

2003

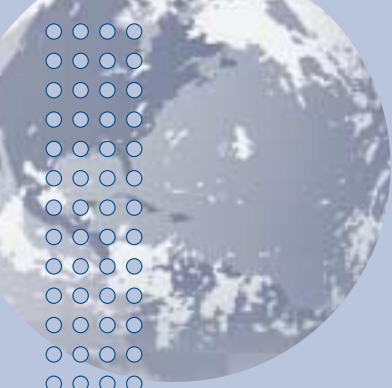
ANNUAL REPORT

Xanser Corporation





Xanser Corporation (NYSE: XNR) provides technology-based and technical services worldwide. Headquartered in Dallas, Texas, Xanser's operations consist of an information technology company, Xtria, and an international technical services firm, Furmanite. Xtria provides information technology solutions and services in three distinct markets: healthcare, financial and insurance, and agencies of federal, state and local government. Xtria's solutions improve information access and point-of-service performance in complex business environments. Xtria's capabilities support digital imaging environments for healthcare providers, risk management and asset tracking for financial services and insurance companies, and information technology services for government agencies. Each franchise has a solid foundation predicated on established intellectual capital and product knowledge resulting from many years of experience and a track record of success within its defined market. Furmanite, one of the world's largest specialty technical services companies, delivers a broad portfolio of engineering solutions that keep facilities operating, minimizing downtime and maximizing profitability. Furmanite's diverse, global customer base includes offshore and land-based drilling operations, pipelines, refineries and power generation facilities, steel mills, automotive manufacturers, pulp and paper mills, food and beverage processing plants, semi-conductor manufacturers and pharmaceutical manufacturers. Furmanite operates 40 offices on five continents. For more information, visit www.xanser.com.



TO OUR SHAREHOLDERS

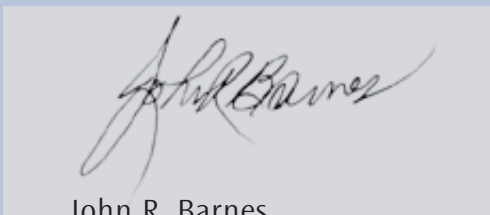
As a result of our efforts in 2003, Xanser is now well positioned for a profitable 2004.

In 2003, our worldwide technical services business, Furmanite, delivered outstanding performance, with a good top line increase and a substantial increase to the bottom line. Over the past two years, Furmanite has focused its operations on its true core competency – maximizing the uptime of our customers' critical assets so that they are on line and performing profitably. Its core services have been fine-tuned in order to achieve effective and efficient delivery, at the same time adding new services and new technologies that open new markets, add new customers and extend value to our existing customers. Furmanite is on track for a strong 2004.

Our information technology services business, Xtria, was formed from a collection of IT businesses that Xanser had added over time. Some of these businesses were performing very well in 2003; others were struggling. Recognizing that those struggling businesses were taking a great deal of our time and resources, not to mention contributing a substantial drag on our profitability, we made a conscious decision in the fourth quarter to close those operations.

Now shed of these operations, Xtria is focused on its strong operations in healthcare, financial and insurance, and government. Each of these operations has large market potential and delivers solid margins. In each, we are in a position of strength, with established reputation, long-term customers and proven solutions. In each, we own domain knowledge and embedded expertise that give us market advantage.

Xanser will perform very well in the coming year. But more importantly, Xanser will continue to maximize its opportunities for growth. We are excited about our future and, over the next five years, will become a company of real substance. That is our goal and our commitment to our shareholders.

A rectangular box containing a handwritten signature in black ink. The signature is cursive and appears to read "John R. Barnes".

John R. Barnes
Chairman of the Board, President
and Chief Executive Officer

March 22, 2004



FURMANITE

As Furmanite celebrates its 75th anniversary in 2004, the company has maintained and built upon its leadership position in technical services. Its reach now extends to 40 offices on five continents and 1,000+ employees on all corners of the globe. Furmanite's client list reads like a 'who's who' list in industries such as oil and gas, petrochemical, power generation, chemical and pharmaceutical, marine, aerospace, utilities, iron and steel, mining, food processing, and pulp and paper.

What started as a single-offering company has evolved impressively into a global organization offering end-to-end management and maintenance solutions that include on-line pressure leak sealing, pipeline intervention (hot tapping, line plugging and pipe freezing), valve testing, on-site machining, controlled bolting, composite repair, Smart-Shim chocking, and valve repair, as well as passive fire protection and environmental products and services.

The company's single mission and business goal is to maximize asset uptime for customers. Specifically, everything Furmanite does directly relates to keeping an asset operating, productive and profitable, be it a pipeline, a plant or personnel. Whether it is new product development or expansion into new markets, Furmanite is always focused on ways to improve customers' businesses, thereby creating and solidifying long-term business partnerships.

Extensive and ongoing research and development is of paramount importance to Furmanite. It is vital to ensure that emerging technologies and the latest materials are immediately incorporated into the company's service and product offerings. Currently, Furmanite holds more than 200 international trademarks and patents.

