

As the single largest purchaser of outsourced services in the world, the U.S. federal government represents one of Fluor's most attractive growth opportunities today.

GOV GOVERNMENT



PERCENT OF TOTAL OPERATING PROFIT



OVER THE PAST TWO YEARS, FLUOR'S GOVERNMENT BUSINESS SEGMENT HAS HAD A strategic focus to expand and diversify its participation in the large U.S. federal services market place. As the single largest purchaser of outsourced services in the world, the U.S. federal government has a relatively stable annual budget of approximately \$200 billion, and represents one of Fluor's most attractive growth opportunities today.

Fluor's Government business segment achieved strong performance during 2003, providing significant progress towards its goal to expand within this large segment offering non-cyclical, sustainable growth. Operating profit for the year was \$48 million, an increase of 62 percent compared with \$30 million last year. New awards increased 84 percent to \$2 billion. Backlog was up 87 percent to \$1.5 billion.

Increased security-related issues and additional long-term outsourcing opportunities are driving higher spending levels across a variety of federal programs. These new areas allow Fluor to leverage its commercial best practices and its wide range of skills to serve the U.S. government. Supporting its strategic objective to broaden its penetration across the



As part of the Restore Iraqi Electricity program for the U.S. Army Corps of Engineers, Fluor provides program management, procurement, logistics and construction management services. As of February 2003, this effort has exceeded 2,000 tons of ocean freight and 150 tons of air freight valued at more than \$100 million, all delivered in less than three months. This coordinated effort involves many methods of transportation, including the charter of Antonov Russian International Cargo Transporters, delivering generators (pictured) and other equipment to support new electricity in Iraq.

federal services market, Fluor completed two niche acquisitions in the Government segment during the year, adding strength to our service offering to both the Department of Defense and the Department of State. In February 2004, an additional acquisition further complementing Fluor's expanding Government business was announced.

Fluor's Government segment is aligned to optimize market opportunities and is a service provider to the U.S. Department of Energy, Department of Labor, Department of Defense, Department of State and Department of Homeland Security.

Fluor is continuing to build on its highly successful record of accomplishment with the Department of Energy (DOE) on its two principal contracts providing environmental remediation at former nuclear weapons complex sites at Hanford, Washington and Fernald, Ohio. Leveraging its nuclear facility experience and accelerated cleanup at these sites, Fluor is seeking to expand its scope within

the DOE's Environmental Management and National Nuclear Security Administration programs.

Fluor's focus on the defense market will build on its achievements with the Army Corps of Engineers and in the areas of immediate military support and contingency operations for the Army and Air Force. During the year, Fluor was awarded expanded scope for the U.S. Ground-Based Midcourse Missile Defense facilities in Alaska. In addition, activity continues to grow under various technical and logistical support programs for the U.S. military worldwide including the Air Force (AFCAP), the Army (LOGCAP) and Central Command (CETAC).

Fluor is participating in the reconstruction of Iraq, and is providing technical expertise and support services to the U.S. military. The most significant to date includes task orders related to the repair of Iraq's electrical infrastructure, with other significant opportunities still pending.

GOVERNMENT

Early in the year, Fluor acquired Del-Jen, a leading provider of outsourced services to the U.S. Government, particularly in the areas of military base operations and maintenance services, as well as training and education services to thousands of disadvantaged youth through the Department of Labor's Job Corps Program. Del-Jen brings an impressive record of performance and expands Fluor's capabilities and resumé of experience in this sizeable market. Early in 2004, Del-Jen acquired Trend Western Technical Corporation, which specializes in logistics services and base operations support, further expanding the company's government contracting capabilities. Trend Western has previously teamed with Del-Jen, and will be fully integrated into the company, enabling the combined entity to provide a full spectrum of support services to the Department of Defense at military installations worldwide.

A third market focus for Fluor's Government business is on federal facilities and homeland security. Fluor is expanding its portfolio of work with agencies, such as the Department of State and the Department of Homeland Security, where the company is leveraging its expertise in overseas construction, telecommunications, transportation systems and security infrastructure on projects that protect national security interests.

