

Getting to Know Us

We offer a full range of fossil steam-generator equipment and aftermarket products and services to the power, industrial, and waste-to-energy sectors. Our global manufacturing and engineering network can deliver cutting edge products and expertise, quickly and cost competitively with best in-class quality. Our experience comes from our 115 year heritage of designing, servicing, and improving fossil generating equipment. Foster Wheeler boilers have successfully and reliably logged over 200 million hours of operation.

- Circulating Fluid Bed Boilers
- Bubbling Fluid Bed Boilers
- Pulverized Coal Boilers
- Supercritical Steam Boilers
- Oil and Gas Boilers
- Package Boilers
- Grate & MSW Boilers
- SCR and SNCR Systems
- Low NOx Combustion Systems
- Boiler Replacement Parts
- Construction Services

Visit Us at These Upcoming Events

Coal-Gen, Cincinnati

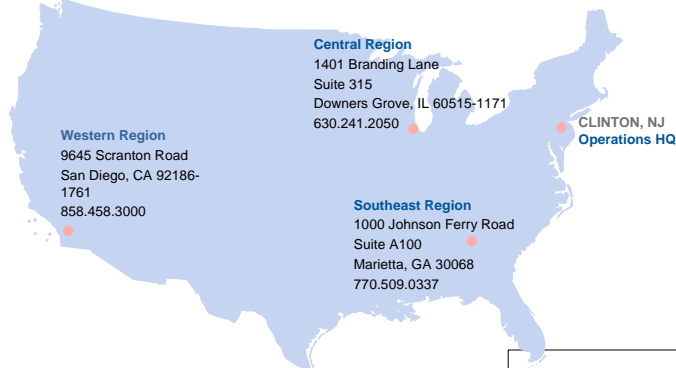
August 16 – 18

Power-Gen International, Orlando

November 28 – 30



FW North America Corp.
Northeast Region
Perryville Corporate Park
Clinton, NJ 08809-4000
(908) 730-4000



Inside This Issue . . .

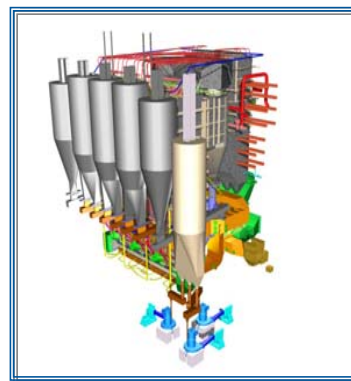
- **CFB Boilers for CLECO Power**
- **Four State-of-the-Art CFBs for SINOPEC**
- **Full NTP for First Supercritical CFB**
- **NOx Reduction at Spain's Compostilla II**
- **Low NOx Burners for Spain's Aboño plant**



Two CFBs for Cleco's Rodemacher Station

We will be supplying two 330 MWe CFB boilers for **Cleco Power's Rodemacher Power Station**. The two boilers are designed to use multiple fuels providing steam to a single 660 MW reheat turbine. Our contract, worth \$180 million, is with a subsidiary of The Shaw Group, which is providing owner's engineering, procurement, and construction services for the project.

This power plant project is the largest investment Cleco has ever made and underscores Cleco's confidence in our proven CFB technology. The new CFB plant will be one of the cleanest solid-fuel plants of its kind and will give Cleco the flexibility to burn a variety of cheaper solid fuels while significantly reducing its consumption of expensive natural gas.



CLECO's CFB Boiler - Rodemacher Station

"Current projections of natural gas prices show this proposed unit has the potential to save our customers more than \$4 billion over 30 years," said Mike Madison, president and CEO of Cleco Corporation.

Our scope of services includes design and supply of the state-of-the-art CFB boilers, selective non-catalytic reduction systems, and air quality control systems. Construction of the boilers is expected to begin in the spring of 2006, with commercial operation scheduled for July 2009.

SINOPEC orders four more CFBs

SINOPEC (China's National Petrochemical Corporation) has ordered 4 more of our CFB's to support their continuing refinery expansion program in China. Two of the units (2 x 75 MWe) will be installed at their Qingdao refinery located in Shandong Province. The other two units (2 x 120 MWe) will be installed at their refinery located in Guangzhou City, Guangdong Province. The engineering and supply contracts for these CFBs are valued in excess of \$47 million. The CFB's will be similar in design as those we previously supplied for their Yanshan, Maoming and Zhenhai facilities. All units are expected to be operational in 2007.

These state-of-the-art, petroleum coke-fired boilers will be designed by our Shanghai office and manufactured in our Xinhui facility in China.



**FW Power Machinery Company Limited
 Xinhui, China**

Including these units, SINOPEC has purchased a total of sixteen circulating fluidized-bed boilers from Foster Wheeler over the last ten years.

We are very pleased with our strong relationship with SINOPEC, these repeat orders underscore their high level of customer satisfaction. Providing efficient and environmentally sound technologies to countries around the world remains our highest priority.



Full Release on World's Largest and First Supercritical CFB

We have received a full notice to proceed (NTP) from Poland's **Poludniowy Koncern Energetyczny (PKE)** for the design, supply and erection of the 460 MWe CFB boiler island at their Lagisza power station in southern Poland. The total investment cost for the new power plant is approximately \$550 million with our contract valued at approximately \$200 million. We have already undertaken pre-NTP phase activities, including engineering and procurement services as well as purchasing for pressure part materials.

