FOSTER WHEELER
Annual Report

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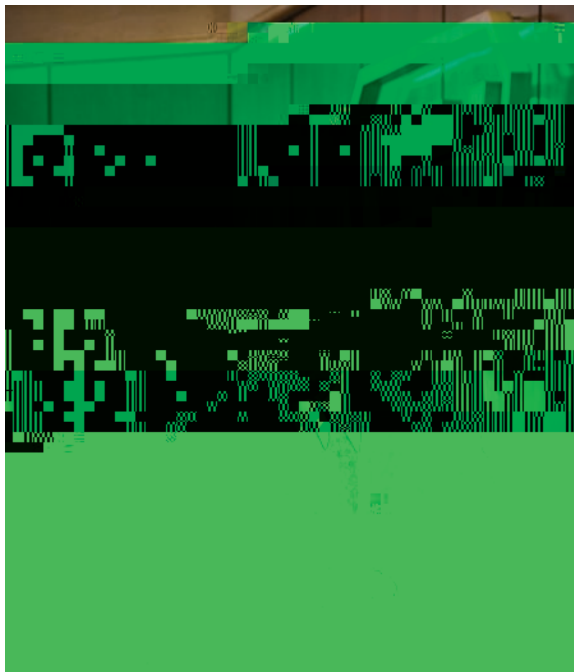
TO OUR SHAREHOLDERS



When I wrote to you one year ago, I expressed our pride in what we had accomplished at Foster Wheeler and highlighted the fact that 2006 was an all-time record year in the 117-year history of our company.

I'm very pleased to report to you that our 2007 performance signi cantly exceeded our 2006 all-time records by every material measure. We set new all-time marks in net income, EBITDA, market capitalization, and backlog while providing excellent and technically advanced products and services for our clients worldwide.

Clearly, the various nancial, operational, commercial, and organizational initiatives that we have driven very meticulously and systemically into the fabric of the Foster Wheeler culture have transformed our company's ability to perform in an industry-leading manner. In particular we have:

Delivered upon our reputation as a pre-eminent global supplier of high-quality services and equipment to our target markets, where we di erentiate ourselves through our technical capabilities, product capabilities and our ability to execute large complex projects successfully and safely;

Signi cantly improved the consistency and discipline of our commercial practices across both business groups: our Global Engineering and Cons(D)-6tiostf

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is transformation is not yet complete. We pursue continuous improvement in everything we do, and we continue to seek internal and external growth opportunities. We are fortunate to be on this journey at a time when our served markets have given new de nition to the word "robust." ree examples:

e 2007 World Oil Outlook published by the Organization of Petroleum Exporting Countries estimated that there would be a total of $2.4 trillion invested to build

GLOBAL ENGINEERING AND CONSTRUCTION GROUP

Success by Design

HA/ E DO

Front-end engineering design (FEED) work
Engineering, procurement, construction (EPC)
Project management

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Upstream oil and gas
LNG liquefaction and gas-to-liquids
Oil refining
Chemicals and petrochemicals
Pharmaceuticals, biotechnology and healthcare

O COMPE/I/I E AD AN/AGE

Expertise in executing large complex projects
Safety performance
On-time delivery
High quality/functionality
Technically advanced

PECIAL E PE /I E

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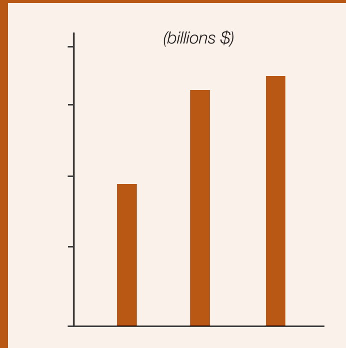
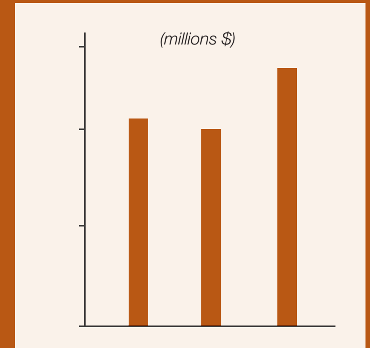
We are working on the EPC phase of the North West Shelf Phase V project in Australia, where we are leading the joint venture that is adding a fifth LNG train at this Woodside-operated LNG complex. This is the world’s first onshore LNG train to be constructed using modules, one of which is shown above. The use of modular construction is helping ensure that the project is completed within required time frames in 2008. Image: Courtesy of Woodside Energy Ltd.

Foster Wheeler has steadily expanded the capacity and technical capabilities of its market-leading CFB steam generators. In 2007, the company was engaged in the design and supply of a CFB for a power plant in Lagisza, Poland. With a generating capacity of 460 megawatts, the unit will be the world's largest and the world's first supercritical CFB.

GLOBAL POWER GROUP

Generating Heat





WHAT WE DO

- Design and supply steam generating units (boilers) for electric generating plants
- Provide related engineering, maintenance and construction services
- Develop "carbon capture" technology to reduce greenhouse gas emissions

THE PRIMARY MARKETS WE SERVE

- Public and private utilities
- Industrial customers

OUR COMPETITIVE ADVANTAGE

- Fuel flexibility
- Global sourcing of materials
- Low-cost global fabrication
- Proven track record
- Safety
- On-time delivery

SPECIAL EXPERTISE

- Clean-coal circulating

FOSTER WHEELER AT A GLANCE

GLOBAL E&C GROUP

Our E&C Group accounted for roughly 60% of the company's scope revenues in 2007. It performs front-end design (FEED); engineering, procurement, construction (EPC); and project management for the following key markets:

- Upstream oil and gas
- LNG liquefaction and gas-to-liquids
- Oil refining (including delayed coking)
- Chemicals and petrochemicals
- Pharmaceuticals, biotechnology and healthcare

The E&C Group is also involved in power project development and environmental remediation.

Major engineering centers: Reading (U.K.), Milan, Houston, Singapore, Paris, Madrid, India

GLOBAL POWER GROUP

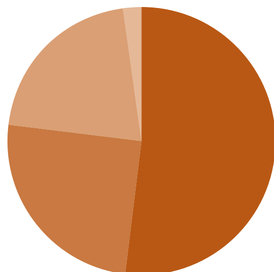
Our GPG business accounted for roughly 40% of the company's scope revenues in 2007. It designs and manufactures steam generating and auxiliary equipment for electric power generating stations and industrial facilities. Areas of expertise:

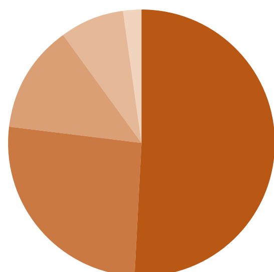
- Circulating fluidized-bed (CFB) steam generators that burn a wide range of fuels
- World leader in the combustion of biomass and hard-to-burn fuels
- Pulverized-coal boilers
- Supercritical once-through technology

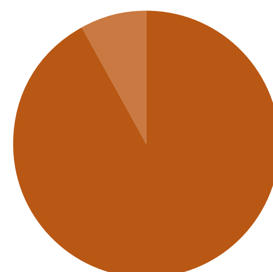
GPG also provides related boiler service, construction and maintenance engineering as well as major plant upgrades. GPG is developing oxy-fuel technology that has the potential to virtually eliminate carbon dioxide power plant emissions.

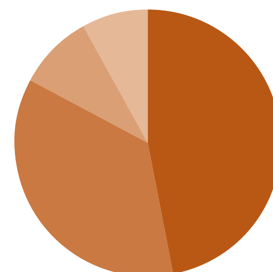
Major engineering centers: Perryville (New Jersey), Shanghai, Finland, Madrid, Poland

Fabrication facilities: China, Poland, Spain









FOSTER WHEELER LTD.

INDEX

ITEM		Page
	PART I	
1.	Business	2
1A.	Risk Factors	7
1B.	Unresolved Staff Comments	16
2.	Properties	17
3.	Legal Proceedings	19
4.	Submission of Matters to a Vote of Security Holders	19
	PART II	
5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	20
6.	Selected Financial Data	22
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24

PART I

ITEM 1. BUSINESS

General

Foster Wheeler Ltd. is incorporated under the laws of Bermuda and is a holding company that owns the stock of its various subsidiary companies. Except as the context otherwise requires, the terms “Foster Wheeler,” “us” and “we,” as used herein, include Foster Wheeler Ltd. and its direct and indirect subsidiaries. Amounts in Part I, Item 1 are presented in thousands, except for number of employees.

Business

We operate through two business groups: our **Global Engineering and Construction Group**, which we

catalytic NOx reduction systems as well as complete low-NOx combustion systems. We provide a broad range of site services relating to these products, including construction and erection services, maintenance engineering, plant upgrading and life extensions.

Our Global Power Group also provides research analysis and experimental work in fluid dynamics, heat transfer, combustion and fuel technology, materials engineering and solid mechanics. In addition, our Global Power Group owns and operates cogeneration, independent power production and waste-to-energy facilities, as well as power generation facilities for the process and petrochemical industries. Our Global Power Group generates revenues from engineering activities, equipment supply and construction contracts, operating activities pursuant to the long-term sale of project outputs, such as electricity and steam, operating and maintenance agreements, royalties from licensing our technology, and from returns on its equity investments in various power production facilities.

In addition to these two business groups, which also represent operating segments for financial reporting purposes, we report corporate center expenses and expenses related to certain legacy liabilities, such as asbestos, in the Corporate and Finance Group, which we also treat as an operating segment for financial reporting purposes and which we refer to as the C&F Group.

Please refer to Note 17 to the consolidated financial statements in this annual report on Form sm nstru1.2022(Gog)-3227(Form

reporting purpom.

terms. In some instances, we have responsibility for commissioning and plant start-up, or, where the client has responsibility for these activities, we provide experts to work as part of our client's team.

Wheeler scope measures the component of backlog with profit potential and represents our services plus fees for reimbursable contracts and total selling price for lump-sum or fixed-price contracts.

Please refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” for a discussion of the changes in unfilled orders, both in terms of expected future revenues and Foster Wheeler scope. See also Item 1A, “Risk Factors — Risks Related to Our Operations — Projects included in our backlog may be delayed or canceled, which could materially adversely affect our business, financial condition, results of operations and cash flows.”

Use of Raw Materials

We obtain the materials used in our manufacturing and construction operations from both domestic and foreign sources. The procurement of materials, consisting mainly of steel products and manufactured items, is heavily dependent on unrelated third-party foreign sources.

Compliance with Government Regulations

We are subject to certain foreign, federal, state and local environmental, occupational health and product safety laws arising from the countries where we operate. We also purchase materials and equipment from third-parties, and engage subcontractors, who are also subject to these laws and regulations. We believe that all our operations are in material compliance with those laws and we do not anticipate any material capital expenditures or material adverse effect on earnings or cash flows as a result of complying with those laws.

Employees

The following table indicates the number of full-time, temporary and agency personnel in each of our business groups. We believe that our relationship with our employees is satisfactory.

	As of	
	December 28, 2007	December 29, 2006
Global E&C Group	10,498	8,887
Global Power Group	3,278	3,027
C&F Group	83	78
	13,859	11,992

Competition

Many companies compete with us in the engineering and construction business. Neither we nor any other single company has a dominant market share of the total design, engineering and construction business servicing the global businesses previously described. Many companies also compete in the global energy business and neither we nor any other single competitor has a dominate market share. Companies that compete with our Global E&C Group include but are not limited to the following: Bechtel Corporation; Chicago Bridge & Iron Company N.V.; Chiyoda Corporation; Fluor Corporation; Jacobs Engineering Group Inc.; JGC Corporation; KBR, Inc.; McDermott International; Saipem S.p.A.; Shaw Group, Inc.; Technip; and Worley Parsons Ltd. Companies that compete with our Global Power Group include but are not limited to the following: Aker Kvaerner ASA; Alstom Power; Austrian Energy & Environment AG.; The Babcock & Wilcox Company; Babcock Power Inc.; Doosan-Babcock; Hitachi, Ltd.; and Mitsubishi Heavy Industries Ltd.

Available Information

You may obtain free electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and all amendments to these documents at our website, , . , under the heading “Investor Relations” by selecting the heading “SEC Filings.” We

ITEM 1A. RISK FACTORS (amounts in thousands of dollars)

Our business is subject to a number of risks and uncertainties, including those described below. If any of these events occur, our business could be harmed and the trading price of our securities could decline. The following discussion of risks relating to our business should be read carefully in connection with evaluating our business and the forward-looking statements contained in this annual report on Form 10-K. For additional information regarding forward-looking statements, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Safe Harbor Statement."

The categorization of risks set forth below is meant to help you better understand the risks facing our

adversely affect our business, financial condition, results of operations and cash flows. Our business has not

alleged exposure to or contamination by hazardous substances. Changes in the environmental laws and regulations, remediation obligations, enforcement actions, stricter interpretations of existing requirements, future discovery of contamination or claims for damages to persons, property, natural resources or the environment could result in material costs and liabilities that we currently do not anticipate.

[illegible]

Our success depends significantly on our ability to protect our intellectual property rights to the technologies and know-how used in our proprietary products. We rely on patent protection, as well as a combination of trade secret, unfair competition and similar laws and nondisclosure, confidentiality and other contractual restrictions to protect our proprietary technology. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. We also rely on unpatented proprietary technology. We cannot provide assurance that we can meaningfully protect all our rights in our unpatented proprietary technology or that others will not independently develop substantially equivalent proprietary products or processes or otherwise gain access to our unpatented proprietary technology. We also hold licenses from third-parties that are necessary to utilize certain technologies used in the design and manufacturing of some of our products. The loss of such licenses would prevent us from manufacturing and selling these products, which could harm our business.

[illegible]

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. The unavailability of the information systems, the failure of these systems to perform as anticipated for any reason or any significant breach of security could disrupt our business and could result in decreased performance and increased overhead costs, causing our business and results of operations to suffer.

Risks Related to Asbestos Claims

[illegible]

Some of our subsidiaries are named as defendants in numerous lawsuits and out-of-court administrative claims pending in the United States in which the plaintiffs claim damages for alleged bodily injury or death arising from exposure to asbestos in connection with work performed, or heat exchange devices assembled, installed and/or sold, by our subsidiaries. We expect these subsidiaries to be named as defendants in similar suits and that claims will be brought in the future. For purposes of our financial statements, we have estimated the indemnity and defense costs to be incurred in resolving pending and forecasted domestic claims through year-end 2022. Although we believe our estimates are reasonable, the actual number of future claims brought against us and the cost of resolving these claims could be substantially higher than our estimates. Some of the factors that may result in the costs of asbestos claims being higher than our current estimates include:

- the rate at which new claims are filed;
- the number of new claimants;
- changes in the mix of diseases alleged to be suffered by the claimants, such as type of cancer, asbestosis or other illness;
- increases in legal fees or other defense costs associated with asbestos claims;
- increases in indemnity payments;

- decreases in the proportion of claims dismissed with zero indemnity payments;
- indemnity payments being required to be made sooner than expected;
- bankruptcies of other asbestos defendants, causing a reduction in the number of available solvent defendants and thereby increasing the number of claims and the size of demands against our subsidiaries;
- adverse jury verdicts requiring us to pay damages in amounts greater than we expect to pay in settlements;
- changes in legislative or judicial standards that make successful defense of claims against our subsidiaries more difficult; or
- enactment of federal legislation requiring us to contribute amounts to a national settlement trust in excess of our expected net liability, after insurance, in the tort system.