Strengthening Fluor's capabilities in this market was the acquisition in November of the International Division of J.A. JonesSM Construction Company (JAJI), which provides design-build and construction services to the U.S. Government. JAJI brings significant experience with the Department of State, which is planning new embassies and consulates that are larger and more complex than ever before, with specific focus on increased security. At the time of the acquisition, JAJI was executing seven international projects for the Department of State. Also during 2003, Fluor successfully completed a U.S. Consulate project in Sao Paulo, Brazil, and won two awards for new embassy projects in Kazakhstan and Jamaica. With its strong resumé of experience, the JAJI acquisition provides a solid platform to expand Fluor's portfolio of government business, adding essential execution resources with the necessary security clearances.

Fluor continues on track to complete cleanup and restoration of DOE's Fernald site in 2006. Alan Boeckmann, Fluor Chairman and CEO, and Mark Cherry, Waste Pits Project Manager, review the progress of the one-million ton radioactive waste excavation, drying and shipment program slated for completion in 2004. (below)

J.A. Jones International, recently acquired by Fluor, provided turnkey design-build services to the U.S. Department of State Overseas Buildings Operations for an embassy in Croatia. Located on about four acres in Zagreb, the project included the design and construction of seven buildings consisting of the main chancery and the attendant site facilities that include perimeter security, vehicular and pedestrian access control facilities, parking and other site amenities. (bottom)



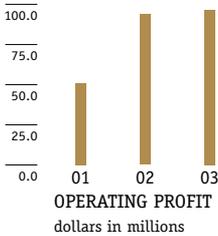
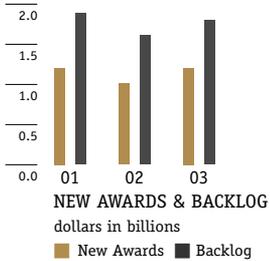
MARKETS SERVED

- CHEMICALS
- LIFE SCIENCES
- MANUFACTURING
- METALS & MINING
- OIL & GAS
- POWER

SAMPLE CLIENTS

- AK STEEL, ALCOA, BP, BLUESCOPE
- STEEL, CHEVRONTXACO, CLARIANT
- CORPORATION, CONOCOPHILLIPS,
- DUPONT, EASTMAN CHEMICAL
- COMPANY, ENERGY, EXELON, IBM,
- INTERNATIONAL POWER HAZELWOOD,
- JAMAICA PUBLIC SERVICE COMPANY,
- KENNECOTT UTAH COPPER, MINERA
- ESCONDIDA, PROGRESS ENERGY,
- SHELL PHILIPPINES EXPLORATION
- B.V., TXU

Improving economic activity and an expected increase in the company's EPCM business should translate to increased activity for Global Services.



PERCENT OF TOTAL OPERATING PROFIT

Global Services
24%



FLUOR'S GLOBAL SERVICES SEGMENT PROVIDES A broad range of integrated solutions, which leverage Fluor's core competencies and complement the company's EPCM business focus. Services include operations and maintenance (O&M), project site services and industrial fleet outsourcing, plant performance services, temporary staffing, construction services and global procurement.

Operating profit for Global Services in 2003 was \$97 million, up 4 percent from \$93 million last year. Financial performance for the year reflects continued competitive pressures on margins in the company's O&M business and lower levels of construction services. New awards for the year increased 23 percent to \$1.3 billion, while backlog increased 17 percent to \$1.8 billion. Improving economic activity and an expected increase in the company's EPCM business should translate to increased activity for Global Services.

Fluor's O&M business is a leading provider of maintenance and operation services including industrial maintenance, facility management, outage and shutdown work, and

GLOBAL SERVICES

asset management that help customers reduce costs and improve their competitive position. Fluor's O&M services target industries and geographic regions, which leverage the company's market presence and client relationships. Focused on higher productivity and throughput, increased uptime, and improved quality and safety, Fluor O&M provides innovative performance enhancement and cost-cutting solutions to clients worldwide.

