

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.

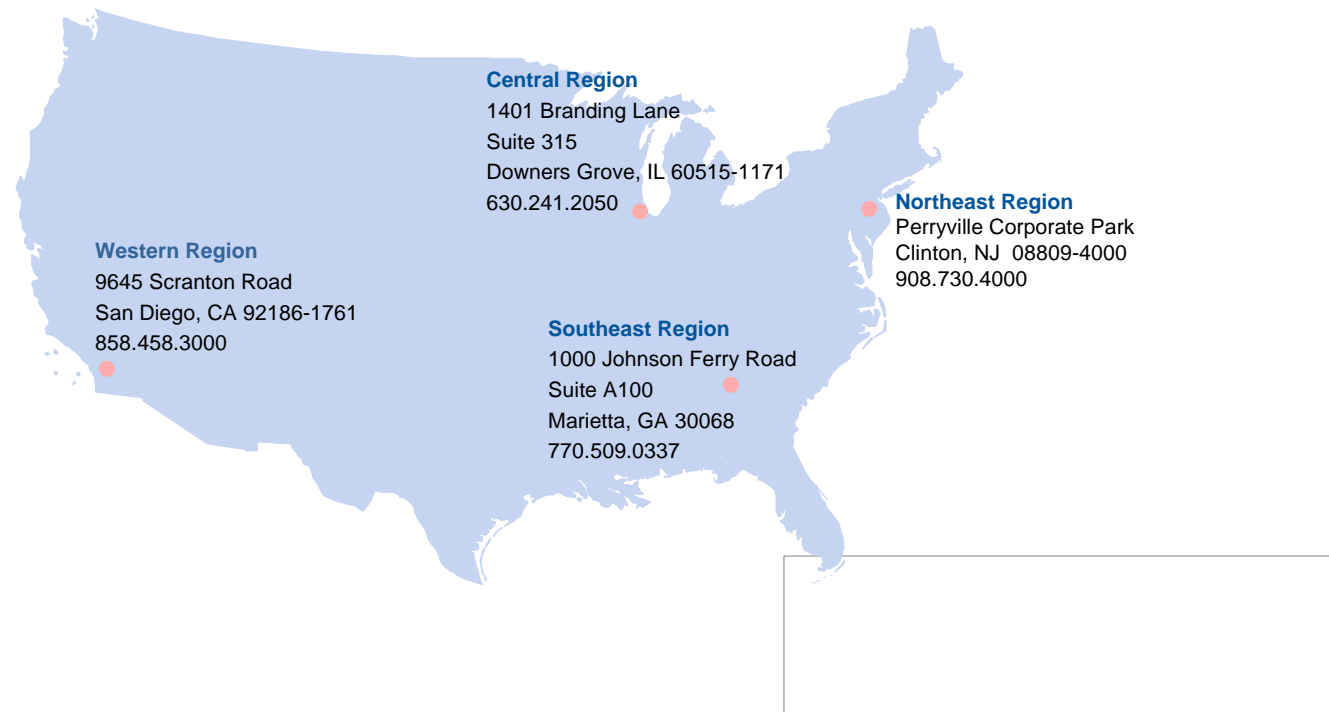
- Circulating Fluid Bed Boilers
- Bubbling Fluid Bed Boilers
- Pulverized Coal Boilers
- Supercritical Steam Boilers
- Oil and Gas Boilers
- Package Boilers
- Grate & MSW Boilers
- SCR and SNCR Systems
- Low NOx Combustion Systems
- Boiler Replacement Parts
- Construction Services

Visit Us at These Upcoming Events

- Power Gen, Orlando, FL*
November 28 – 30, 2006
- Electric Power, Rosemont, IL*
May 1 - 3, 2007
- Power Gen Europe, Madrid, Spain*
June 26 - 28, 2007



FW North America Power Operations HQ
Perryville Corporate Park
Clinton, NJ 08809-4000



Inside This Issue . . .

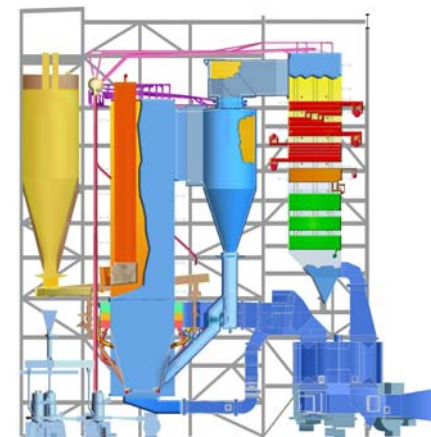
- **Two CFBs for TXU's Sandow Power Station in Texas**
- **PC Boiler for SRP's Springerville Expansion Project**
- **An Environmental Upgrade for Endesa's Compostilla Plant**
- **Biomass Boiler for Torion Voima Oy in Finland**
- **An Environmental Upgrade for AES's Deepwater Plant in Pasadena, TX**
- **New CFBs for Abalco's Alumar Refinery in São Luís, Brazil**
- **Teaming Up with Shanghai Boiler Works for Supercritical Arch-Fired Technology in China**

Two CFBs for TXU's Sandow Power Station in Texas

We have been awarded a contract for the design and supply of two circulating fluidized bed (CFB) boilers.