The total liability recorded on our balance sheet is based on estimated indemnity and defense costs expected to be incurred through year-end 2022. We believe that it is likely that there will be new claims filed after 2022, but in light of uncertainties inherent in long-term forecasts, we do not believe that we can reasonably estimate the indemnity and defense costs that might be incurred after 2022. Our forecast contemplates that the number of new claims requiring indemnity will decline from year to year. If future claims fail to decline as we expect, our aggregate liability for asbestos claims will be higher than estimated.

Since year-end 2004, we have worked with Analysis Research Planning Corporation, or ARPC, nationally recognized consultants in projecting asbestos liabilities, to estimate the amount of asbestos-related indemnity and defense costs. ARPC reviews our asbestos indemnity payments, defense costs and claims activity and compares them to our 15-year forecast prepared at the previous year-end. Based on its review, ARPC may recommend that the assumptions used to estimate our future asbestos liability be updated, as appropriate.

Our forecast of the number of future claims is based, in part, on a regression model, which employs the statistical analysis of our historical claims data to generate a trend line for future claims and, in part, on an analysis of future disease incidence. Although we believe this forecast method is reasonable, other forecast methods that attempt to estimate the population of living persons who could claim they were exposed to asbestos at worksites where our subsidiaries performed work or sold equipment could also be used and might project higher numbers of future claims than our forecast.

The actual number of future claims, the mix of disease types and the amounts of indemnity and defense costs may exceed our current estimates. We update our forecasts at least annually to take into consideration recent claims experience and other developments, such as legislation and litigation outcomes, that may affect our estimates of future asbestos-related costs. The announcement of increases to asbestos liabilities as a result of revised forecasts, adverse jury verdicts or other negative developments involving asbestos litigation or insurance recoveries may cause the value or trading prices of our securities to decrease significantly. These negative developments could also negatively impact our liquidity, cause us to default under covenants in our indebtedness, cause our credit ratings to be downgraded, restrict our access to capital markets or otherwise materially adversely affect our business, financial condition, results of operations and cash flows.

we provided them, Peterson Risk Consulting provided an analysis of the unsettled insurance asset as of year-end 2007. We utilized that analysis to determine our estimate of the value of the unsettled insurance asset.

The asset recorded on our consolidated balance sheet represents our best estimate of settled and probable future insurance settlements relating to our domestic liability for pending and estimated future asbestos claims through year-end 2022. The estimate of recoveries from unsettled insurers in the insurance litigation discussed below is based upon the resolution of certain insurance coverage issues and the application of certain assumptions relating to cost allocation and other factors. The insurance asset also includes an estimate of the amount of recoveries under existing settlements with other insurers. On February 13, 2001, litigation was commenced against certain of our subsidiaries by certain of our insurers seeking to recover from other insurers

these insurance policies is dependent upon, among other things, the timing and amount of asbestos claims that may be made in the future, the financial solvency of our insurers and the amount that may be paid to resolve the claims. These factors could significantly limit our insurance recoveries, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to Our Liquidity and Capital Resources

[illegible]

As a holding company, we are dependent on cash inflows from our subsidiaries in order to fund our asbestos-related and other liabilities and corporate overhead expenses. To the extent that our U.S. subsidiaries do not generate enough cash flows to cover our holding company payments and expenses, we are dependent on cash repatriations from our non-U.S. subsidiaries. There can be no assurance that the forecasted foreign cash repatriation will occur as our non-U.S. subsidiaries need to keep certain amounts available for working capital purposes, to pay known liabilities, to comply with covenants and for other general corporate purposes. The repatriation of funds may also subject those funds to taxation. The inability to repatriate cash could negatively impact our business, financial condition, results of operations and cash flows.

[illegible]

Risk Factors Related to Our Financial Reporting and Corporate Governance

[illegible]

Although we had no material weaknesses as of December 28, 2007, we have reported material weaknesses in our internal control over financial reporting in the past. We cannot assure that we will avoid a material weakness in the future. If we have another material weakness in our internal control over financial reporting in the future, it could adversely impact our ability to report our financial results in a timely and accurate manner.

[illegible]

Our bye-laws contain provisions that could make it more difficult for a third-party to acquire us without the consent of our board of directors. These provisions provide for:

- The board of directors to be divided into three classes serving staggered three-year terms and the reservation for the board of directors, not the shareholders, of the right to increase the size of the board of directors. In addition, directors may be removed from office only for cause, by the affirmative vote of the holders of two-thirds of the issued shares generally entitled to vote and vacancies on the board of directors may only be filled by the remaining directors. These provisions of our bye-laws may delay or limit the ability of a shareholder to obtain majority representation on the board of directors.

- Any amendment to the bye-law limiting the removal of directors to be approved by the board of directors and the affirmative vote of the holders of three-quarters of the issued shares entitled to vote at general meetings.

- Restrictions on the time period in which directors may be nominated or shareholder proposals may be submitted. A shareholder notice to nominate an individual for election as a director or a shareholder proposal must be received no less than 120 calendar days prior to the anniversary of the date on which we first mailed our proxy materials for the preceding year's annual meeting. To be timely for consideration at the annual meeting of shareholders, a shareholder proposal must be received no less than 45 days prior to the anniversary of the date on which we first mailed our proxy materials for the preceding year's annual meeting.

- The board of directors to determine the powers, preferences and rights of preference shares and to issue preference shares without shareholder approval.

- A general prohibition on "business combinations" between Foster Wheeler Ltd. and an "interested member." Specifically, "business combinations" between an interested member, which is generally defined as a person or group of persons that owns, directly or indirectly, 20% or more of the issued voting shares of Foster Wheeler Ltd., and Foster Wheeler Ltd. are prohibited for a period of five years after the time the interested member acquires 20% or more of our outstanding voting shares, unless the business combination or the transaction resulting in the person becoming an interested member is approved by the board of directors prior to the date the interested member acquires 20% or more of the outstanding voting shares.

- Any matter submitted to the shareholders at a meeting called on the requisition of shareholders holding not less than one-tenth of our paid-up voting shares to be approved by the affirmative vote of all of the shares eligible to vote at such meeting.

These provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many shareholders. As a result, shareholders may be limited in their ability to obtain a premium for their shares.

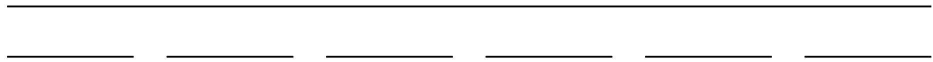
ITEM 2. PROPERTIES

The following table provides the name of each subsidiary that owns or leases materially important physical properties, along with the location and general use of each of our properties as of December 28, 2007, and the business segment in which each property is grouped. All or part of the listed properties may be leased or subleased to other affiliates. All properties are in good condition and adequate for their intended use.

Company (Business Segment*) and Location	Use	Land Area	Building Square Feet	Lease Expires[1]
Foster Wheeler Realty Services, Inc. (C&F)				
Union Township, New Jersey	Investment in undeveloped land	203.8 acres	—	
	General office & engineering	29.4 acres	294,000	2022
	Storage and reproduction facilities	10.8 acres	30,400	
Livingston, New Jersey	Research center	6.7 acres	51,355	
Foster Wheeler Energy Services, Inc. (GPG)				
San Diego, California	Office	—	11,015	2008
Foster Wheeler USA Corporation (E&C)				
Houston, Texas	Office & engineering	—	107,890	2008[2]
Houston, Texas	Office & engineering	—	59,671	2009
Houston, Texas	Office & engineering	—	74,025	2009
Foster Wheeler Iberia, S.A. (E&C)/(GPG)				
Madrid, Spain	Office & engineering	5.5 acres	110,000	2015
Santiago, Chile	Office & engineering	—	16,071	2011
Foster Wheeler Energia, S.A. (GPG)				
Tarragona, Spain	Manufacturing & office	25.6 acres	77,794	
Foster Wheeler France, S.A. (E&C)				
Paris, France	Office & engineering	—	64,584	2013
Foster Wheeler International Corporation (Thailand Branch) (E&C)				
Sriracha, Thailand	Office & engineering	—	59,944	2008
Sriracha, Thailand	Office & engineering	—	49,199	2008
Foster Wheeler International Engineering & Consulting (Shanghai) Company Limited (GPG and E&C)				
Shanghai, China	Office & engineering	—	35,796	2008
Shanghai, China	Office & engineering	—	21,083	2009
Shanghai, China	Office & engineering	—	21,031	2010
Foster Wheeler Constructors, Inc. (GPG)				
McGregor, Texas	Storage facilities	15.0 acres	24,000	
Foster Wheeler Limited (England) (E&C)				
Glasgow, Scotland	Office & engineering	2.3 acres	28,798[3]	
Reading, England	Office & engineering	—	76,711	2011
Reading, England	Office & engineering	14.0 acres	365,521	2024
Reading, England	Office & engineering	—	30,000	2009
Reading, England	Investment in undeveloped land	12.0 acres	—	
Teesside, England	Office & engineering	—	18,001	2014
Foster Wheeler Limited (Nigeria) (E&C)				
Lagos, Nigeria	Office & engineering	—	13,000	2008
Foster Wheeler Saudi Arabia Company Limited (E&C)				
Al-Khobar, Saudi Arabia	Office	—	45,000	2008

Performance Graph

The stock performance graph below shows how an initial investment of $100 in our common shares would



of our prior domestic senior credit agreement; and a net charge of $(12,500) recorded in conjunction with the debt reduction initiatives completed in April and May 2006.

(3) Includes in fiscal year 2005: increased contract profit of $99,600 from the regular re-evaluation of contract profit estimates; a charge of $(113,700) on the revaluation of our estimated asbestos liability and asbestos insurance receivable; credit agreement costs associated with our prior domestic senior credit facility of $(3,500); and an aggregate charge of $(58,300) recorded in conjunction with the exchange offers for our trust preferred securities and our senior notes due 2011, which we refer to as our 2011 senior notes.

(4) Includes in fiscal year 2004: increased contract profit of $37,600 from the regular re-evaluation of contract profit estimates; a gain of $19,200 on the sales of minority equity interests in special-purpose companies

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (amounts in thousands of dollars)

The following is management's discussion and analysis of certain significant factors that have affected our financial condition and results of operations for the periods indicated below. This discussion and analysis

The Global Power Group's new orders increased 67.8% to $2,008,200 in fiscal year 2007, compared to fiscal year 2006. We believe that the global power markets have strengthened and that there are significant growth opportunities in 2008 in the power markets we serve, such as solid fuel-fired boilers, boiler services, boiler environmental products and boiler-related construction services.

We believe that we are well positioned to compete in both our Global E&C Group and Global Power Group markets during 2008. The challenges and drivers for each of our Global E&C Group and our Global Power Group are discussed in more detail in the section entitled, "Business Segments," within this Item 7.

Results of Operations:

Operating Revenues:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Amount	$5,107,243	$3,495,048	$2,199,955
$ Change	1,612,195	1,295,093	
% Change	46.1%	58.9%	

The increase in operating revenues in fiscal year 2007, compared to fiscal year 2006, reflects our success in meeting the strong market demand in both our Global E&C Group and our Global Power Group (please refer to the section entitled, "Business Segments," within this Item 7 and in Note 17 to the consolidated financial statements included in this annual report on Form 10-K for further information). However, $848,300 of the fiscal year 2007 increase results from an increase, versus fiscal year 2006, in flow-through revenues and costs on projects executed by our Global E&C Group. Flow-through revenues and costs result when we are performing an engineering or construction contract and purchase materials, equipment or subcontractor services on behalf of our customer on a reimbursable basis with no profit added to the cost of the materials, equipment or subcontractor services. Flow-through revenues and costs do not impact contract profit or net earnings, but increased amounts of flow-through revenues have the effect of reducing our reported profit margins as a percent of operating revenues.

Operating revenues increased in fiscal year 2006, versus fiscal year 2005, driven by our ability to address the strong market activity in both the Global E&C Group and Global Power Group. Included in the increase of fiscal year 2006 operating revenues, compared to fiscal year 2005, are flow-through revenues of $289,400 from our Global E&C Group.

Contract Profit:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Amount	$744,321	$507,787	$346,342
$ Change	236,534	161,445	
% Change	46.6%	46.6%	

Contract profit is computed as operating revenues less cost of operating revenues. The increase in contract profit in fiscal year 2007, compared to fiscal year 2006, primarily reflects a significant increase in the volume of revenues, excluding the flow-through revenues described above, and increased margins earned in both our Global E&C Group and our Global Power Group, partially offset by a $30,000 charge on a Global Power Group legacy project.

The increase in contract profit for fiscal year 2006, compared to fiscal year 2005, primarily reflects the significant increase in volume of revenues described above in both our Global E&C Group and our Global Power Group, and from increased margins earned by our Global E&C Group, partially offset by certain project write-downs in the Global Power Group.

Please refer to the section entitled, "Business Segments," within this Item 7 for further information.

Selling, General and Administrative (SG&A) Expenses:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Amount	$246,237	$225,330	$216,691
$ Change	20,907	8,639	
% Change	9.3%	4.0%	

SG&A expenses include the costs associated with general management, sales pursuit, including proposal expenses, and research and development costs. The increase in SG&A expenses in fiscal year 2007, compared to fiscal year 2006, results primarily from increases in sales pursuit costs of $10,300, general overhead costs of $7,400 and research and development costs of $3,200. The increases result primarily from the increased volume of business in fiscal year 2007, which drove an increase in the number of technical personnel as well as non-technical support staff and related costs.

The increase in SG&A expenses in fiscal year 2006, compared to fiscal year 2005, results primarily from increases in general overhead costs of $23,800 and research and development costs of $100, which were partially offset by a decrease in sales pursuit costs of $15,300. The increase in general overhead results primarily from $3,200 of severance costs in fiscal year 2006 in our domestic and European Global Power Group businesses, $7,600 of additional non-cash equity-based compensation expense in fiscal year 2006 resulting primarily from the adoption of Statement of Financial Accounting Standard, or SFAS, No. 123R, "Share-Based Payment," a $6,200 increase in personnel costs including an increase in related short-term incentive expense, and $2,800 from costs associated with the wind down of our Canadian operations. The decline in sales pursuit costs reflects, in part, a reduction in the number of major lump-sum turnkey proposals during fiscal year 2006.