Fluor's AMECO® unit, a global full-service construction and industrial equipment business, is a leading provider of Site ServicesSM and Fleet OutsourcingSM. With Site Services, AMECO provides total equipment, tool and service solutions to support construction projects with Fluor and other global contractors. In Fleet Outsourcing, AMECO provides turnkey outsourcing programs for a wide range of industrial companies in the energy, mining, telecommunications and manufacturing industries. During the year, AMECO continued to optimize its asset base to improve return on capital, while expanding its global operations and maintaining world-class safety performance. The company was awarded the National Safety Council's 2003 Industry Leader Award for achieving the best safety performance in its industry.

TRS® Staffing Solutions, Fluor's temporary staffing business, is focused on supporting Fluor's EPCM market activity, while continuing to expand its services to third-party contractors. With anticipated EPCM activity increases due to continued global economic recovery and a new cycle of investment in the oil and gas industry, this growth should be reflected in TRS business activity as well.

Fluor's Construction organization is responsible for both driving the company's construction strategy and providing global resource capabilities, including manpower, processes and technology, in support of the company's overall EPCM business.

Fluor's Global Sourcing and Supply organization is a leader in the procurement of goods and services in support of Fluor projects worldwide. Utilizing strategic supplier relationships, global market knowledge and leveraging the company's purchasing volume, Fluor obtains the best pricing, quality and service available for its clients.

Acquired by Fluor in 2003, Plant Performance ServicesSM (P2S) is a leading provider of specialty operations and maintenance services to domestic industrial facilities. Utilizing its patented semi-robotic hydro-blasting Fast Clean[®] technology, P2S ServTechSM is able to deliver the safest and most cost-effective means of performing specialty exchanger services, turnaround management and execution. (below)

Fluor's Operations & Maintenance (O&M) group manages maintenance services at one of the largest oil refining and petrochemical complexes in the U.S. BP and Fluor's joint success at BP's Texas City Refinery Complex and five other BP sites has led to additional O&M work for Fluor in Europe. (bottom)



MARKETS SERVED

COGENERATION

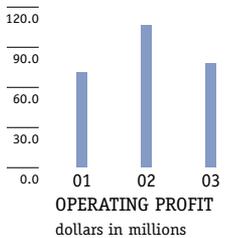
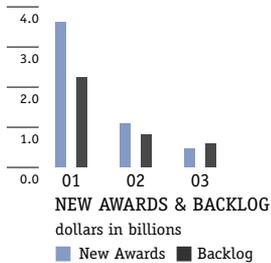
FOSSIL FUELS

SAMPLE CLIENTS

BRAZOS ELECTRIC, DAYTON POWER &
LIGHT, DUKE ENERGY, FPL ENERGY,
LG&E, PANDA ENERGY, PSEG,
RELIANT ENERGY, SCE&G, SEMBRA

Over the course of the investment cycle, Fluor captured significant market share, winning roughly one third of all new power projects awarded in the U.S.

POWER



PERCENT OF TOTAL OPERATING PROFIT



FLUOR'S POWER BUSINESS SEGMENT IS AN industry leader in providing state-of-the-art power generation facilities for industrial and commercial customers in the U.S. and abroad.

Deregulation in the U.S. electric power industry, combined with strong growth in demand, drove a major cycle of capital investment in recent years. Over the course of the investment cycle that ended in early 2002, Fluor captured significant market share, winning roughly one third of all new power projects awarded in the U.S.

While awards for new projects were extremely modest in 2003, Fluor focused on executing its strong backlog of power work, successfully completing six projects during the year and generating \$77 million in operating profit. Backlog for Power at the end of the year was \$605 million.

POWER

Anticipating the downturn in new power projects, Fluor has been shifting its resources as projects are completed to other industry opportunities across the diverse markets that it serves. Following this dramatic decline in demand for new power projects, the company and its partner, Duke Energy, announced its decision in July to dissolve its Duke/Fluor Daniel joint venture in the power market. The Duke/Fluor Daniel partnership has been extremely successful and more than accomplished Fluor's strategic objective to become a dominant contractor in the power generation market. The two companies are working to execute the remaining projects in backlog and implement an orderly wind down of the joint venture.