The contract calls for us to supply two 315 MWe CFB boilers for a new solid-fuel power plant that Bechtel Power is designing and constructing for TXU Corp. The new plant will be located at TXU's Sandow Steam Electric Station in Rockdale, Texas. The new CFBs have been designed to use local lignite fuel and will provide high-pressure steam to a single steam reheat turbine.

Our scope of services includes the design and supply of the state-of-the-art CFB boilers and selective non-catalytic reduction systems. The advanced boilers will burn low calorific solid fuel cleanly while meeting stringent emissions requirements. Construction at the site has begun and commercial operation of the plant is expected in summer 2009.

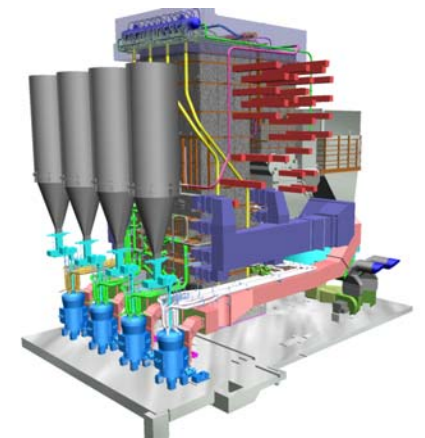


PC Boiler for SRP's Springerville Expansion Project

We will be supplying a 400 MWe PC boiler for the Springerville Generating Station in Arizona. The unit will be owned by Salt River Project (SRP) and operated by Tucson Electric.

This is the second boiler we have supplied for the Springerville Generating Station. The previous 400 MWe boiler, supplied to an ownership team including SRP, is currently in the start-up phase.

The boiler will incorporate our low-NOx burner and selective catalytic reduction technologies to cleanly burn low-sulfur Powder River Basin coal and other local western fuels.



An Environmental Upgrade for Endesa's Compostilla Plant

We have been selected by Endesa, Spain's largest utility, to supply new low-NOx burners and upgrade mill classifiers on Units 4 and 5 at Endesa's Compostilla II power plant.

Units 4 and 5, 350 MWe each, are FW arch-fired boilers and are equipped with 24 vertical double cyclone burners and six ball mills.

The new adjustable mill classifiers will reduce unburned fuel loss and allow fine-tuning of the combustion system. The new low-NOx burners will have preheat nozzles and advanced over-fire air ports. The use of over-fire air achieves NOx reductions beyond that of low NOx burners alone. Together, these modifications will permit Endesa to meet European Union emission regulations while firing hard-to-burn local anthracite coal.

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.

Biomass Boiler for Tornion Voima Oy in Finland

We have been awarded a contract for the design, supply and erection of a peat and biomass fired CFB boiler island by Tornion Voima Oy, a subsidiary of Etela-Pohjanmaan Voima Oy (EPV). The boiler will be supplied for Tornion Voima's combined heat and power (CHP) plant in Tornio, northern Finland. The CHP plant produces electricity, process steam, and district heat for one of the world's largest stainless steel mills, owned by Outokumpu Stainless Oy.

Our scope includes supplying the CFB boiler and auxiliary equipment, including the feedwater system, flue gas cleaning system and the boiler house. Addition scope includes the erection and commissioning of the boiler island.

The boiler will be designed to burn 100% peat or coal, with the flexibility of combining those fuels with wood residues, carbon monoxide gas from the steel mill, or pre-sorted industrial waste.

Commercial operation of the new boiler is scheduled for the last quarter of 2007.

An Environmental Upgrade for AES's Deepwater Plant in Pasadena, TX

An engineering, procurement, and construction (EPC) contract has been awarded to us by AES Deepwater, Inc. to supply and install a state-of-the-art combustion and selective catalytic reduction (SCR) systems at AES Deepwater's petroleum-coke-fired power station in Pasadena, Texas. Our EPC role for this installation will also include commissioning and testing of the new SCR system.

This will be the first SCR installation in the US on a boiler firing 100% petroleum coke. We designed and supplied the original pulverized-coke boiler for the Deepwater plant, which started commercial operations in 1986.