Other Income:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Amount	$61,410	$48,610	$54,847
$ Change	12,800	(6,237)	
% Change	26.3%	(11.4)%	

Other income in fiscal year 2007 consists primarily of $37,300 in equity method earnings generated from our investments, primarily from our minority ownership interests in build, own, and operate projects in Italy and Chile (as described further in Note 5 to the consolidated financial statements in this annual report on Form 10-K), a $6,600 gain on a real estate investment, a $9,400 gain recognized at our Camden, New Jersey waste-to-energy facility from the State of New Jersey's payment on the project's debt and $1,500 of investment income.

Other income in fiscal year 2006 consists primarily of $29,300 in equity method earnings generated from our investments, primarily from minority ownership interests in build, own, and operate projects in Italy and Chile (as described further in Note 5 to the consolidated financial statements in this annual report on Form 10-K), a $1,000 gain on the sale of a previously closed manufacturing facility in Dansville, New York, a $9,200 gain recognized at our Camden, New Jersey waste-to-energy facility from the State of New Jersey's payment on the project's debt and $600 of investment income. In the third quarter of 2006, the majority owners of certain of the Italian projects sold their interests to another third-party. Prior to this sale, our equity in the net earnings of these projects was reported on a pretax basis in other income and the associated taxes were reported in the provision

Other income in fiscal year 2005 consists primarily of $30,600 in equity method earnings generated from our investments, primarily from minority ownership interests in build, own, and operate projects in Italy and Chile (as described further in Note 5 to the consolidated financial statements in this annual report on Form 10-K), a $1,500 gain recognized in the Unitedfre-tortFoh35d2337(of)oinvestme,in gain2726

Please refer to Note 6 to the consolidated financial statements in this annual report on Form 10-K for more information.

Minority Interest in Income of Consolidated Affiliates:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Amount	$5,577	$4,789	$4,382
$ Change	788	407	
% Change	16.5%	9.3%	

Minority interest in income of consolidated affiliates reflects third-party ownership interests in the results of our Global Power Group's Martinez, California gas-fired cogeneration facility and our manufacturing facilities in Poland and the People's Republic of China. The change in minority interest in income of

Our prior domestic senior credit agreement fees and expenses resulted from the voluntary replacement of our prior domestic senior credit agreement with a new domestic senior credit agreement in October 2006. We were required to pay a prepayment fee of $5,000 as a result of the early termination of our prior agreement along with $500 in other termination fees and expenses. The early termination also resulted in the impairment of $9,500 of unamortized fees and expenses paid in 2005 associated with this agreement. In total, we recorded a charge of $15,000 in fiscal year 2006 in connection with the termination of our prior domestic senior credit agreement.

Loss on Debt Reduction Initiatives:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Amount	$ —	$ 12,483	$58,346
$ Change	(12,483)	(45,863)	
% Change	(100.0)%	(78.6)%	

The (loss) on debt reduction initiatives in fiscal year 2006 2(p6....) (45,863)

rate and because of earnings in jurisdictions where we have previously recorded a full valuation allowance.

measure to EBITDA. Since EBITDA is not a measure of performance calculated in accordance with GAAP, it should not be considered in isolation of, or as a substitute for, net income/(loss) as an indicator of operating

(2) Includes in fiscal year 2007: increased/(decreased) contract profit of $35,100 from the regular re-evaluation of contract profit estimates: $54,500 in our Global E&C Group and $(19,400) in our Global Power Group; a charge of $(7,400) in our C&F Group reflecting the revaluation of our asbestos liability and related asset resulting primarily from increased asbestos defense costs projected through year-end 2022 and for the addition of another year to our rolling 15-year asbestos liability estimate; and gains of $13,500 on the settlement of coverage litigation with certain asbestos insurance carriers recorded in our C&F Group.

(3) Includes in fiscal year 2006: (decreased)/increased contract profit of $(5,700) from the regular re-evaluation of contract profit estimates: $14,700 in our Global E&C Group and $(20,400) in our Global Power Group; a charge of $(15,600) in our C&F Group reflecting the revaluation of our asbestos liability and related asset; net asbestos-related gains of $115,700 recorded in our C&F Group primarily from settlement of coverage litigation with certain asbestos insurance carriers; an aggregate charge of $(15,000) recorded in our C&F Group in conjunction with the voluntary termination of our prior domestic senior credit agreement; and a net charge of $(12,500) recorded in our C&F Group in conjunction with the debt reduction initiatives completed in April and May 2006.

(4) Includes in fiscal year 2005: increased contract profit of $99,600 from the regular re-evaluation of contract profit estimates: $66,300 in our Global E&C Group and $33,300 in our Global Power Group; a charge of $(113,700) in our C&F Group on the revaluation of our estimated asbestos liability and asbestos insurance receivable; credit agreement costs in our C&F Group associated with our prior senior credit facility of $(3,500); and an aggregate charge of $(58,300) in our C&F Group recorded in conjunction with the exchange offers for our trust preferred securities and our 2011 senior notes.

Business Segments

We use several financial metrics to measure the performance of our business segments. EBITDA, as discussed and defined above, is the primary earnings measure used by our chief operating decision maker.

Global E&C Group

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005

strong demand supporting further new investment in these regions, which we expect to continue throughout 2008. We are also seeing investment in specialty chemicals, particularly in the Middle East, stimulated by governmental desire to further diversify their economies to lessen their dependence on crude oil exports and to provide sustained employment for their growing young populations. We continue to execute several major petrochemical contracts and expect to secure new petrochemicals business throughout 2008.

While the outlook for oil and gas, refining and petrochemicals in 2008 remains positive, we are seeing that, as the demand and cost for engineering and construction services, materials and equipment and commodities continues to rise, some companies are electing to commit to only partial or staged investments, to reduce the scope of their investments, or to postpone or cancel investments, until the market slows. As we work with our clients in the early study and front-end design phases of their projects, we are helping some of them develop a revised project that meets their investment parameters, develop a staged investment plan, or revise the scope of or configuration of their original project so that they are able to obtain approval to proceed with their investment. In addition, as discussed above, we believe the full impact of the U.S. credit crunch resulting from the sub-prime mortgage crisis has yet to be fully realized. There are a number of substantial downside risks to the global economic growth forecasts for 2008.

Investment in new pharmaceutical production facilities has slowed since 2003. We believe this is attributable to a range of factors including industry cost pressure. Investment has focused on plant rationalization, upgrading and improvement projects rather than on major new greenfield production facilities and on biotechnology facilities. There are now indications of some renewed interest in more significant plant investment in the key pharmaceutical investment hubs — Singapore, the U.S., Ireland and Puerto Rico.

G ba P e G

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Operating revenues	$1,425,984	$1,275,944	$728,024
$ Change	150,040	547,920	
% Change	11.8%	75.3%	
EBITDA	$ 139,177	$ 95,039	$107,266
$ Change	44,138	(12,227)	
% Change	46.4%	(11.4)%	

The increase in operating revenues in fiscal year 2007, as compared to fiscal year 2006, results from the volume of business in our operations in North America, Europe and China.

Our Global Power Group experienced higher levels of EBITDA in fiscal year 2007, as compared to fiscal year 2006, as a result of increased volumes of business and increased margins experienced by our contracts executed in North America, Europe and China. In addition, EBITDA in fiscal year 2007 included $14,400 related to the favorable resolution of project claims. The $14,400 impacted contract profit by $9,600, interest income by $4,000 and reduced other deductions by $800. EBITDA was also adversely impacted by a $30,000 contingency taken in fiscal year 2007 on a legacy engineering, procurement and construction project in Europe. The $30,000 contingency was in addition to a $25,000 contingency established during the fourth quarter of 2006 and other write-downs and profit reversals in 2004. This project was bid in 2001 and awarded in 2002, prior to the implementation of our current system of risk management controls and our Project Risk

Due to Europe's historical preference for high efficiency coal-fired power plants and active greenhouse gas regulation for power plants (such as Europe's emissions trading scheme, which became effective in 2005), we believe supercritical boiler technology will continue to be the preference in the European utility boiler market sector. We believe that, with the supercritical CFB and PC boiler projects described above, we are well positioned to pursue this market sector by offering both PC and CFB-type supercritical boilers. Historically, PC boiler technology has been the only combustion technology choice for the supercritical utility boiler market segment globally. However, we believe that supercritical CFB boiler technology has the potential to penetrate the supercritical utility boiler market and to shift a portion of the market away from PC to CFB-type boilers, especially for non-premium solid fuels such as lignite, brown coals and waste coals. Since we expect to be the first boiler supplier with an operational supercritical CFB reference plant (which is expected to be commissioned in 2009), we believe we are well positioned to pursue this market opportunity.

From the industrial sector, driven by increasing power prices and historically high oil and natural gas pricing, we are seeing growth in the solid fuel industrial power market, which is benefiting sales of our industrial boilers. The European Union, or EU, has established regulation and incentive programs to encourage the use of biomass and other waste fuels, which we believe is spurring growth both in the industrial and utility sectors for our CFB boilers market. The EU's landfill and waste recycling directives (which became effective in 2004) have opened a new market for our CFB boilers firing refuse-derived fuels. The EU's Large Combustion Plant Directive, or LCPD (which has governed the emission regulation of utility power plants in Europe over the last five years and continues to be revised to enforce even tighter emission standards), is expected to drive growth in the retrofit pollution control market, which should benefit our environmental products business. Due to the LCPD's relatively mild first step reduction goals, we do not expect to see significant growth until after 2008 when the (v)0(in)(enefit3329(tls,)i-318(the)-331(margrams)-st326(last)ro1l)]TJ0 -1.201the 2008the.(2008)(e)0(d)-3(the)-.1((of)-(T*3asLCPD) -1soe)0(r)c[(the)-2333(2003is)nd3et. The mulationregur

financial statements in this annual report on Form 10-K for additional details on cash and restricted cash

activities will be sufficient to fund our operations throughout the next 12 months. Based on these forecasts, our primary cash needs for fiscal 2008 will be to fund working capital, capital expenditures, asbestos liability indemnity and defense costs, and acquisitions. The majority of our cash balances are invested in short-term interest bearing accounts. We continue to consider investing some of our cash in longer-term investment opportunities, including the acquisition of other entities or operations in the engineering and construction industry or power industry and/or the reduction of certain liabilities such as unfunded pension liabilities.

It is customary in the industries in which we operate to provide standby letters of credit, bank guarantees or performance bonds in favor of clients to secure obligations under contracts. We believe that we will have sufficient letter of credit capacity from existing facilities throughout the next 12 months.

Our domestic operating entities do not generate sufficient cash flows to fund our obligations related to corporate overhead expenses and asbestos-related liabilities. Consequently, we require cash repatriations from our non-U.S. subsidiaries in the normal course of our operations to meet our domestic cash needs and have successfully repatriated cash for many years. We believe we can repatriate the required amount of cash from our foreign subsidiaries and we continue to have access to the revolving credit portion of our domestic senior credit facility, if needed.

We funded $19,000 of asbestos liability indemnity payments and defense costs from our cash flows in fiscal year 2007, net of the cash received from insurance settlements. We expect to fund a total of $25,000 of the asbestos liability indemnity and defense costs from our cash flows in fiscal year 2008, net of the cash expected to be received from existing insurance settlements. This estimate assumes no additional settlements with insurance companies or elections by us to fund additional payments. As we continue to collect cash from insurance settlements and assuming no increase in our asbestos-related insurance liability or any future insurance settlements, the asbestos-related insurance receivable recorded on our balance sheet will continue to decrease.

On May 4, 2007, we executed an amendment to our domestic senior credit agreement to increase the facility by $100,000 to $450,000, to reduce the pricing on a portion of the letters of credit issued under the facility and to restore an "accordion" feature, which permits further incremental increases of up to $100,000 in total availability under the facility. We had $245,800 and $189,000 of letters of credit outstanding under our domestic senior credit agreement as of December 28, 2007 and December 29, 2006, respectively. The letter of credit fees now range from 1.50% to 1.60%, excluding a fronting fee of 0.125% per annum. We do not intend to borrow under our domestic senior revolving credit facility during 2008. A portion of the letters of credit issued under the domestic senior credit agreement have performance pricing that is decreased (or increased) as a result of improvements (or reductions) in the credit rating assigned to the domestic senior credit agreement by Moody's Investors Service and/or Standard & Poor's. However, this performance pricing is not expected to materially impact our liquidity or capital resources in 2008.

We anticipate spending €42,990 (approximately $63,300 at the exchange rate as of December 28, 2007) in FW Power S.r.L., in fiscal year 2008 as we continue construction of the electric power generating wind

Contractual Obligations

We have contractual obligations comprised of long-term debt, non-cancelable operating lease commitments, purchase commitments, capital lease commitments and pension funding requirements. Our expected cash flows related to contractual obligations outstanding as of December 28, 2007 are as follows:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt:					
Principal	$ 136,900	$ 18,000	$ 50,200	$ 14,900	$ 53,800
Interest	59,900	10,400	16,300	9,100	24,100
Non-cancelable operating lease commitments	433,800	52,800	85,300	66,600	229,100
Purchase commitments	1,403,000	1,315,400	85,000	2,000	600
Capital lease obligations:					
Principal	68,400	1,300	3,400	4,100	59,600
Interest	76,500	7,200	13,600	12,900	42,800
Pension funding requirements — U.S.(1)	—	—	—	—	—
Pension funding requirements — foreign(2)	151,500	33,400	62,000	56,100	—
Total contractual cash obligations	$2,330,000	$1,438,500	$315,800	$165,700	$410,000

(1) Funding requirements are not expected in the next five years; however, data for contribution requirements beyond five years are not yet available. These projections assume we do not make any discretionary contributions.

(2) Funding requirements are expected to extend beyond five years; however, data for contribution requirements beyond five years are not yet available. These projections assume we do not make any discretionary contributions.

The table above does not include payments of our asbestos-related liabilities as we cannot reasonably predict the timing of the net cash outflows associated with this liability beyond 2008. We expect to fund $25,000 of our asbestos liability indemnity and defense costs from our cash flows in fiscal year 2008, net of the cash expected to be received from existing insurance settlements. Please refer to Note 19 to the consolidated financial statements in this annual report on Form 10-K for more information.

The table above does not include payments relating to our uncertain tax positions as we cannot reasonably predict the timing of the net cash outflows associated with this liability beyond 2008. We expect to pay $3,300 relating to our uncertain tax provisions (including interest and penalties) from our cash flows in fiscal year 2008. Our total liability (including accrued interest and penalties) is $76,400 as of December 28, 2007. Please refer to Note 15 to the consolidated financial statements in this annual report on Form 10-K for more information.