While near-term power opportunities are limited, Fluor will continue to be a leader in this market and is pursuing selected power projects that meet its selectivity and risk profile criteria. Capitalizing on the strong market reputation established during this past cycle of investment in power, Fluor was successful in winning the award for a 620-megawatt, gas-fired plant in Texas – one of the few projects awarded during 2003.

FLUOR CONSTRUCTORS INTERNATIONAL

Fluor Constructors International, Inc.SM (FCII) is the union craft arm of Fluor Corporation, providing construction management and direct-hire construction expertise in support of Fluor's operating businesses in North America. Additionally, FCII supports the staffing of international construction projects and has employees working around the world.

FCII has executed projects in virtually every business sector, performing stand-alone construction and providing maintenance services to clients in the United States and Canada. The company has served a diverse range of government agencies as well. FCII is one of only a few construction and maintenance contractors to be ISO-9002 certified.

During the modernization and expansion of DENA's Moss Landing Power Project, Duke/Fluor Daniel built one of the cleanest and most efficient power plants in the nation. At 2,570 megawatts, Moss Landing is now the largest power plant in California generating enough electricity to serve approximately 2.5 million homes.



NEW AWARDS AND BACKLOG DATA

NEW AWARDS BY SEGMENT

Year ended December 31	2003		2002		2001	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
(in millions)						
Oil & Gas*	\$ 3,686	37%	\$ 1,947	23%	\$ 2,249	21%
Industrial & Infrastructure*	2,558	26%	3,461	40%	2,908	27%
Government	1,995	20%	1,087	12%	806	8%
Global Services	1,252	12%	1,014	12%	1,222	11%
Power	485	5%	1,088	13%	3,582	33%
Total new awards	\$ 9,976	100%	\$ 8,597	100%	\$ 10,767	100%
New awards gross margin	\$ 657	6.6%	\$ 602	7.0%	\$ 754	7.0%

NEW AWARDS BY REGION

Year ended December 31	2003		2002		2001	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
(in millions)						
United States	\$ 4,818	48%	\$ 5,558	65%	\$ 8,248	77%
Americas	1,004	10%	1,295	15%	1,311	12%
Europe, Africa, and Middle East	3,682	37%	990	11%	1,026	9%
Asia Pacific (includes Australia)	472	5%	754	9%	182	2%
Total new awards	\$ 9,976	100%	\$ 8,597	100%	\$ 10,767	100%

BACKLOG BY SEGMENT

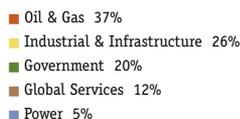
At December 31	2003		2002		2001	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
(in millions)						
Oil & Gas*	\$ 3,420	32%	\$ 2,336	24%	\$ 3,655	32%
Industrial & Infrastructure*	3,273	31%	4,182	43%	3,127	27%
Government	1,488	14%	795	8%	608	5%
Global Services	1,821	17%	1,555	16%	1,860	16%
Power	605	6%	841	9%	2,256	20%
Total backlog	\$ 10,607	100%	\$ 9,709	100%	\$ 11,506	100%
Backlog gross margin	\$ 649	6.1%	\$ 583	6.0%	\$ 764	6.6%

BACKLOG BY REGION

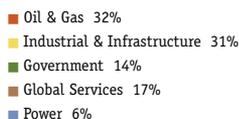
At December 31	2003		2002		2001	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
(in millions)						
United States	\$ 5,041	48%	\$ 5,608	58%	\$ 7,515	65%
Americas	1,190	11%	1,819	19%	2,147	19%
Europe, Africa, and Middle East	3,871	36%	1,570	16%	1,625	14%
Asia Pacific (includes Australia)	505	5%	712	7%	219	2%
Total backlog	\$ 10,607	100%	\$ 9,709	100%	\$ 11,506	100%

* During the first quarter of 2003, the company realigned certain operations to increase focus on the downstream bulk and specialty chemicals markets. Projects in these markets were formerly in the Energy & Chemicals segment and are now executed and reported in the Industrial & Infrastructure segment. The Energy & Chemicals segment was renamed Oil & Gas and all prior periods have been restated to reflect this change.