The new combustion and SCR systems will improve air quality by reducing smokestack emissions of smog-producing nitrogen oxides by nearly 90%. With more than one hundred SCR installations, we continue to be a leading supplier of environmental solutions. Operation of the new SCR is scheduled to begin in the spring of 2007.



New CFBs for Abalco's Alumar Refinery in São Luís, Brazil

We have been awarded a contract for the design and supply for two coal-fired circulating fluidized bed (CFB) boiler islands by Abalco S.A. for the Alumar alumina refinery located in São Luís in northern Brazil.

Our design and supply scope includes the two 280 tonnes per hour CFB boiler islands, the fuel silos, boiler auxiliaries, ash handling systems, instrumentation, steel structures, and supervision of erection and commissioning.

The Alumar refinery is jointly owned by BHP Billiton, Alcan, Alcoa Alumínio and Abalco S.A. Abalco is part of the Alcoa World Alumina and Chemicals (AWAC) enterprise. The alumina refinery is currently undergoing a major expansion program to increase capacity by 2.1 million tonnes per year to 3.5 million tonnes per year.

The boiler islands are scheduled for commercial operation in the first quarter of 2008.



Teaming Up with Shanghai Boiler Works for Supercritical Arch-Fired Technology in China

We have signed a license agreement with Shanghai Boiler Works, Ltd. (SBW), a unit of Shanghai Electric Corporation, to provide an advanced technology license for arch-fired subcritical and supercritical steam generators.

Our leading arch-fired steam generator technology and overall boiler design "know-how" offers China's growing power market a state-of-the-art solution for firing difficult-to-burn low volatile coals in large-scale utility-size steam generators.

SBW will lead the contracting activities in the Chinese market and will participate with us on projects outside China. We will support SBW by providing design packages and other design support.

State of our Business

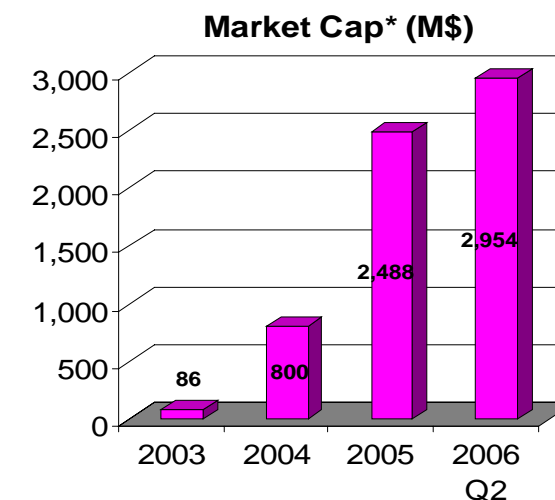
FW Stock (NASDAQ: FWLT) Selected for NASDAQ Global Select Market

FW stock has been selected for inclusion in the new NASDAQ Global Select Market. Beginning July 3, NASDAQ-listed companies have been classified under three listings tiers: the new NASDAQ Global Select Market, the NASDAQ Global Market, formerly known as the NASDAQ Global Select Market, and the NASDAQ Capital Market, which remains unchanged. The NASDAQ Global Select Market has the highest listing standards of any exchange in the world based on financial and liquidity requirements, according to NASDAQ. Prior to the change, we were listed on the NASDAQ National Market.



Strengthening Our Asbestos Exposure

As announced on July 7, 2006, we reached an agreement on June 30, 2006 to settle our asbestos-related claims for insurance coverage with an additional insurer. As a result of this settlement, we have increased our recorded asbestos-related insurance assets by \$79.6 million, and have recorded a second-quarter 2006 gain of \$79.6 million.



"We are pleased that Standard & Poor's and Moody's have each chosen to raise our corporate credit rating. We believe that this rating action is a significant external recognition of the substantial improvement in the credit quality of our company. Our solid operating performance, dramatic increase in backlog and completely restructured capital structure have transformed Foster Wheeler. We have the skills, products and the people to capitalize on significant opportunities offered by an extremely active engineering and construction market and a strengthening power market, and our capital structure fully supports our subsidiaries' ability to compete with anyone in their space, and win."

Raymond J. Milchovich
FW Chairman, President and CEO

Second Quarter 2006 Financial Highlights¹

- Highest every quarterly net income: \$108.4 million
- Consolidated EBITDA² increased 145% to \$152.5 million
- New orders booked increased 66% to \$908.7 million³
- Backlog increased 83% to \$2.84 billion³

¹ Compared with second-quarter 2005 results

² EBITDA: Earnings before income taxes, interest expense, depreciation and amortization

³ Measured in terms of Foster Wheeler scope i.e. excluding flowthrough costs

For full details, please see our Quarterly Report 10-Q filed with the SEC on August 9, 2006