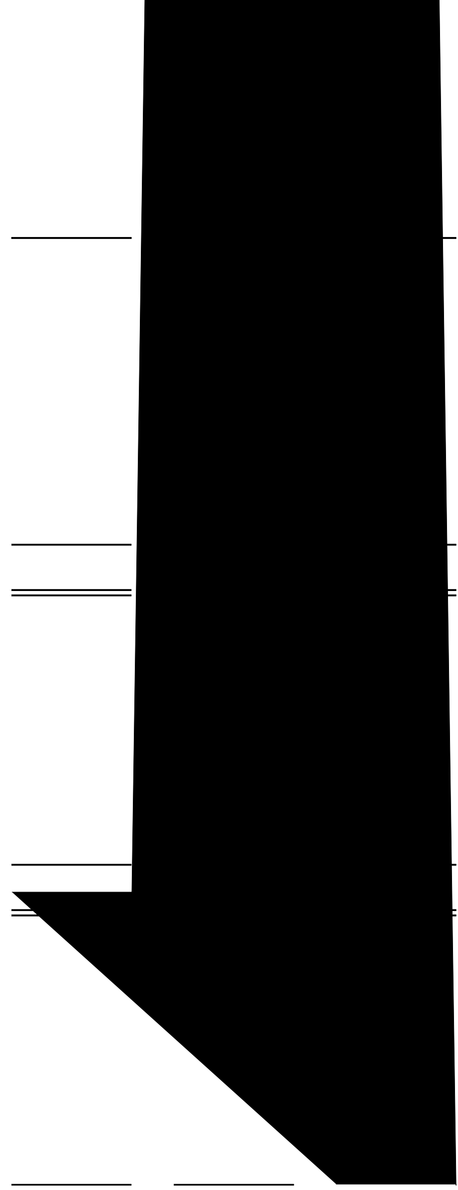
In certain instances in the normal course of business, we have provided security for contract performance consisting of standby letters of credit, bank guarantees and surety bonds. As of December 28, 2007, such commitments and their period of expiration are as follows:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Bank issued letters of credit and guarantees	$788,700	$303,100	$243,100	$179,100	$63,400
Surety bonds	29,900	—	—	29,900	—
Total commitments	$818,600	$303,100	$243,100	$209,000	$63,400

Please refer to Note 9 to the consolidated financial statements in this annual report on Form 10-K for a discussion of guarantees.

Backlog and New Orders

	Global E&C Group	Global Power Group	Total
NEW ORDERS (FUTURE REVENUES) BY INDUSTRY:			
For the Year Ended December 28, 2007:			
Power generation	$ 96,000	$1,883,500	$1,979,500
Oil refining	1,218,400	—	1,218,400
Pharmaceutical	81,800	—	81,800
Oil and gas			



Global E&C Group Global Power Group Total BACKLOG (FUTURE REVENUES) BY PROJECT LOCATION: As of December 28, 2007: North America $ 150,900 $ 742,900 $ 893,800 South America 26,200 132,800 159,000

	Global E&C Group	Global Power Group	Total
BACKLOG (FUTURE REVENUES) BY INDUSTRY:			
As of December 28, 2007:			
Power generation	$ 56,400	$1,476,600	$1,533,000
Oil refining	1,633,100	—	1,633,100
Pharmaceutical	41,400	—	41,400
Oil and gas	4,078,600	—	4,078,600
Chemical/petrochemical	1,988,000	—	1,988,000
Power plant operation and maintenance	—	121,800	121,800
Environmental	12,700	—	12,700
Other, net of eliminations	11,800	—	11,800
Total	$7,822,000	$1,598,400	$9,420,400
Foster Wheeler scope in backlog	$1,709,100	$1,585,500	$3,294,600
E&C man-hours in backlog (in thousands)	13,400		13,400
As of December 29, 2006:			
Power generation	$ 122,000	$ 812,200	$ 934,200
Oil refining	1,736,400	—	1,736,400
Pharmaceutical	106,000	—	106,000
Oil and gas	901,700	—	901,700
Chemical/petrochemical	1,576,800	—	1,576,800
Power plant operation and maintenance	—	117,700	117,700
Environmental	61,700	—	61,700
Other, net of eliminations	(3,100)	—	(3,100)
Total	$4,501,500	$ 929,900	$5,431,400
Foster Wheeler scope in backlog	$1,611,500	$ 916,700	$2,528,200
E&C man-hours in backlog (in thousands)	11,600		11,600
As of December 30, 2005:			
Power generation	$ 154,600	$ 833,600	$ 988,200
Oil refining	897,200	—	897,200
Pharmaceutical	123,500	—	123,500
Oil and gas	1,148,400	—	1,148,400
Chemical/petrochemical	302,600	—	302,600
Power plant operation and maintenance	—	128,000	128,000
Environmental	88,000	—	88,000
Other, net of eliminations	16,400	—	16,400
Total	$2,730,700	$ 961,600	$3,692,300
Foster Wheeler scope in backlog	$1,212,400	$ 947,300	$2,159,700
E&C man-hours in backlog (in thousands)	9,300		9,300

both increases and decreases in estimated profit, result from events such as earning project incentive bonuses or the incurrence or forecasted incurrence of contractual liquidated damages for performance or schedule issues, executing services and purchasing third-party materials and equipment at costs differing from those previously estimated, and testing of completed facilities which, in turn, eliminates or confirms completion and warranty-related costs. Project incentives are recognized when it is probable they will be earned. Project incentives are frequently tied to cost, schedule and/or safety targets and, therefore, tend to be earned late in a project's life cycle. There were 38, 29 and 45 separate projects that had final estimated profit revisions exceeding $1,000 in fiscal years 2007, 2006 and 2005, respectively. These changes in final estimated profits resulted in a net increase/(decrease) to contract profit of $35,100, $(5,700) and $99,600 in fiscal years 2007, 2006 and 2005, respectively.

Asbestos

Some of our U.S. and U.K. subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending in the United States and the United Kingdom. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to or use of asbestos in connection with work allegedly performed by our subsidiaries during the 1970s and earlier. The calculation of asbestos-related liabilities and assets involves the use of estimates as discussed below.

We believe the most critical assumptions within our asbestos liability estimate are the number of future mesothelioma claims to be filed against us, the number of mesothelioma claims that ultimately will require payment from us or our insurers, and the indemnity payments required to resolve those mesothelioma claims.

United States

As of December 28, 2007, we had recorded total liabilities of $403,300 comprised of an estimated liability of $165,100 relating to open (outstanding) claims being valued and an estimated liability of $238,200 relating to future unasserted claims through year-end 2022. Of the total, $72,000 is recorded in accrued expenses and $331,300 is recorded in asbestos-related liability on the consolidated balance sheet.

reflects amounts due in the next 12 months under executed settlement agreements with insurers and does not include any estimate for future settlements. The recorded asbestos-related insurance recovery receivable includes an estimate of recoveries from unsettled insurers in the insurance coverage litigation referred to below based upon the resolution of certain insurance coverage issues and the application of certain assumptions relating to cost allocation and other factors as well as an estimate of the amount of recoveries under existing settlements with other insurers. Such amounts have not been discounted for the time value of money.

Since year-end 2005, we have worked with Peterson Risk Consulting, nationally recognized experts in the estimation of insurance recoveries, to review our estimate of the value of the settled insurance asset and assist in the estimation of our unsettled asbestos insurance asset. Based on insurance policy data, historical claim data, future liability estimates including the expected timing of payments and allocation methodology assumptions we provided them, Peterson Risk Consulting provided an analysis of the unsettled insurance asset as of December 28, 2007. We utilized that analysis to determine our estimate of the value of the unsettled insurance asset as of December 28, 2007.

As of December 28, 2007, we estimated the value of our unsettled asbestos insurance asset contested by our subsidiaries' insurers in ongoing litigation in New York state court at $27,600. The litigation relates to the amounts of insurance coverage available for asbestos-related claims and the proper allocation of the coverage among our subsidiaries' various insurers and our subsidiaries as self-insurers. We believe that any amounts that our subsidiaries might be allocated as self-insurer would be immaterial.

An adverse outcome in the pending insurance litigation described above could limit our remaining insurance recoveries and result in a reduction in our insurance asset. However, a favorable outcome in all or part of the litigation could increase remaining insurance recoveries above our current estimate. If we prevail in whole or in part in the litigation, we will re-value our asset relating to remaining available insurance recoveries based on the asbestos liability estimated at that time.

We have considered the asbestos litigation and the financial viability and legal obligations of our subsidiaries' insurance carriers and believe that, except for those insurers that have become insolvent for which a reserve has been provided, the insurers or their guarantors will continue to reimburse a significant portion of claims and defense costs relating to asbestos litigation. The overall historic average combined indemnity and defense cost per resolved claim was $2.6. The average cost per resolved claim is increasing and we believe will continue to increase in the future.

As we did at year-end 2007, we plan to update our forecasts periodically to take into consideration our future experience and other considerations to update our estimate of future costs and expected insurance recoveries. The estimate of the liabilities and assets related to asbestos claims and recoveries is subject to a number of uncertainties that may result in significant changes in the current estimates. Among these are uncertainties as to the ultimate number and type of claims filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, as well as potential legislative changes. Increases in the number of claims filed or costs to resolve those claims could cause us to increase further the estimates of the costs associated with asbestos claims and could have a material adverse effect on our financial condition, results of operations and cash flows.

The following chart reflects the sensitivities in the 2007 consolidated financial statements associated with a change in certain estimates used in relation to the domestic asbestos-related liabilities.

Changes (Increase or Decrease) in Assumption:	Approximate Change in Liability
One-percentage point change in the inflation rate related to the indemnity and defense costs	$24,000
Twenty-five percent change in average indemnity settlement amount	70,400
Twenty-five percent change in forecasted number of new claims	59,500

Based on the year-end 2007 liability estimate, an increase of 25% in the average per claim indemnity settlement amount would increase the liability by $70,400 as described above and the impact on expense would be dependent upon available additional insurance recoveries. Assuming no change to the assumptions

currently used to estimate our insurance asset, this increase would result in a charge in the statement of operations in the range of approximately 70% to 80% of the increase in the liability. Long-term cash flows would ultimately change by the same amount. Should there be an increase in the estimated liability in excess of this 25%, the percentage of that increase that would be expected to be funded by additional insurance recoveries will decline.

Our subsidiaries have been effective in managing the asbestos litigation, in part, because our subsidiaries: (1) have access to historical project documents and other business records going back more than 50 years, allowing them to defend themselves by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence; (2) maintain good records on insurance policies and have identified and validated policies issued since 1952; and (3) have consistently and vigorously defended these claims which has resulted in dismissal of claims that are without merit or settlement of meritorious claims at amounts that are considered reasonable.

United Kingdom

As of December 28, 2007, we had recorded total liabilities of $48,500 comprised of an estimated liability relating to open (outstanding) claims of $9,000 and an estimated liability relating to future unasserted claims through year-end 2022 of $39,500. Of the total, $3,000 was recorded in accrued expenses and $45,500 was recorded in asbestos-related liability on the consolidated balance sheet. An asset in an equal amount was recorded for the expected U.K. asbestos-related insurance recoveries, of which $3,000 was recorded in accounts and notes receivable-other and $45,500 was recorded as asbestos-related insurance recovery receivable on the consolidated balance sheet. The liability estimates are based on a U.K. House of Lords judgment that pleural plaque claims do not amount to a compensable injury and accordingly, we have reduced our liability assessment. Should this ruling be reversed by legislation, the asbestos liability and related asset recorded in the U.K. would be approximately $66,100.

Defined Benefit Pension and Other Postretirement Benefit Plans

We have defined benefit pension plans in the United States, the United Kingdom, France, Canada and Finland, and we have other postretirement benefit plans for health care and life insurance benefits in the United States and Canada. The U.S. plans, which are frozen to new entrants and additional benefit accruals, and the Canadian, Finnish and French plans, are non-contributory. The U.K. plan, which is closed to new entrants, is contributory. Additionally, one of our subsidiaries in the United States also has a benefit plan which provides coverage for an employee's beneficiary upon the death of the employee. This plan has been closed to new entrants since 1988.

We adopted the provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements 87, 88, 106, and 132(R)," on December 29, 2006, the last day of fiscal year 2006. SFAS No. 158 requires us to recognize the funded status of each of our defined benefit pension and other postretirement benefit plans on the consolidated balance sheet. SFAS No. 158 also requires us to recognize any gains or losses, which are not recognized as a component of annual service cost, as a component of other comprehensive income/(loss), net of tax. Upon adoption of SFAS No. 158, we recorded net actuarial losses, prior service cost/(credits) and a net transition asset as a net charge to accumulated other comprehensive loss on the consolidated balance sheet. Please refer to Note 8 of the consolidated financial statements in this annual report on Form 10-K for more information.

The calculations of defined benefit pension and other postretirement benefit liabilities, annual service cost and cash contributions required, rely heavily on estimates about future events often extending decades into the future. We are responsible for establishing the assumptions used for the estimates, which include:

- The discount rate used to calculate the present value of future obligations;
- The expected long-term rate of return on plan assets;
- The expected rate of annual salary increases;
- The selection of the actuarial mortality tables;
- The annual healthcare cost trend rate (only for the other postretirement benefit plans); and

- The annual inflation rate.

We utilize our business judgment in establishing the estimates used in the calculations of our defined benefit pension and other postretirement benefit liabilities, annual service cost and cash contributions. These estimates are updated on an annual basis or more frequently upon the occurrence of significant events. The estimates can vary significantly from the actual results and we cannot provide any assurance that the estimates used to calculate the defined benefit pension and postretirement benefit liabilities included herein will approximate actual results. The volatility between the assumptions and actual results can be significant.

The following table summarizes the estimates used for our defined benefit pension plans for fiscal years 2007, 2006 and 2005:

	United States	United Kingdom	Other	United States	United Kingdom	Other	United States	United Kingdom	Other

As of December 28, 2007, our defined benefit pension plans had net actuarial losses of $347,600, which were recognized in accumulated other comprehensive loss on the consolidated balance sheet. The net actuarial losses reflect differences between expected and actual plan experience and changes in actuarial assumptions, all of which occurred over time. These net actuarial losses, to the extent not offset by future actuarial gains, will result in increases in our future pension costs depending on several factors, including whether such losses exceed the corridor in which losses are not amortized. The net actuarial losses outside the corridor are amortized over the expected remaining service periods of active participants for the foreign plans (11 years for the U.K. plans, 11 years for the Canadian plan and 18 years for the Finnish plan) and average life expectancy of participants for the U.S. plans (approximately 26 years) since benefits are frozen. In addition, our defined benefit pension plans had prior service costs of $33,400, which were recognized in accumulated other comprehensive loss on the consolidated balance sheet as of December 28, 2007. The prior service costs are amortized over schedules established at the date of each plan change (11 years for the U.K. plans). The estimated net actuarial loss and prior service cost that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are $20,400 and $1,900, respectively.