2003 CONSOLIDATED
NEW AWARDS



2003 CONSOLIDATED
BACKLOG



SELECTED FINANCIAL DATA

PAGE 21

CONSOLIDATED OPERATING RESULTS	Year Ended December 31,			Year Ended October 31,	
	2003	2002	2001	2000	1999
(in millions, except per share amounts)					
Revenues	\$ 8,805.7	\$ 9,959.0	\$ 8,972.2	\$ 9,422.9	\$ 10,752.3
Earnings from continuing operations before taxes	268.0	260.5	185.3	164.3	88.7
Earnings from continuing operations	179.5	170.0	127.8	116.3	38.2
Earnings (loss) from discontinued operations	(11.6)	(6.4)	(108.4)	7.7	66.0
Cumulative effect of change in accounting principle	(10.4)	-	-	-	-
Net earnings	157.5	163.6	19.4	124.0	104.2
Basic earnings (loss) per share					
Continuing operations	2.25	2.14	1.64	1.55	0.51
Discontinued operations	(0.15)	(0.08)	(1.39)	0.10	0.87
Cumulative effect of change in accounting principle	(0.13)	-	-	-	-
Net earnings	1.97	2.06	0.25	1.65	1.38
Diluted earnings (loss) per share					
Continuing operations	2.23	2.13	1.61	1.52	0.50
Discontinued operations	(0.15)	(0.08)	(1.36)	0.10	0.87
Cumulative effect of change in accounting principle	(0.13)	-	-	-	-
Net earnings	1.95	2.05	0.25	1.62	1.37
Return on average shareholders' equity	16.2%	19.4%	2.6%	7.7%	6.8%
Cash dividends per common share	0.64	0.64	0.64	1.00	0.80

CONSOLIDATED FINANCIAL POSITION

Current assets	\$ 2,213.6	\$ 1,924.1	\$ 1,851.3	\$ 1,318.3	\$ 1,391.1
Current liabilities	1,829.1	1,756.2	1,862.7	1,570.3	1,834.2
Working capital	384.5	167.9	(11.4)	(252.0)	(443.1)
Property, plant and equipment, net	569.5	467.0	508.1	570.8	514.7
Total assets	3,449.5	3,142.2	3,142.5	4,958.4	4,886.1
Capitalization					
Short-term debt**/**	221.5	-	38.4	88.7	20.7
Long-term debt**	44.6	17.6	17.6	17.6	17.5
Shareholders' equity	1,081.5	883.9	789.3	1,609.2	1,581.4
Total capitalization	1,347.6	901.5	845.3	1,715.5	1,619.7
Total debt as a percent of total capitalization	19.7%	2.0%	6.6%	6.2%	2.4%
Shareholders' equity per common share	13.17	11.02	9.85	21.25	20.80
Common shares outstanding at period end	82.1	80.2	80.1	75.7	76.0

OTHER DATA

New awards	\$ 9,976.0	\$ 8,596.8	\$ 10,766.6	\$ 9,644.2	\$ 6,789.4
Backlog at year end	10,607.1	9,709.1	11,505.5	10,012.2	9,142.0
Capital expenditures - continuing operations	79.2	63.0	148.4	156.2	140.6
Cash provided by (used in) operating activities	(300.5)	195.7	621.8	186.1	572.6

* Includes commercial paper, loan notes, miscellaneous trade notes payable and the current portion of long-term debt.

**December 31, 2003 includes \$127.0 million in debt (\$100.0 million in short-term and \$27.0 million in long-term) from the consolidation of variable interest entities as prescribed by FASB Interpretation No. 46.

In November 2000, a spin-off distribution to shareholders was effected which separated then existing Fluor Corporation into two publicly traded companies - new Fluor ("Fluor" or the "company") and Massey Energy Company ("Massey"). Massey's results of operations for all periods prior to the spin-off are presented as discontinued operations.