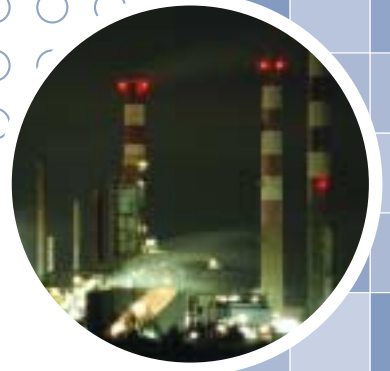
2003 saw the introduction of several new products, such as the self-sealing clamp, and new services, from the introduction of composite repair to new techniques for

plastic pipe leak sealing. In addition, Furmanite implemented the widespread application of existing Furmanite designs and technology, many of which represented world firsts. Examples include:

- The award-winning Smart-Shim technology (an innovation in chocking, designed to prevent caisson and riser damage on offshore platforms)
- Subsea self-sealing hot tap tee clamps
- A new installation technique for ultrasonic flare line monitoring
- A semi-permanent on-line leak-sealing clamp that saved ExxonMobil an estimated \$18 million
- In-situ machining of pump turbines for a major power station using specifically-designed high-tech equipment
- The on-line repair of a slide valve on a cat cracker at a major refinery

As Furmanite continues to build on its service lines and product offerings, the company is in the unique position of – and having great success at – offering customers a wide array of maintenance contracts and encompassing services, such as valve care and steam management. For example, in 2003, a three-year valve maintenance and overhaul contract for five UK nuclear power sites was signed with BNFL Magnox Generation. Also, a five-year agreement was signed with British Petroleum (BP) to provide a range of maintenance and leak-sealing services to its onshore refining and processing facilities.

Furmanite expects 2004 to be an excellent year. The company will continue to expand its market and industry penetration, develop innovative and progressive solutions, and – most importantly – persist in finding ways to Maximize Asset Uptime for our valuable customers and business partners worldwide.





XTRIA

Xtria provides information technology solutions and services in three distinct growth markets. Xtria's financial and insurance group is a RMIS (Risk Management Information Systems) company focusing on products and services for financial and insurance companies. The healthcare group concentrates on the PACS (Picture Archiving and Communications Systems) lifecycle, providing consulting services and FM (Facilities Management) to a range of diverse healthcare providers. The government solutions group provides information systems, program and business services to a range of federal, state and local government clients. Each franchise has a solid foundation predicated on established intellectual capital and product knowledge resulting from many years of experience and a track record of success within each defined market.

For financial institutions, insurance companies and mortgage companies, Xtria's financial and insurance group helps clients control risk and increase profitability through improved decision support and risk management. Xtria provides a range of solutions including lien tracking services, automated document control, claims administration, lienholder notification services, and federal and state compliance reporting.

During 2003, this group expanded its leadership team to increase its breadth of RMIS market knowledge. Xtria solutions are currently in use in 42 states, by 38 insurance entities and more than 1,500 lending institutions, tracking more than 5.3 million assets.

Xtria's healthcare group assists both large and small provider organizations in their transition from a film-based to a digital radiology environment by implementing a Picture Archiving and Communications System. Xtria's experts help clients through the complex transition process from initiation and planning to implementation to on-site support and maintenance, resulting in reduced image-generation-to-treatment cycle times, greater clinical efficiencies and lower overall institutional costs.

To increase the visibility and market share of its digital imaging services, Xtria has formed strategic partnerships with VHA, a national healthcare cooperative, and MedAssets, a large independent group purchasing organization. In addition, Xtria has introduced a strong Facilities Management offering that will



provide new opportunities for growth. The FM offering allows clients the flexibility to reduce capital expenditures and minimize the need to support complex information technology environments.

Xtria's government solutions group provides organizations and agencies of the local, state and federal government with comprehensive information and technical solutions, helping them become more efficient and competitive by leveraging Web-based technologies. Solutions developed by Xtria include early childhood education research studies, training and technical assistance, conference management, grant review services, and Web development.

Xtria's government solutions group contracts for services on renewable, annual contracts based on its General Services Administration (GSA) schedule. Several of the company's high profile projects continued throughout 2003, such as the Head Start National Reporting System, Head Start Program Information Report and the Head Start National Conference. In addition, the group expanded its business development resources to capitalize on complementary opportunities in other branches of government.

As a result of shedding non-profitable operations in late 2003, Xtria is now well positioned for long-term growth and increased profitability in its franchises. In the financial and insurance group, Xtria plans to leverage its knowledge and market position to increase the range of RMIS products available to its clients. For healthcare institutions transitioning to digital imaging environments, the company's goal is to maintain a superior level of consulting services and concentrate on the Facilities Management approach, enabling institutions to focus on their core competencies. In the government sector, the company will continue to support education and child welfare programs, and expand its offerings into other federal, state and local agencies.

Xtria will remain focused on providing superior value and service to clients and partners, and driving growth for shareholders.



CORPORATE INFORMATION

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Michael R. Bakke
Controller

Furmanite
C. Jeffery Chick
President

Xtria
Ian G. Littlewood
President

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