A one-tenth of a percentage point decrease or increase in the funding segment rates, used for calculating future funding requirements to the U.S. plans through 2012, would not change the respective aggregate contributions over the next five years due to the current over-funded status of the U.S. plans.

A one-tenth of a percentage point decrease in the funding interest rate, used for calculating future funding requirements to the U.K. plans through 2012, would increase aggregate contributions over the next five years by approximately $7,300, while an increase by one-tenth of a percentage point would decrease aggregate contributions by approximately $5,600.

The following table summarizes the estimates used for our other postretirement benefit plans for fiscal years 2007, 2006 and 2005:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Weighted-average assumptions — net periodic postretirement benefit cost:			
Discount rate	5.73%	5.39%	5.35%
Weighted-average assumptions — accumulated postretirement benefit obligation:			
Discount rate	6.20%	5.73%	

The discount rate is developed using a market-based approach that matches our projected benefit payments to a spot yield curve of high-quality corporate bonds. Changes in the discount rate from period-to-period were generally due to changes in long-term interest rates.

As of December 28, 2007, our other postretirement benefit plans had net actuarial losses of $10,900, which were recognized in accumulated other comprehensive loss on the consolidated balance sheet. The net actuarial losses outside the corridor are amortized over the average life expectancy of inactive participants (11 years) because benefits are frozen. In addition, our other postretirement benefit plans had prior service credits of $43,500, which were recognized in accumulated other comprehensive loss on the consolidated balance sheet as of December 28, 2007. The prior service credits are amortized over schedules established at the date of each plan change (9 years). The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive loss into net periodic postretirement benefit cost over the next fiscal year are $800 and $(4,800), respectively.

Share-Based Compensation Plans

Our share-based compensation plans include both restricted awards and stock option awards. Prior to December 31, 2005, we accounted for share-based employee compensation plans under the measurement and recognition provisions of Accounting Principles Board, or APB, Opinion No. 25, "Accounting for Stock Issued to Employees," as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, we used the intrinsic value method of accounting for our stock option awards and did not recognize compensation

expense for stock options that were granted at an exercise price equal to or greater than the market price of our common stock on the date of grant. As a result, the recognition of share-based compensation expense was generally limited to the expense attributed to restricted awards. In accordance with SFAS No. 123 and SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure," we provided pro forma net income or loss and net earnings or loss per common share disclosures for each period prior to December 31, 2005, as if we had applied the fair value method in measuring compensation expense for our share-based compensation plans, including stock options.

Effective December 31, 2005, the first day of fiscal 2006, we adopted the fair value provisions of SFAS No. 123R using the modified prospective transition method. Under this method, we recognize share-based compensation expense for (i) all share-based payments granted prior to, but not yet vested as of, December 31, 2005, based on the grant date fair value originally estimated in accordance with the provisions of SFAS No. 123, and (ii) all future share-based payment awards based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123R. Because we elected to use the modified prospective transition method, results for periods prior to fiscal year 2006 have not been restated to reflect the compensation expense for the fair value of the awards that vested prior to December 31, 2005.

Compensation cost for our share-based plans (nte)-3furEluecpensati8-termit259(—it25)-w[(based)-321(witions.ns)-3126218(alu

minimize this risk, we enter into these financial instruments with financial institutions that are primarily rated "BBB+" or better by Standard & Poor's (or the equivalent by other recognized credit rating agencies).

At December 28, 2007, our primary foreign currency forward exchange contracts are set forth below:

Currency Hedged (bought or sold forward)	Functional Currency	Hedged Foreign Currency Exposure (in equivalent U.S. dollars)	Notional Amount of Forward Buy Contracts (in equivalent U.S. dollars)	Notional Amount of Forward Sell Contract (in equivalent U.S. dollars)
Euro	British pound	$ 5,328	$ 2,502	$ 2,826
	Chilean peso	387	—	387
Polish zloty	Euro	105,335	105,335	—
	U.S. dollar	720	720	—
Thai baht	British pound	1,839	1,839	—
U.S. dollar	British pound	154,357	—	154,357
	Euro	3,832	3,832	—
	Singapore dollar	211	—	211
United Arab Emirates dirham	British pound	2,307	2,307	—
	Total	$274,316	$116,535	$157,781

The notional amount provides one measure of the transaction volume outstanding as of year-end. Amounts ultimately realized upon final settlement of these financial instruments, along with the gains and losses on the underlying exposures within our long-term contracts, will depend on actual market exchange rates during the remaining life of the instruments. The contracts mature between 2008 and 2010. Increases in fair value of the currencies sold forward result in losses while increases in the fair value of the currencies bought forward result in gains. The contracts have been established by various international subsidiaries to sell a variety of currencies and receive their respective functional currency or other currencies for which they have payment obligations to third-parties. Please refer to Note 16 to the consolidated financial statements in this annual report on Form 10-K for further information regarding derivative financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

	Page
Report of Independent Registered Public Accounting Firm	59
Consolidated Statement of Operations	60
Consolidated Balance Sheet	61
Consolidated Statement of Changes in Shareholders' Equity/(Deficit)	62
Consolidated Statement of Comprehensive Income/(Loss)	63
Consolidated Statement of Cash Flows	64
Notes to Consolidated Financial Statements	66
Financial Statement Schedule	121

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Foster Wheeler Ltd.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Foster Wheeler Ltd. ("the Company") and its subsidiaries at December 28, 2007 and December 29, 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 28, 2007 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 28, 2007, based on criteria established in [illegible] issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of the Company's Form 10-K. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 and Note 8 to the consolidated financial statements, the Company changed the manner in which it accounts for share-based compensation and pension and other postretirement benefits in fiscal year 2006. As discussed in Note 15 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions in fiscal year 2007.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect

FOSTER WHEELER LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands of dollars, except per share amounts)

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Operating revenues	$ 5,107,243	$ 3,495,048	$ 2,199,955
Cost of operating revenues	(4,362,922)	(2,987,261)	(1,853,613)
Contract profit	744,321	507,787	346,342
Selling, general and administrative expenses	(246,237)	(225,330)	(216,691)
Other income	61,410	48,610	54,847
Other deductions	(45,540)	(45,453)	(36,529)
Interest income	35,627	15,119	8,876
Interest expense	(19,855)	(24,944)	(50,618)
Minority interest in income of consolidated affiliates	(5,577)	(4,789)	(4,382)
Net asbestos-related gains/(provision)	6,145	100,131	(113,680)
Prior domestic senior credit agreement fees and expenses	—	(14,955)	—
Loss on debt reduction initiatives	—	(12,483)	(58,346)
Income/(loss) before income taxes	530,294	343,693	(70,181)
Provision for income taxes	(136,420)	(81,709)	(39,568)
Net income/(loss)	$ 393,874	$ 261,984	$ (109,749)
Earnings/(loss) per common share (see Note 1):			
Basic	$ 2.78	$ 1.82	$ (1.18)
Diluted	$ 2.72	$ 1.72	$ (1.18)

See notes to consolidated financial statements.

FOSTER WHEELER LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(in thousands of dollars, except share data and per share amounts)

	December 28, 2007	December 29, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$1,048,544	$ 610,887
Accounts and notes receivable, net:		
Trade	580,883	483,819
Other	98,708	83,497
Contracts in process	239,737	159,121
Prepaid, deferred and refundable income taxes	36,532	21,016
Other current assets	39,979	31,288
Total current assets	2,044,383	1,389,628
Land, buildings and equipment, net	337,485	302,488
Restricted cash	20,937	19,080
Notes and accounts receivable — long-term	2,941	5,395
Investments in and advances to unconsolidated affiliates	198,346	167,186
Goodwill, net	53,345	51,573
Other intangible assets, net	61,190	62,004
Asbestos-related insurance recovery receivable	324,588	350,322
Other assets	93,737	91,081
Deferred income taxes	112,036	126,792
TOTAL ASSETS	$3,248,988	$2,565,549
LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current installments on long-term debt	$ 19,368	$ 21,477
Accounts payable	372,531	263,715
Accrued expenses	331,814	288,658
Billings in excess of costs and estimated earnings on uncompleted contracts	744,236	622,422
Income taxes payable	55,824	51,331
Total current liabilities	1,523,773	1,247,603
Long-term debt	185,978	181,492
Deferred income taxes	81,008	66,048
Pension, postretirement and other employee benefits	290,741	385,976
Asbestos-related liability	376,803	424,628
Other long-term liabilities	185,143	166,169
Minority interest	31,773	29,923
Commitments and contingencies		
TOTAL LIABILITIES	2,675,219	2,501,839
Temporary Equity:		
Non-vested restricted awards subject to redemption	2,728	983
TOTAL TEMPORARY EQUITY	2,728	983
Shareholders' Equity:		
Preferred shares:		
$0.01 par value; authorized: December 28, 2007 — 901,943 shares and December 29, 2006 — 903,714 shares; issued and outstanding: December 28, 2007 — 1,887 shares and December 29, 2006 — 3,658 shares	—	—
Common shares:		
$0.01 par value; authorized: December 28, 2007 — 296,007,011 shares and December 29, 2006 — 296,003,468 shares; issued and outstanding: December 28, 2007 - 143,877,804 shares and December 29, 2006 — 138,182,948 shares	1,439	1,382
Paid-in capital	1,385,311	1,348,800
Accumulated deficit	(554,595)	(944,113)
Accumulated other comprehensive loss	(261,114)	(343,342)
TOTAL SHAREHOLDERS' EQUITY	571,041	62,727
TOTAL LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY	$3,248,988	$2,565,549

See notes to consolidated financial statements.

FOSTER WHEELER LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
(in thousands of dollars)

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Net income/(loss)	$393,874	$261,984	$(109,749)
Foreign currency translation adjustments	31,939	31,612	(22,928)
Net gains on derivative instruments designated as cash flow hedges (net of tax provision: 2007 — $432; 2006 — $203)	1,331	342	—
Defined benefit pension and other postretirement plans:			
Minimum pension liability adjustments (net of tax provision: 2006 — $4,674; 2005 — $8,456)	—	40,087	4,875
Net actuarial gains arising during the period (net of tax provision of $5,836)	33,032	—	—
Reclassification adjustments for amortization of prior service cost/(credit), net loss/(gain) and transition obligation/ (asset) included in net periodic benefit expense (net of tax provision of $6,799)	15,926	—	—
Comprehensive income/(loss)	$476,102	$334,025	$(127,802)

See notes to consolidated financial statements.

FOSTER WHEELER LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of dollars, except share data)

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income/(loss)	$393,874	$ 261,984	$(109,749)
Adjustments to reconcile net income/(loss) to cash flows from operating activities:			
Depreciation and amortization	41,691	30,877	28,215
Net asbestos-related (gains)/provision	7,374	(66,603)	113,680
Loss on debt reduction initiatives	—	5,206	51,491
Prior domestic senior credit agreement fees and expenses	—	9,488	—
Share-based compensation expense-stock options and restricted awards	7,095	16,474	8,919
Excess tax benefit related to share-based compensation	(4,694)	(2,796)	—
Deferred tax provision	31,937	14,302	10,527
Interest expense on subordinated deferrable interest debentures	—	—	5,288
Gain on sale of assets	(7,657)	(1,464)	(1,582)

FOSTER WHEELER LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of dollars, except share data)
(C ed)

	For the Year Ended		
	December 28, 2007	**December 29, 2006**	**December 30, 2005**
CASH FLOWS FROM FINANCING ACTIVITIES			
Partnership distributions to minority partners	(2,063)	(1,950)	(2,233)
Proceeds from common share purchase warrant exercises	8,448	75,683	4,451
Proceeds from stock option exercises	18,076	17,595	1,200
Excess tax benefit related to share-based compensation	4,694	2,796	—
Payment of deferred financing costs	—	(5,710)	(13,724).

FOSTER WHEELER LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands of dollars, except share data and per share amounts)

1. Summary of Significant Accounting Policies

[illegible] — The consolidated financial statements include the accounts of Foster Wheeler Ltd. and all significant domestic and foreign subsidiaries as well as certain entities in which we have a controlling interest. Intercompany transactions and balances have been eliminated.

Our fiscal year is the 52- or 53-week annual accounting period ending the last Friday in December for domestic operations and December 31 for foreign operations. For domestic operations, fiscal years 2007, 2006 and 2005 included 52 weeks.

[illegible] — On January 8, 2008, our shareholders approved an increase in our authorized share capital at a special general meeting of common shareholders. The increase in authorized share capital was necessary in order to effect a two-for-one stock split of our common shares which was approved by our Board of Directors on November 6, 2007. The stock split was effected on January 22, 2008 in the form of a stock dividend to common shareholders of record at the close of business on January 8, 2008 in the ratio of one additional Foster Wheeler common share in respect of each common share outstanding. As a result of these capital alterations, all references to share capital, the number of shares, stock options, restricted awards, per share amounts, cash dividends, and any other reference to shares in the consolidated financial statements, unless otherwise noted, have been adjusted to reflect the stock split on a retroactive basis.

[illegible] — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. Changes in estimates are reflected in the periods in which they become known. Significant estimates are used when accounting for long-term contracts including estimates of total costs and customer and vendor claims, employee benefit plan obligations, share-based compensation plans, uncertain tax positions and deferred taxes, and asbestos liabilities and expected recoveries, among others.

[illegible] — Revenues and profits on long-term fixed-price contracts are recorded under the percentage-of-completion method. Progress towards completion is measured using physical completion of individual tasks for all contracts with a value of $5,000 or greater. Progress toward completion of fixed-priced contracts with a value less than $5,000 is measured using the cost-to-cost method.

Revenues and profits on cost-reimbursable contracts are recorded as the services are rendered based on the estimated revenue per man-hour, including any incentives assessed as probable. We include flow-through costs consisting of materials, equipment or subcontractor services as revenue on cost-reimbursable contracts when we are responsible for the engineering specifications and procurement or procurement services for such costs.

Contracts in process are stated at cost, increased for profits recorded on the completed effort or decreased for estimated losses, less billings to the customer and progress payments on uncompleted contracts.