In September 2001, the company adopted a plan to dispose of certain non-core construction equipment and temporary staffing businesses. The assets and liabilities (including debt) and results of operations of Massey and the non-core businesses for all periods presented have been reclassified and are presented as discontinued operations. In addition, the company changed to a calendar-year basis of reporting financial results in connection with the spin-off.

See Management's Discussion and Analysis on pages 14 to 28 and Notes to Consolidated Financial Statements on pages F-6 to F-34 for information relating to significant items affecting the results of operations.

OFFICERS

PAGE 22

ALAN L. BOECKMANN

Chairman of the Board and
Chief Executive Officer (1979)

SENIOR OFFICERS

STEPHEN L. DOBBS

Group President, Infrastructure (1980)

JEFFERY L. FAULK

Group President, Oil, Gas & Power (1973)

LAWRENCE N. FISHER

Chief Legal Officer and Secretary (1974)

H. STEVEN GILBERT

Senior Vice President, Human Resources
and Administration (1970)

KIRK D. GRIMES

Group President, Global Services (1980)

JOHN A. HOPKINS

Group President, Government (1984)

ROBERT A. MCNAMARA

Group President, Industrial (1978)

D. MICHAEL STEUERT

Senior Vice President and
Chief Financial Officer (2001)

MARK A. STEVENS

Group Executive, Commercial Strategy &
Risk (1975)

OTHER CORPORATE OFFICERS

JOANNA M. OLIVA

Vice President and Treasurer (2001)

RONALD E. PITTS

President, Fluor Constructors
International (1976)

VICTOR L. PRECHTL

Vice President and Controller (1981)

MIN-YING C. TSENG

Vice President, Tax (2000)

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

FORWARD-LOOKING STATEMENTS

The information in this report, including the
market outlook, new contract awards, and the
company's current analysis of market conditions,
statements. Due to differences between actual and
contributing to such differences include, among others:

- Changes in global business, economic, political and social conditions;
- The company's failure to receive anticipated new contract awards;
- Customer cancellations;
- The cyclical nature of many of the markets we serve and their vulnerability to downturns;
- Difficulties or delays incurred in the execution of construction contracts resulting in cost overruns or liabilities;
- Customer delays or defaults in making payments;
- The impact of past and future environmental, health and safety regulations and lawsuits;
- The availability of qualified personnel to perform our contracts;
- The outcome of pending and future disputes and litigation and any government audits or investigations;
- Competition in the global engineering, procurement and construction industry; and,
- The company's ability to identify and successfully integrate acquisitions.

The forward-looking information in this report
levels that may not be realized, and the
may relate to accruals that may not be realized,
charges against future earnings.

Additional information is available in
the Securities and Exchange Commission's

in the company's 10-K filed March 15, 2004. These filings are available publicly and upon request from Fluor's Investor Relations Department:
9490 349-3909. These filings are available publicly and upon request from Fluor's Investor Relations Department:
looking statements.

2004,



ALAN L. BOECKMANN



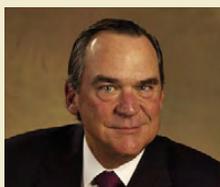
JAMES T. HACKETT



DEAN R. O'HARE



DR. MARTHA R. SEGER



PETER J. FLUOR



KENT KRESA



ADMIRAL JOSEPH W. PRUEHER



DR. SUZANNE H. WOOLSEY



DR. DAVID P. GARDNER



VILMA S. MARTINEZ



LORD ROBIN RENWICK



ADMIRAL BOBBY R. INMAN (Retired)

BOARD OF DIRECTORS

ALAN L. BOECKMANN

55, is chairman of the board and chief executive officer. He also serves as a director of Burlington Northern Santa Fe. (2001) ⁽¹⁾

PETER J. FLUOR

56, is chairman and chief executive officer of Texas Crude Energy, Inc. He is Fluor's lead independent director and served as the company's non-executive chairman of the Board during fiscal 1998. He also serves as a director of Devon Energy Corp. (1984) ⁽¹⁾ ⁽³⁾ ⁽⁴⁾