The CFB boiler represents a double world-first: the world's largest CFB boiler and the world's first supercritical CFB unit and the project marks a crucial step forward in bringing our CFB boiler technology to utility scale.

By integrating the supercritical steam cycle and once-through technology into our world-leading CFB technology, we will be providing PKE a cutting edge engineering solution for the clean and efficient combustion of solid fuel. This project underscores our commitment to supply cost-effective twenty-first century environmental solutions to our customers in power industries. Our supercritical CFB technology allows power generators to realize the value of their substantial domestic coal reserves.

The new unit, due for start-up at the beginning of 2009, will be built alongside PKE's existing 840 MWe power station at Lagisza, and is part of an ongoing program by PKE, one of Poland's largest electricity utilities, to replace outdated capacity with modern, high-efficiency, environmentally friendly technologies.

"This project will be another important investment in our power plants to be executed by Foster Wheeler. I expect this cooperation will be as successful and beneficial to PKE and its customers as previous projects," said Jan Kurp, president and chief executive officer of PKE.



Lagisza Power Station in Southern Poland

Low NOx burners and Dynamic Mill Classifiers for Endesa's power plant in Spain

Endesa, Spain's largest utility, has asked for our help in reducing the NOx emissions at their Compostilla II power plant in Spain. We are the OEM of the 2 x 350 MWe arch-fired units (Units 4 & 5) in which we will be supplying 42 new low-NOx cyclone burners and 8 new adjustable coal mill classifiers. The new adjustable mill classifiers will reduce the unburned fuel loss and will allow fine-tuning of the combustion process. The new low-NOx burners will feature preheat-nozzles and advanced over-fire airports. Together, these modifications will allow Endesa's Compostilla II power station to meet the European Union's new lower emission standards while firing low-cost, local anthracite coal.

Earlier in 2004, Endesa asked us to supply and test six low-NOx cyclone burners and four adjustable classifiers for the Compostilla II power station (Unit 4). Having achieved the expected results during the testing and evaluation period in 2005, we will now complete the second stage of the retrofit under this new contract, valued at approximately US\$7.6 million (€6.4 million). Endesa will carry out the installation of the adjustable classifiers with the unit in service, and will install the low-NOx burners during an outage scheduled for 2007.

This is an important environmental retrofit for us. It reinforces our leadership in the Spanish environmental equipment market and reinforces Endesa's continued confidence in our products and services.

Low NOx Burners for HC's plant in Spain

Hidroeléctrica del Cantabrico (HC) has asked for our help in meeting the European Union's new lower emission standards for their Aboño power plant in Spain. Under a recent contract valued at approximately US\$6.6 million (€5.4 million), we will be supplying and installing new low-NOx burners and upgrading the mill classifiers on Unit 1 at the Aboño power station.

We are the OEM of the two boilers at HC's Aboño plant, which are designed to fire local bituminous coal and blast furnace gas. Unit 1, rated at 360 MWe came online in 1973, and Unit 2, rated at 540 MWe, came online in 1985. In 2005, we upgraded the burners on Unit 2.

This project is our seventh environmental retrofit project in Spain since 2004 and we are pleased with the positive feedback we have received from our Spanish clients.

State of our Business

"Going into 2005, our priorities were to book new business, build quality backlog, and deliver 'best in class' products and services that consistently met or exceeded our clients' expectations.

During 2005, we did exactly that. Compared to 2004, new orders in 2005 were up by over 70% to \$4.2 billion and backlog increased by over 80% to \$3.7 billion.

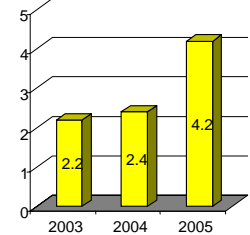
Further, our first quarter 2006 results continue to show dramatic improvement in our financial performance. Improved operational performance in our Global Engineering and Construction Group (E&C) and our Global Power Group (GPG) drove this significant financial improvement.

We also said that we would continue to strengthen our capital structure in 2005. We completed two successful equity-for-debt exchanges in 2005, which reduced our debt by an additional \$220 million. With the successful completion of our debt reduction program, as announced on April 25, 2006, our debt will achieve an all time low giving us the capital structure to compete and win with anyone in our core businesses. We have transformed our capital structure and can now focus all our energy on what we do best: safely delivering cost-effective, technically advanced equipment, facilities and services that meet or exceed our clients' expectations.

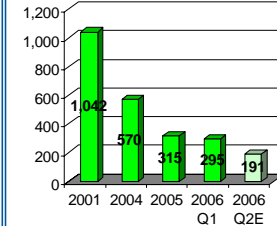
In addition to a very strong business-winning and operational performance, most of the markets we serve are already in, or are entering, an investment phase. I believe we have the right products, skills and expertise to continue to capitalize on these market opportunities."

Raymond J. Milchovich
FW Chairman, President and CEO

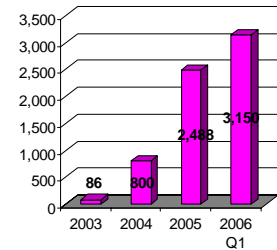
New Orders Booked (B\$)



Consolidated Debt* (M\$)



Market Cap* (M\$)



2006 First Quarter Results

- Net earnings rise to \$14.6 million
- 24% increase in Operating Revenue
- 47% increase in EBITDA
- 232% increase in new orders
- 138% increase in Backlog