We have numerous contracts that are in various stages of completion. Such contracts require estimates to determine the extent of revenue and profit recognition. These estimates may be revised from time to time as additional information becomes available. In accordance with the accounting and disclosure requirements of the American Institute of Certified Public Accountants Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" and Statement of Financial Accounting Standards ("SFAS") No. 154, "Accounting Changes and Error Corrections — a replacement of APB Opinion No. 20 and FASB Statement No. 3," we review all of our material contracts monthly and revise our estimates as appropriate. These estimate revisions, which include both increases and decreases in estimated profit, result from events such as earning project incentive bonuses or the incurrence or forecasted incurrence of contractual liquidated damages for performance or schedule issues, executing services and purchasing third-party materials and equipment at costs differing from those previously estimated and testing of completed

1. Summary of Significant Accounting Policies — *(C ed)*

facilities which, in turn, eliminates or confirms completion and warranty-related costs. Project incentives are

1. Summary of Significant Accounting Policies — *(C[illegible]ed)*

Trade accounts receivable are continually evaluated for collectibility. Provisions are established on a project-specific basis when there is an issue associated with the client's ability to make payments or there are circumstances where the client is not making payment due to contractual issues.

[illegible]
— Under long-term contracts, amounts recorded in contracts in process and billings in excess of costs and estimated earnings on uncompleted contracts may not be realized or paid, respectively, within a one-year

1. Summary of Significant Accounting Policies — *(C ed)*

shareholders. Accordingly, we were required to reduce net income attributable to the common shareholders by the fair value of the additional common shares when calculating earnings per common share for fiscal year 2006. The fair value of the additional shares issued was $19,445, which was determined using the common share price at the time of issuance of the shares.

Basic earnings/(loss) per common share is computed by dividing net income/(loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the reporting period, excluding non-vested restricted shares of 165,960, 659,262 and 2,222,362 as of December 28, 2007, December 29, 2006 and December 30, 2005, respectively. Restricted shares and restricted share units (collectively, "restricted awards") are included in the weighted-average number of common shares outstanding when such shares vest.

Diluted earnings/(loss) per common share is computed by dividing net income/(loss) attributable to common shareholders by the combination of the weighted-average number of common shares outstanding during the reporting period and the impact of dilutive securities, if any, such as outstanding stock options, warrants to purchase common shares and the non-vested portion of restricted awards to the extent such securities are dilutive.

In profitable periods, outstanding stock options and warrants have a dilutive effect under the treasury stock method when our average common share price for the period exceeds the assumed proceeds from the exercise of the warrant or option. The assumed proceeds include the exercise price, compensation cost, if any, for future service that has not yet been recognized in the consolidated statement of operations, and any tax benefits that would be recorded in paid-in capital when the option or warrant is exercised. Under the treasury stock method, the assumed proceeds are assumed to be used to repurchase common shares in the current period. The dilutive impact of the non-vested portion of restricted awards is determined using the treasury stock method, but the proceeds include only the unrecognized compensation cost and tax benefits as assumed proceeds. In loss periods, basic and diluted loss per common share is identical since the effect of potentially dilutive securities is antidilutive and therefore excluded from the calculations.

1. Summary of Significant Accounting Policies — *(C ed)*

The computations of basic and diluted earnings/(loss) per common share were as follows:

	For the Year Ended		
	December 28, 2007	**December 29, 2006**	**December 30, 2005**
Net income/(loss)	$ 393,874	$ 261,984	$ (109,749)
Fair value of additional shares issued as part of warrant offers	—	(19,445)	—
Net income/(loss) attributable to common shareholders	$		

1. Summary of Significant Accounting Policies — *(C ed)*

The following table summarizes the common share equivalent of potentially dilutive securities that have been excluded from the denominator used in the calculation of diluted earnings/(loss) per common share due to their antidilutive effect:**to]8/e d0e**

1. Summary of Significant Accounting Policies — *(C ed)*

by SFAS No. 123, our net loss attributable to common shareholders and our basic and diluted loss per common share for fiscal year 2005 would have been as follows:

	For the Year Ended December 30, 2005
Net loss attributable to common shareholders — as reported	$(109,749)
Add: Total share-based employee compensation expense determined under intrinsic value based method for awards and included within reported net loss, net of $0 taxes	150
Deduct: Total share-based employee compensation expense determined under fair value based method for awards, net of taxes of $186	(6,740)
Net loss attributable to common shareholders — pro forma	$(116,339)
Loss per common share — basic and diluted:	
As reported	$ (1.18)
Pro forma	$ (1.25)

We estimate the fair value of each option award on the date of grant using the Black-Scholes option valuation model. We then recognize the grant date fair value of each option as compensation expense ratably using the straight-line attribution method over the service period (generally the vesting period). The Black-Scholes model incorporates the following assumptions.

- Expected volatility — we estimate the volatility of our common share price at the date of grant using historical volatility adjusted for periods of unusual stock price activity.
- Expected term — we estimate the expected term of options granted to our chief executive officer based on a combination of vesting schedules, contractual life of the option, past history and estimates of future exercise behavior patterns as outlined in SFAS No. 123R. For grants to other employees and the remaining directors, we estimate the expected term using the “simplified” method, as outlined in Staff Accounting Bulletin No. 107, “Topic 14: Share-Based Payment.”
- Risk-free interest rate — we estimate the risk-free interest rate using the U.S. Treasury yield curve for periods equal to the expected term of the options in effect at the time of grant.
- Dividends — we use an expected dividend yield of zero because we have not declared or paid a cash dividend since July 2001 and we do not have any plans to declare or pay any cash dividends.

We used the following weighted-average assumptions to estimate the fair value of the options granted for the periods indicated:

	December 28, 2007		

1. Summary of Significant Accounting Policies — *(C ed)*

We estimate pre-vesting forfeitures at the time of grant using a combination of historical data and demographic characteristics, and we revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We record share-based compensation expense only for those awards that are expected to vest.

[illegible] — In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In February 2008, the FASB issued a partial one-year deferral of SFAS No. 157 for nonfinancial assets and liabilities that are only subject to fair value measurement on a non-recurring basis. The standard is effective for financial assets and liabilities, as well as for any other assets and liabilities that are required to be measured at fair value on a recurring basis in financial statements for all financial statements issued with fiscal years beginning after November 15, 2007. We do not expect our adoption of this new standard to have a material impact on our financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to

3. Accounts and Notes Receivable

The following table shows the components of trade accounts and notes receivable:

	December 28, 2007	December 29, 2006
From long-term contracts:		
Amounts billed due within one year	$548,290	$467,268
Billed retention:		
Estimated to be due in:		
2007	—	10,082
2008	16,557	1,962
2009	4,141	5,600
2010	19,749	3,481
2011	2,068	—
2012	1,000	—
Total billed retention	43,515	21,125
Total receivables from long-term contracts	591,805	488,393
Other trade accounts and notes receivable	1,476	3,274
Trade accounts and notes receivable, gross	593,281	491,667
Less: allowance for doubtful accounts	(12,398)	(7,848)
Trade accounts and notes receivable, net	$580,883	$483,819

The following table shows the components of non-trade accounts and notes receivable:

	December 28, 2007	December 29, 2006
Asbestos insurance receivable	$50,076	$49,191
Foreign refundable value-added tax	25,071	13,804
Other	23,561	20,502
Other accounts and notes receivable	$98,708	$83,497

4. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost and are set forth below:

	December 28, 2007	December 29, 2006
Land and land improvements	$ 25,548	$ 23,394
Buildings	154,753	142,931
Furniture, fixtures and equipment	541,091	490,700
Construction in progress	13,007	783
Land, buildings and equipment, gross	734,399	657,808
Less: accumulated depreciation	(396,914)	(355,320)
Land, buildings and equipment, net	$ 337,485	$ 302,488

4. Land, Buildings and Equipment — *(C [illegible] ed)*

Depreciation expense for fiscal years 2007, 2006 and 2005 was $34,576, $26,191 and $23,982, respectively.

We own certain office and manufacturing facilities in Finland that contain asbestos. We are required to remove the asbestos from such facilities if such facilities are significantly renovated or demolished. At present, there are no plans to undertake a major renovation that would require the removal of the asbestos or the demolition of the facilities. We do not have sufficient information to estimate the fair value of the asset retirement obligation because the settlement date or the range of potential settlement dates has not been specified and information is not currently available to apply an expected present value technique. We will recognize a liability in the period in which sufficient information is available to reasonably estimate the fair value of the asset retirement obligation.

5. Equity Interests

We own non-controlling equity interests in two electric power generation projects, one waste-to-energy project and one wind farm project in Italy and in a refinery/electric power generation project in Chile. The two electric power generation projects are each 42% owned by us, the waste-to-energy project is 39% owned by us and the wind farm project is 50% owned by us. The project in Chile is 85% owned by us; however, we do not have a controlling interest in the Chilean project as a result of participating rights held by the minority shareholder. The following is summarized financial information for the entities (each as a whole) in which we have an equity interest:

	December 28, 2007		December 29, 2006	
	Italian Projects	Chilean Project	Italian Projects	Chilean Project
Balance Sheet Data:				
Current assets	$294,482	$ 49,353	$199,606	$ 27,013
Other assets (primarily buildings and equipment)	656,796	146,665	536,543	156,236
Current liabilities	72,009	21,044	42,134	18,226
Other liabilities (primarily long-term debt)	576,545	81,696	470,618	88,836
Net assets	302,724	93,278	223,397	76,187

	For the Year Ended					
	December 28, 2007		December 29, 2006		December 30, 2005	
	Italian Projects	Chilean Project	Italian Projects	Chilean Project	Italian Projects	Chilean Project
Income Statement Data:						
Total revenues	$319,611	$70,427	$304,786	$43,462	$293,588	$39,659
Gross profit	75,549	42,234	72,070	21,198	65,419	19,725
Income before income taxes	59,402	35,391	69,096	15,012	52,646	10,031
Net earnings	45,684	30,258	41,365	16,025	46,070	7,782

Our share of equity in the net earnings of these partially-owned affiliates, which are recorded within other income on our consolidated statement of operations, totaled $36,445, $26,640 and $24,129 for fiscal years 2007, 2006 and 2005, respectively. In the third quarter of 2006, the majority owners of certain of the Italian projects sold their interests to another third-party. Prior to this sale, our share of equity in the net earnings of these projects was reported on a pretax basis in other income and the associated taxes were reported in the provision for income taxes because we and the other partners elected pass-through taxation treatment under local law. As a direct result of the ownership change arising from the sale, the subject entities are now

5. Equity Interests — *(C ed)*

precluded from electing pass-through taxation treatment. As a result, commencing in fiscal year 2006, our share of equity in the after-tax earnings of these projects is reported in other income. This change reduced other income and the provision for taxes by $5,000 and $8,600 in fiscal years 2007 and 2006, respectively.

Our investment in these equity affiliates, which is recorded within investments in and advances to

6. Equity-for-Debt Exchanges — *(Continued)*

we also solicited consents from holders of the outstanding 2011 senior notes to amend the governing indenture to eliminate substantially all of the restrictive operating and financial covenants and certain events of default contained therein.

In August 2005, we completed an offer to exchange our common shares for a portion of our trust preferred securities. Trust preferred securities of 2,608,548 were tendered as part of the exchange, resulting in the issuance of 11,268,928 common shares. The exchange reduced the aggregate liquidation amount of our existing trust preferred securities by $65,214, reduced the amount of deferred accrued interest by $26,052 and improved our shareholders' equity/(deficit) by $87,571. The exchange resulted in an increase to common stock and paid-in capital totaling $129,084, which was partially offset by a $41,513 charge to income. The pretax charge, which was substantially non-cash, related primarily to the difference between the carrying value of the trust preferred securities, including deferred accrued interest, and the market price of the common shares on the closing date of the exchange.

7. Long-term Debt

The following table shows the components of our long-term debt:

	December 28, 2007			December 29, 2006		
	Current	Long-term	Total	Current	Long-term	Total
Capital Lease Obligations	$ 1,318	$ 67,095	$ 68,413	$ 1,537	$ 65,319	$ 66,856
Special-Purpose Limited Recourse Project Debt:						
Camden County Energy Recovery Associates	9,648	31,779	41,427	9,360	41,427	50,787
FW Power	—	45,041	45,041	4,881	24,862	29,743
Energia Holdings, LLC	4,144	21,101	25,245	3,613	25,245	28,858
Subordinated Robbins Facility Exit Funding Obligations:						
1999C Bonds at 7.25% interest, due October 15, 2009	18	19	37	16	37	53
1999C Bonds at 7.25% interest, due October 15, 2024	—	20,491	20,491	—	20,491	20,491
1999D Accretion Bonds at 7% interest, due October 15, 2009	—	286	286	—	267	267
Intermediate Term Loans in China at 7.02% interest	4,107	—	4,107	—	3,844	3,844
Convertible Subordinated Notes at 6.50% interest, due June 1, 2007	—	—	—	2,070	—	2,070
Other	133	166	299	—	—	—
Total	$19,368	$185,978	$205,346	$21,477	$181,492	$202,969

[illegible] — In October 2006, we executed a five-year domestic senior credit agreement to be used for our domestic and foreign operations. In May 2007, we executed an amendment to our domestic senior credit agreement to increase the facility by $100,000 to $450,000, to reduce the pricing on a portion of the letters of credit issued under the facility and to restore a provision which permits future incremental increases of up to $100,000 in total availability under the facility. We can issue up to $450,000 under the letter of credit facility. A portion of the letters of credit issued under the domestic senior credit

7. Long-term Debt — *(C[illegible]ed)*

agreement have performance pricing that is decreased (or increased) as a result of improvements (or reductions) in the credit rating of the domestic senior credit agreement as reported by Moody's Investors Service and/or Standard & Poor's ("S&P"). We also have the option to use up to $100,000 of the $450,000 for revolving borrowings at a rate equal to adjusted LIBOR plus 1.50%, subject also to the performance pricing noted above. As a result of the improvement in our S&P credit rating in March 2007, we have achieved the lowest possible pricing under the performance pricing provisions of our domestic senior credit agreement.

We paid $5,710 in fees and expenses in conjunction with the execution of our domestic senior credit agreement in the fourth quarter of 2006. Such fees and expenses are being amortized to expense over the five-year term of the agreement, commencing in the fourth quarter of 2006.

The assets and/or stock of certain of our domestic and foreign subsidiaries collateralize our obligations under our domestic senior credit agreement. Our domestic senior credit agreement contains various customary restrictive covenants that generally limit our ability to, among other things, incur additional indebtedness or guarantees, create liens or other encumbrances on property, sell or transfer certain property and thereafter rent or lease such property for substantially the same purposes as the property sold or transferred, enter into a merger or similar transaction, make investments, declare dividends or make other restricted payments, enter into agreements with affiliates that are not on an arms' length basis, enter into any agreement that limits our ability to create liens or the ability of a subsidiary to pay dividends, engage in any new lines of business, with respect to Foster Wheeler Ltd., change Foster Wheeler Ltd.'s fiscal year or, with respect to Foster Wheeler Ltd. and one of our holding company subsidiaries, directly acquire ownership of the operating assets used to conduct any business.