DR. DAVID P. GARDNER

71, is chairman of the board of trustees of the J. Paul Getty Trust and former president of both the University of California and the University of Utah. Dr. Gardner is also a director of the Waddell and Reed Funds and president emeritus of the William and Flora Hewlett Foundation. (1988) ⁽¹⁾ ⁽³⁾ ⁽⁴⁾

JAMES T. HACKETT

50, is president and chief executive officer and a director of Anadarko Petroleum Corporation. Mr. Hackett is also a director of Kaiser Aluminum Corporation, Temple-Inland, Inc., and the Houston branch of the Federal Reserve Bank of Dallas. (2001) ⁽²⁾ ⁽⁴⁾

KENT KRESA

66, is the retired chairman of the board of directors and chief executive officer of Northrop Grumman Corporation. Mr. Kresa is also a director of General Motors Corporation and Avery Dennison Corporation. (2003) ⁽²⁾ ⁽⁴⁾

VILMA S. MARTINEZ

60, is a partner at the law firm of Munger, Tolles & Olson, and the former president and general counsel for the Mexican-American Legal Defense and Educational Fund (MALDEF). Ms. Martinez is also a director of Anheuser-Busch Companies, Inc., and Burlington Northern Santa Fe Corporation. (1993) ⁽³⁾

DEAN R. O'HARE

61, is the retired chairman and chief executive officer of The Chubb Corporation. He is also a director of H.J. Heinz Company. (1997) ⁽¹⁾ ⁽²⁾ ⁽³⁾

ADMIRAL JOSEPH W. PRUEHER

61, U.S. Navy (retired), is a consulting professor at Stanford University's Institute of International Studies and senior advisor on The Preventive Defense Project. Admiral Prueher previously served as U.S. Ambassador to the People's Republic of China. He is a director of Merrill Lynch & Co. Inc., Emerson Electric Co. and New York Life Insurance Company. (2003) ⁽³⁾ ⁽⁴⁾

LORD ROBIN RENWICK

66, is vice chairman, Investment Banking, for J. P. Morgan (Europe), and former British Ambassador to the United States of America. He is also a director of British Airways, BHP Billiton Plc, Compagnie Financiere Richemont AG, SAB Miller Plc and Harmony Gold Mining Company Limited. (1997) ⁽²⁾ ⁽³⁾

DR. MARTHA R. SEGER

72, is a financial economist and former member of the Board of Governors of the Federal Reserve System. She is also a director of Massey Energy. (1991) ⁽²⁾ ⁽³⁾

DR. SUZANNE H. WOOLSEY

62, is the former chief communications officer for The National Academies, advisors to the nation on science, engineering and medicine. Dr. Woolsey is also a director of Neurogen Corporation and Van Kampen Mutual Funds. (2004) ⁽²⁾ ⁽³⁾

Retired from Board December 31, 2003

ADMIRAL BOBBY R. INMAN

72, U.S. Navy (retired), is a managing director of Gefinor Ventures, holds the Lyndon B. Johnson Centennial Chair in National Policy at the University of Texas, and is former director of the National Security Agency and deputy director of the Central Intelligence Agency. He is also a director of Massey Energy, Science Applications International, SBC Communications, and Temple-Inland. (1985)

Years in parentheses indicate the year each director was elected to the board.

⁽¹⁾ Executive Committee – Alan L. Boeckmann, Chair; ⁽²⁾ Audit Committee – Dean R. O'Hare, Chair; ⁽³⁾ Governance Committee – David P. Gardner, Chair;

⁽⁴⁾ Organization and Compensation Committee – Peter J. Fluor, Chair

UNDERSTANDING OUR FORM 10-K

PROMOTING TRANSPARENCY FOR OUR SHAREHOLDERS

Fluor is committed to providing clear insight into all aspects of financial performance in order to help investors understand our business. This year we've chosen to include the complete Form 10-K in our 2003 Annual Report. The Form 10-K is the report that all U.S. publicly held companies are required to file annually with the Securities and Exchange Commission (SEC).

By including the Form 10-K in our Annual Report, investors now have more comprehensive information about our company and its operations in one place. The following overview is designed to help you easily find and understand the financial information in this document.