In addition, our domestic senior credit agreement contains financial covenants requiring us not to exceed a total leverage ratio, which compares total indebtedness to EBITDA, and to maintain a minimum interest coverage ratio, which compares EBITDA to interest expense. All such terms are defined in our domestic senior credit agreement. The agreement also limits the aggregate amount of capital expenditures in any single fiscal year to $40,000, subject to certain exceptions. We must be in compliance with the total leverage ratio at all times, while the interest coverage ratio is measured quarterly. We are in compliance with all financial covenants and other provisions of our domestic senior credit agreement.

We had $245,765 and $189,036 of letters of credit outstanding under this agreement as of December 28, 2007 and December 29, 2006, respectively. The letter of credit fees currently range from 1.50% to 1.60% of the outstanding amount, excluding a fronting fee of 0.125% per annum. There were no funded borrowings under this agreement as of December 28, 2007 or December 29, 2006.

[illegible] S[illegible] — In March 2005, we entered into a five-year $250,000 senior credit agreement to be used for our domestic and foreign operations. We voluntarily replaced this senior credit agreement in October 2006. In fiscal year 2006, we recorded a charge of $14,955 in connection with the termination of this agreement.

[illegible] — We have entered into a series of capital lease obligations, primarily for office buildings. Assets under capital lease obligations are summarized as follows:

	December 28, 2007	December 29, 2006
Buildings and improvements	$ 48,565	$45,650
Less: accumulated amortization	(11,462)	(9,272)
Net assets under capital lease obligations	$ 37,103	$36,378

7. Long-term Debt — *(C[illegible]ed)*

The following are the minimum lease payments to be made in each of the years indicated for our capital lease obligations as of December 28, 2007:

Fiscal year:	
2008	$ 8,564
2009	8,657
2010	8,403
2011	8,751
2012	8,174
Thereafter	102,393
Less: interest	(76,529)
Net minimum lease payments under capital lease obligations	68,413
Less: current portion of net minimum lease payments	(1,318)
Long-term portion of net minimum lease payments	$ 67,095

[illegible] — Special-purpose limited recourse project debt represents debt incurred to finance the construction of cogeneration facilities, waste-to-energy or wind farm projects in which we are a majority-owner. Certain assets of each project collateralize the notes and/or bonds. Our obligations with respect to this debt are limited to contributing project equity during the construction phase of the projects and the guarantee of the operating performance of our Chilean project.

The Camden County Energy Recovery Associates debt represents Solid Waste Disposal and Resource Recovery System Revenue Bonds. The bonds bear interest at 7.5%, due annually December 1, 2004 through 2010, and mature on December 1, 2010. The bonds are collateralized by a pledge of certain revenues and assets of the project, but not the plant. The waste-to-energy project is located in New Jersey.

As a result of the purchase of the remaining 51% interest of FW Power consummated on April 7, 2006, we now consolidate the special-purpose limited recourse project debt of FW Power, which is the owner of certain electric power generating wind farms in Italy. See Note 2 for further information regarding the FW Power acquisition. Upon acquisition, FW Power had project financing for its Vallesaccarda wind farm project under a base facility and a value-added tax ("VAT") facility. The base facility had a variable interest rate based upon the 6-month Euribor plus 1.5% and was repayable semi-annually based upon a pre-defined payment schedule through June 30, 2015. The VAT facility had a variable interest rate based upon the 6-month Euribor plus 0.9% and was repayable semi-annually based upon actual VAT received during commercial operation through December 31, 2010.

8. Pensions and Other Postretirement Benefits — *(C[illegible]ed)*

[illegible]

	For the Year Ended December 28, 2007				For the Year Ended December 29, 2006			
	United States	United Kingdom	Other	Total	United States	United Kingdom	Other	Total
Change in projected benefit obligations:								
Projected benefit obligations at beginning of year	$336,496	$ 876,686	$ 34,175	$1,247,357	$349,993	$ 710,877	$ 35,350	$1,096,220
Service cost	—	14,073	620	14,693	—	15,590	951	16,541
Interest cost	19,031	45,348	1,671	66,050	18,578	36,079	1,684	56,341
Plan participants' contributions	—	8,123	—	8,123	—	7,518	—	7,518
Plan amendments	—	—	—	—	—	33,600	—	33,600
Actuarial loss/(gain)	(5,690)	(19,912)	344	(25,258)	(9,697)	504	(1,621)	(10,814)
Benefits paid	(23,026)	(36,507)	(3,307)	(62,840)	(22,378)	(26,805)	(2,916)	(52,099)
Special termination benefits/other	—	(1,213)	—	(1,213)	—	(2,147)	(52)	(2,199)
Foreign currency exchange rate changes	—	16,937	5,777	22,714	—	101,470	779	102,249
Projected benefit obligations at end of year	326,811	903,535	39,280	1,269,626	336,496	876,686	34,175	1,247,357
Change in plan assets:								
Fair value of plan assets at beginning of year	283,857	673,131	22,061	979,049	246,490	544,761	20,921	812,172
Actual return on plan assets	24,384	47,760	(20)	72,124	32,250	47,751	2,326	82,327
Employer contributions	45,023	32,404	2,857	80,284	27,495	25,699	1,833	55,027
Plan participants' contributions	—	8,123	—	8,123	—	7,518	—	7,518
Benefits paid	(23,026)	(36,507)	(3,307)	(62,840)	(22,378)	(26,805)	(2,916)	(52,099)
Other	—	(1,212)	—	(1,212)	—	(3,631)	—	(3,631)
Foreign currency exchange rate changes	—	12,929	4,096	17,025	—	77,838	(103)	77,735
Fair value of plan assets at end of year	330,238	736,628	25,687	1,092,553	283,857	673,131	22,061	979,049
Funded status at end of year	$ 3,427	$(166,907)	$(13,593)	$ (177,073)	$ (52,639)	$(203,555)	$(12,114)	$ (268,308)

We recognized the funded status of our defined benefit pension plans on our consolidated balance sheet as part of:

	December 28, 2007	December 29, 2006
Other assets	$ 3,839	$ —
Current liabilities	(730)	(764)
Non-current liabilities	(180,182)	(267,544)
Funded status at end of year	$(177,073)	$(268,308)

We recognized the following amounts in accumulated other comprehensive loss:

	December 28, 2007	December 29, 2006
Net actuarial loss	$347,580	$394,390
Prior service cost	33,417	38,631
Net transition asset	(112)	(85)
Total	$380,885	$432,936

8. Pensions and Other Postretirement Benefits — *(C ed)*

The estimated net actuarial loss, prior service cost and net transition asset that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is $20,423, $1,890 and $37, respectively.

The aggregated accumulated benefit obligation of our defined benefit pension plans was $1,093,005 and $1,134,254 at December 28, 2007 and December 29, 2006, respectively.

	December 28, 2007(1)	December 29, 2006
Projected benefit obligation	$934,211	$1,238,840
Accumulated benefit obligation	761,967	1,130,135
Fair value of plan assets	749,912	968,524

(1) Information for the U.S. plans as of December 28, 2007 has not been included since plan assets exceed the accumulated benefit obligation.

	For the Year Ended December 28, 2007				For the Year Ended December 29, 2006				For the Year Ended December 30, 2005			
	United States	United Kingdom	Other	Total	United States	United Kingdom	Other	Total	United States	United Kingdom	Other	Total
Net periodic benefit cost:												
Service cost	$ —	$ 14,073	$ 620	$ 14,693	$ —	$ 15,590	$ 951	$ 16,541	$ —	$ 16,274	$ 1,040	$ 17,314
Interest cost	19,031	45,348	1,671	66,050	18,578	36,079	1,684	56,341	18,579	31,953	1,856	52,388
Expected return on plan assets	(22,064)	(48,200)	(1,762)	(72,026)	(18,125)	(40,100)	(1,563)	(59,788)	(16,920)	(35,269)	(1,412)	(53,601)
Amortization of transition (asset)/ obligation	—	(66)	93	27	—	(64)	87	23	—	(69)	82	13
Amortization of prior service cost	—	5,195	19	5,214	—	4,941	17	4,958	—	1,677	16	1,693
Amortization of net actuarial loss	3,285	17,530	479	21,294	4,262	17,239	912	22,413	4,191	14,522	538	19,251
SFAS No. 87 net periodic benefit cost	252	33,880	1,120	35,252	4,715	33,685	2,088	40,488	5,850	29,088	2,120	37,058
SFAS No. 88 cost*												

8. Pensions and Other Postretirement Benefits — *(C[illegible]ed)*

[illegible]

Each of our defined benefit pension plans in the United States, United Kingdom and Canada is governed by a written investment policy. The pension plans in Finland and France have no plan assets.

The investment policy of the U.S. plans allocates assets in accordance with the policy guidelines. These guidelines identify target, maximum and minimum allocations by asset class. The target allocation is 72.5% equities and 27.5% fixed-income securities. The minimum and maximum allocations are: 62.5% to 77.5% equities, 22.5% to 32.5% bonds and 0% to 5% cash. We are continually reviewing the investment policy to ensure that the investment strategy is aligned with plan liabilities and projected plan benefit payments.

The investment policy of the U.K. plans is designed to respond to changes in funding levels. The bond and equity allocations currently range from 40% bonds and 60% equities to 50% bonds and 50% equities, depending on the funding level.

The investment policy of the Canadian plan uses a balanced approach and allocates investments in pooled funds in accordance with the policy's asset mix guidelines. These guidelines identify target, maximum and minimum allocations by asset class. The target allocation is 45% bonds, 50% equities and 5% cash. The minimum and maximum allocations are: 42.5% to 57.5% equities, 40% to 50% bonds and 2.5% to 7.5% cash.

[illegible]

The expected long-term rate of return on plan assets is developed using a weighted-average methodology, blending the expected returns on each class of investment in the plans' portfolio. The expected returns by asset class are developed considering both past performance and future considerations. We annually review and adjust, as required, the long-term rate of return for our pension plans. The weighted-average expected long-term rate of return on plan assets has declined from 7.5% to 7.3% over the past three years.

	For the Year Ended	
	December 28, 2007	December 29, 2006
Asset allocation by plan:		
United States:		
Equities	70%	71%
Fixed-income securities	30%	29%
Total	100%	100%
United Kingdom:		
Equities	59%	61%
Fixed-income securities	41%	36%
Other	0%	3%
Total	100%	100%
Canada:		
Equities	49%	51%
Fixed-income securities	44%	43%
Other	7%	6%
Total	100%	100%

8. Pensions and Other Postretirement Benefits — *(C[illegible]ed)*

	For the Year Ended	
	December 28, 2007	December 29, 2006
Change in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation at beginning of year	$ 96,847	$101,215
Service cost	139	157
Interest cost	4,765	5,334
Plan participants' contributions	2,727	2,868
Actuarial (gain)/loss	(13,354)	(1,943)
Benefits paid	(12,176)	(11,755)
Medicare Part D reimbursement	1,052	993
Other	—	(24)
Foreign currency exchange rate changes	160	2
Accumulated postretirement benefit obligation at end of year	80,160	96,847
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Plan participants' contributions	2,727	2,868
Employer contributions	8,397	7,894
Medicare Part D reimbursement	1,052	993
Benefits paid	(12,176)	(11,755)
Fair value of plan assets at end of year	—	—
Funded status at end of year	$(80,160)	$ (96,847)

We recognized the funded status of our other postretirement benefit plans on our consolidated balance sheet as part of:

	December 28, 2007	December 29, 2006
Current liabilities	$ (7,412)	$ (8,416)
Non-current liabilities	(72,748)	(88,431)
Funded status at end of year	$(80,160)	$(96,847)

We recognized the following amounts in accumulated other comprehensive loss:

	December 28, 2007	December 29, 2006
Net actuarial loss	$ 10,949	$ 25,253
Prior service credit	(43,547)	(48,309)
Total	$(32,598)	$(23,056)

The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive loss into net periodic postretirement benefit cost over the next fiscal year are $792 and $(4,762), respectively.

8. Pensions and Other Postretirement Benefits — *(C ed)*

[illegible]

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Net periodic postretirement benefit cost:			
Service cost	$ 139	$ 157	$ 205
Interest cost	4,765	5,334	5,341
Amortization of prior service credit	(4,762)	(4,761)	(4,760)
Amortization of net actuarial loss	952	2,049	1,972
Net periodic postretirement benefit cost	$ 1,094	$ 2,779	$ 2,758
Changes recognized in other comprehensive income/(loss):			
Net actuarial gain	$(13,352)	$ —	$ —
Amortization of prior service credit	4,762		
Amortization of net actuarial loss	(952)	—	—
Total loss recognized in other comprehensive income/(loss)	$ (9,542)	$ —	$ —
Weighted-average assumptions- net periodic postretirement benefit cost:			
Discount rate	5.73%	5.39%	5.35%
Weighted-average assumptions-accumulated postretirement benefit obligation:			
Discount rate	6.20%	5.73%	

	Pre-Medicare Eligible	Medicare Eligible
Health-care cost trend:		
2007	15.00%	15.00%
2008	7.50%	9.00%
Decline to 2016	5.00%	5.00%

Assumed health-care cost trend rates have a significant effect on the amounts reported for the other postretirement benefit plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost components	$ 201	$ (174)
Effect on accumulated postretirement benefit obligation	$3,379	$(2,918)

[illegible]

We expect to contribute a total of approximately $7,611 to our other postretirement benefit plans in fiscal year 2008, net of a health care cost subsidy.

8. Pensions and Other Postretirement Benefits — *(C[illegible]ed)*

[illegible]

We expect to make the following other postretirement benefit payments:

	Postretirement Benefits	Health Care Subsidy	Postretirement Benefits, Net of Subsidy
2008	$ 9,022	$ 1,411	$ 7,611
2009	9,074	1,523	7,551
2010	9,001	1,633	7,368
2011	8,868	1,749	7,119
2012	8,641	1,870	6,771
2013-2017	40,480	10,359	30,121

[illegible] — Our U.S. subsidiaries have a 401(k) plan for salaried employees. We contribute a 100% match of the first 3% and a 50% match of the next 3% of base pay of employee contributions, subject to the annual Internal Revenue Code limit. The 401(k) plan also has a provision for a discretionary employer contribution, equal to 50% of the second 3% of an employee's contribution or a maximum of 1.5% of base salary. This discretionary employer contribution is tied to meeting our performance targets for an entire calendar year and having the contribution approved by our Board of Directors. In fiscal years 2007 and 2006, our U.S. subsidiaries paid the discretionary employer contribution to the 401(k) plan. In total, our U.S. subsidiaries contributed $5,570, $4,325 and $2,813 to the 401(k) plan in fiscal years 2007, 2006 and 2005, respectively. In fiscal year 2008, our U.S. subsidiaries will also have a Roth 401(k) plan for salaried employees. Also in fiscal year 2008, we will change our employer contribution match. We will contribute a 100% match of employee contributions on the first 6% of eligible base pay, subject to the annual limit on eligible earnings under the Internal Revenue Code. The discretionary match that had been in place, which depended on meeting our performance targets and required annual approval by our Board of Directors, will be discontinued.