FORM 10-K OVERVIEW The information contained in the Form 10-K is broken down into Parts, which are then broken down into Items. Our Form 10-K has four parts:

PART I: OUR BUSINESSES In-depth descriptions of our business and segments, competition, employees, company risk factors, and properties.

PART II: OUR FINANCIAL PERFORMANCE Contains management's discussion of our results of operations and financial condition, our financial statements, notes and supplementary data.

PART III: OUR MANAGEMENT A listing of our executive officers with brief biographies. Also directs readers to our proxy statement for the details on our board of directors and executive compensation.

PART IV: EXHIBITS A listing of exhibits, certain executive and board of directors' signatures, and executive officer certifications.

SHAREHOLDERS' REFERENCE

COMMON STOCK AND DIVIDEND INFORMATION

At March 3, 2004, there were 83,025,390 shares outstanding and approximately 10,489 shareholders 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.

Year Ended December 31, 2003	Dividends Per Share	Price Range	
		High	Low
First Quarter	\$0.16	\$34.99	\$27.18
Second Quarter	0.16	36.48	33.20
Third Quarter	0.16	37.83	32.80
Fourth Quarter	0.16	40.54	34.60

REGISTRAR AND TRANSFER AGENT

Mellon Investor Services LLC
400 South Hope Street
Fourth Floor
Los Angeles, California 90071

and

Mellon Investor Services LLC
85 Challenger Road
Ridgefield Park, NJ 07660

For change of address, lost dividends, or lost stock certificates, write or telephone:

Mellon Investor Services LLC
P. O. Box 3315
South Hackensack, NJ 07606-1915
Attn: Securityholder Relations
(877) 870-2366

Web page address:
www.melloninvestor.com

INDEPENDENT AUDITORS

Ernst & Young LLP
18111 Von Karman Avenue
Irvine, California 92612

ANNUAL SHAREHOLDERS' MEETING

Annual report and proxy statement are mailed about April 1. Fluor's annual meeting of shareholders will be held at 9:00 a.m. on April 28, 2004 at the Fluor Engineering Campus located at One Fluor Daniel Drive, Aliso Viejo, California.

STOCK TRADING

Fluor's stock is traded on the New York Stock Exchange. Common stock domestic trading symbol: FLR.

COMPANY CONTACTS

Shareholders May Call
(888) 432-1745

Shareholder Services:

Lawrence N. Fisher
(949) 349-6961

Investor Relations:

Lila J. Churney
(949) 349-3909



DUPLICATE MAILINGS

Shares owned by one person but held in different forms of the same name result in duplicate mailing of shareholder information at added expense to the company. Such duplication can be eliminated only at the direction of the shareholder. Please notify Mellon Investor Services in order to eliminate duplication.

PROXY VOTING

Shareholders may vote their proxies 24 hours a day, 7 days a week. Please refer to your proxy card for control number and complete instructions. Shareholders outside the United States and Canada must vote via the Internet or by mail.

Shareholders of record may vote:

1. electronically via the Internet at www.eproxy.com/flr, or
2. by phone, 800-435-6710 within the United States, or
3. by mailing the completed, signed and dated proxy card.

In most cases, shares held with a bank or brokerage firm may vote:

1. electronically via the Internet at www.proxyvote.com, or
2. by phone, 800-454-8683, or
3. by mailing the completed, signed and dated proxy card.

Please see the instruction provided by your bank or brokerage firm for specific information on how to vote your shares.

ELECTRONIC DELIVERY OF ANNUAL REPORTS AND PROXY STATEMENTS

Register for this free online service! For your convenience, we are offering you, as a Fluor shareholder, the option of viewing future Fluor Annual Reports and Proxy Statements on the Internet. You can access them at your convenience and easily print them if you wish. The best part is that you would receive the information earlier than ever before. Please visit <http://investor.fluor.com> to register and learn more about this cost-effective feature.

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Fluor Corporation
One Enterprise Drive
Aliso Viejo, CA 92656



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Investor
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