Effective April 1, 2003, our U.K. subsidiaries commenced a defined contribution plan for salaried employees. Under the defined contribution plan, amounts are credited as a percentage of earnings which percentage can be increased within prescribed limits after five years of membership in the fund if matched by the employee. At termination (up to two years' service only), an employee may receive the balance in the account. Otherwise at termination or at retirement, an employee receives an annuity or a combination of lump-sum and annuity. Our U.K. subsidiaries contributed $2,561, $1,179 and $479 in fiscal years 2007, 2006 and 2005, respectively, to the defined contribution plan.

[illegible] — Certain of our foreign subsidiaries participate in government-mandated indemnity and postretirement programs for their employees. Liabilities of $37,811 and $30,001 were recorded within pension, postretirement and other employee benefits on the consolidated balance sheet at December 28, 2007 and December 29, 2006, respectively, related to such benefits.

9. Guarantees and Warranties — *(C[illegible]ed)*

	Maximum Potential Payment	Carrying Amount of Liability	
		December 28, 2007	December 29, 2006
Environmental indemnifications	No limit	$6,900	$7,300
Tax indemnifications	No limit	$ —	$ —

We also maintain contingencies for warranty expenses on certain of our long-term contracts. Generally, warranty contingencies are accrued over the life of the contract so that a sufficient balance is maintained to cover our aggregate exposure at the conclusion of the project.

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Balance at beginning of year	$ 69,900	$ 63,200	$ 94,500
Accruals	35,800	27,600	24,800
Settlements	(5,700)	(18,600)	(12,600)
Adjustments to provisions	(12,200)	(2,300)	(43,500)
Balance at end of year	$ 87,800	$ 69,900	$ 63,200

We are contingently liable for performance under standby letters of credit, bank guarantees and surety bonds totaling $818,600 and $646,700 as of December 28, 2007 and December 29, 2006, respectively. These balances include the standby letters of credit issued under the domestic senior credit agreement discussed in Note 7 and from other facilities worldwide. Based upon past experience, no material claims have been made against these financial guarantees.

We have also guaranteed certain performance obligations in a Chilean refinery/electric power generation project in which we hold a noncontrolling equity interest. See Note 5 for further information.

10. Financial Instruments and Risk Management

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value:

[illegible] — The carrying value of our cash, cash equivalents and restricted cash approximates fair value because of the short-term maturity of these instruments.

[illegible] — We estimate the fair value of our long-term debt (including current installments) based on the quoted market prices for the same or similar issues or on the current rates offered for debt of the same remaining maturities.

[illegible] — We estimate the fair value of foreign currency forward contracts (which are used solely for hedging purposes) by obtaining quotes from financial institutions.

[illegible] — We estimate the fair value of our interest rate swaps based on quotes obtained from financial institutions.

10. Financial Instruments and Risk Management — *(C [illegible] ed)*

[illegible] — The estimated fair values of our financial instruments are as follows:

	December 28, 2007		December 29, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Non-derivatives:				
Cash and cash equivalents	$1,048,544	$1,048,544	$ 610,887	$ 610,887
Restricted cash				

12. Share-Based Compensation Plans — *(C ed)*

based awards to our employees, non-employee directors and third-party service providers. The Omnibus Plan effectively replaces our prior share-based compensation plans, and no further options or equity-based awards will be granted under any of the prior share-based compensation plans. The maximum number of shares as to which stock options and restricted stock awards may be granted under the Omnibus Plan is 9,560,000 shares, plus shares that become available for issuance pursuant to the terms of the awards previously granted under the prior compensation plans and outstanding as of May 9, 2006 and only if those awards expire, terminate or are otherwise forfeited before being exercised or settled in full (but not to exceed 10,000,000 shares). Shares awarded pursuant to the Omnibus Plan will be issued out of our authorized but unissued common shares.

12. Share-Based Compensation Plans — *(C ed)*

A summary of stock option activity for fiscal years 2007, 2006 and 2005 is presented below:

	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price

12. Share-Based Compensation Plans — *(C[illegible]ed)*

The following table summarizes our exercisable stock options as of December 28, 2007:

Range of Exercise Prices			Stock Options Exercisable: Number Exercisable	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value
$ 11.60	to	$ 16.50	90,522	1.63 years	$ 13.76	$ 5,827
19.92	to	21.74	189,654	3.63 years	21.72	10,699
25.05	to	28.50	11,702	4.01 years	25.05	621
46.90	to	56.88	168,600	3.63 years	51.46	4,498
67.55	to	81.57	5,000	2.57 years	81.57	—
90.00	to	116.00	32,500	2.25 years	94.03	—
135.00	to	150.63	59,182	1.15 years	141.36	—
275.00	to	276.25	39,600	0.05 years	276.18	—
$ 11.60	to	$276.25	596,760	2.77 years	$ 62.17	$21,645

We calculated intrinsic value for those options that had an exercise price lower than the market price of our common shares as of December 28, 2007. The aggregate intrinsic value of outstanding options and exercisable options as of December 28, 2007 was calculated as the difference between the market price of our common shares and the exercise price of the underlying options for the options that had an exercise price lower than the market price of our common shares at that date. The total intrinsic value of the options exercised during fiscal years 2007, 2006 and 2005 was $88,828, $49,601 and $2,793 determined as of the date of exercise.

As of December 28, 2007, there was $8,626 of total unrecognized compensation cost related to stock options. That cost is expected to be recognized as expense over a weighted-average period of approximately 27 months.

[illegible]

A summary of restricted share activity for fiscal years 2007, 2006 and 2005 is presented below:

	For the Year Ended: December 28, 2007		December 29, 2006		December 30, 2005	
	Shares	Weighted-Average Grant Price	Shares	Weighted-Average Grant Price	Shares	Weighted-Average Grant Price
Non-vested at beginning of year	659,262	$11.32	2,222,362	$ 4.76	2,703,678	$ 4.60
Granted	—	$ —	248,940	$21.47	34,832	$14.65
Vested	(493,302)	$ 7.91	(1,807,088)	$ 4.67	(516,148)	$ 4.60
Canceled or forfeited	—	$ —	(4,952)	$ 4.60	—	$ —
Non-vested at end of year	165,960	$21.47	659,262	$11.32	2,222,362	$ 4.76

13. Common Share Purchase Warrants — *(C ed)*

effective on December 23, 2004, must remain in effect until December 23, 2009 unless certain events occur to terminate our obligations under the registration rights agreement prior to that date. If we fail to maintain the registration statement as required or it becomes unavailable for more than two 45-day periods in any consecutive 12-month period, we are required to pay damages at a rate of $13.7 per day for each day that the registration statement is not effective. As of December 28, 2007, the maximum exposure under this provision is approximately $8,700. We have not, and do not, expect to incur any damages under the related registration rights agreement.

14. Accumulated Other Comprehensive Loss

Below are the components of accumulated other comprehensive loss:

	Accumulated Foreign Currency Translation Adjustments	Minimum Pension Liability Adjustments, Net of Tax	Pension and Other Postretirement Benefit Plan Adjustments, Net of Tax	Net Gains on Derivatives Designated as Cash Flow Hedges, Net of Tax	Accumulated Other Comprehensive Loss
Balance as of December 31, 2004	$(51,240)	$(245,503)	$ —	$ —	$(296,743)
Other comprehensive income/(loss)	(22,928)	4,875	—	—	(18,053)
Balance as of December 30, 2005	(74,168)	(240,628)	—	—	(314,796)
Other comprehensive income	31,612	40,087	—	342	72,041
Adoption of SFAS No. 158	—	200,541	(301,128)	—	(100,587)
Balance as of December 29, 2006	(42,556)	—	(301,128)	342	(343,342)
Other comprehensive income	31,939	—	48,958	1,331	82,228
Balance as of December 28, 2007	$(10,617)	$ —	$(252,170)	$1,673	$(261,114)

The tax effect related to pension and other postretirement benefit plan adjustments was a benefit of $96,117 and $108,752 as of December 28, 2007 and December 29, 2006, respectively. The tax effect related to minimum pension liability adjustments was a benefit of $59,062 as of December 30, 2005. The tax effect related to gains on derivatives designated as cash flow hedges was $635 and $203, as of December 28, 2007 and December 29, 2006, respectively.

The accumulated foreign currency translation adjustments are not currently adjusted for income taxes as they relate to permanent investments in international subsidiaries.

15. Income Taxes

Below are the components of income/(loss) before income taxes for fiscal years 2007, 2006 and 2005 under the following tax jurisdictions:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Domestic	$ 23,727	$ 68,897	$(229,379)
Foreign	506,567	274,796	159,198
Total	$530,294	$343,693	$ (70,181)

The provision for income taxes was as follows:

	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Current tax expense:			
Domestic	$ (2,831)	$ (4,084)	$ (5,266)
Foreign	(114,938)	(55,260)	(28,902)
Total current	(117,769)	(59,344)	(34,168)
Deferred tax expense:			
Domestic	(2,248)	(3,540)	(2,845)
Foreign	(16,403)	(18,825)	(2,555)
Total deferred	(18,651)	(22,365)	(5,400)
Total provision for income taxes	$(136,420)	$(81,709)	$(39,568)

15. Income Taxes — *(C ed)*

Deferred tax assets/(liabilities) consist of the following:

	December 28, 2007	December 29, 2006
Deferred tax assets:		
Pensions	$ 46,484	$ 86,219
Accrued costs on long-term contracts	22,919	27,631
Deferred income	25,392	22,713
Accrued expenses	43,546	46,364
Postretirement benefits other than pensions	27,318	33,807
Asbestos claims	32,790	43,493
Net operating loss carryforwards and other tax attributes	224,457	160,905
Asset impairments and other reserves	2,079	2,247
Other	5,159	2,922
Total gross deferred tax assets	430,144	426,301
Valuation allowance	(294,286)	(282,104)
Total deferred tax assets	135,858	144,197
Deferred tax liabilities:		
Property, plant and equipment	(27,372)	(24,038)
Goodwill and other intangible assets	(19,791)	(15,739)
Investments	(25,845)	(18,180)
Unremitted earnings of foreign subsidiaries	(8,000)	(8,091)
Total gross deferred tax liabilities	(81,008)	(66,048)
Net deferred tax assets	$ 54,850	$ 78,149

Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of the various attributes. We believe that it is more likely than not that the remaining net deferred tax assets (after consideration of the valuation allowance) will be realized through future earnings and/or tax planning strategies. The amount of the deferred tax assets considered realizable, however, could change in the near future if estimates of future taxable income during the carryforward period are changed. We have reduced our domestic and certain foreign tax benefits by a valuation allowance based upon available evidence that it was more likely than not that some or all of the deferred tax assets would not be realized. During fiscal year 2007, we reversed the valuation allowance that we had previously established for one of our foreign operating units due to improved operational performance and positive evidence that deferred tax assets will be realized. However, this reduction was offset by the need to increase the valuation allowance in the U.S. and certain

15. Income Taxes — *(C ed)*

jurisdictions in which we operate. Because of the number of jurisdictions in which we file tax returns, in any given year the statute of limitations in certain jurisdictions may expire without examination within the 12-month period from the balance sheet date. As a result, we expect recurring changes in unrecognized tax benefits due to the expiration of the statute of limitations, none of which are expected to be individually significant. With few exceptions, we are no longer subject to U.S. (including federal, state and local), or non-U.S. income tax examinations by tax authorities for years before fiscal year 2002.

A number of tax years are under audit by the relevant state and foreign tax authorities. We anticipate that several of these audits may be concluded in the foreseeable future, including in fiscal year 2008. Based on the status of these audits, it is reasonably possible that the conclusion of the audits may result in a reduction of unrecognized tax benefits. However, it is not possible to estimate the impact of this change at this time.

We adopted the provisions of FIN 48 on December 30, 2006, the first day of fiscal year 2007. As a result of the adoption of FIN 48, we recognized a $4,356 reduction in the opening balance of our shareholders' equity. This resulted from changes in the amount of tax benefits recognized related to uncertain tax positions and the accrual of interest and penalties.

A reconciliation of the beginning and ending amount of our unrecognized tax benefit is as follows:

Balance at beginning of year	$44,786
Additions based on tax positions related to the current year	6,218
Additions for tax positions of prior years	8,910
Reductions for tax provisions for prior years	(1,663)
Settlements	(2,744)
Reductions for lapse of statute of limitations	(3,332)
Balance at end of year	$52,175

As of December 28, 2007, we had $52,175 of unrecognized tax benefits, of which $51,763 would, if recognized, affect our effective tax rate before existing valua51,763p,3.]TJe-q7cog325(had)-319($5wA8(TD0 Tc[(W TD0 Tcreco23

15. Income Taxes — *(C ed)*

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory rate to income/(loss) before income taxes, as a result of the following:

	For the Year Ended		
	December 28, 2007	**December 29, 2006**	**December 30, 2005**
Tax provision/(benefit) at U.S. statutory rate	35.0%	35.0%	(35.0)%
State income taxes, net of Federal income tax benefit	0.1%	0.3%	5.1%
U.S. tax on foreign earnings	0.0%	0.0%	32.8%
Valuation allowance	(1.8)%	(3.9)%	30.3%
Foreign tax rates different than the statutory rate	(10.4)%	(9.3)%	(7.6)%
Impact of changes in tax rate on deferred tax	1.3%	0.0%	0.0%
Nondeductible loss	1.6%	1.7%	30.6%
Other	(0.1)%	0.0%	0.2%
Total	25.7%	23.8%	56.4%

16. Derivative Financial Instruments

We maintain a foreign currency risk-management strategy that uses foreign currency forward exchange contracts to protect us from unanticipated fluctuations in cash flows that may arise from volatility in currency exchange rates between the functional currencies of our subsidiaries and the foreign currencies in which some of our operating purchases and sales are denominated. We utilize these contracts solely to hedge specific foreign currency exposures, whether or not they qualify for hedge accounting under SFAS No. 133. During fiscal years 2007, 2006 and 2005, none of the contracts met the requirements for hedge accounting under

16. Derivative Financial Instruments — *(Continued)*

The maximum term over which we are hedging exposure to the variability of cash flows is approximately 42 months.

We use interest rate swap contracts to manage interest rate risk associated with some of our variable rate special-purpose limited recourse project debt. Certain of our affiliates in which we have an equity interest also use interest rate swap contracts to manage interest rate risk associated with their limited recourse project debt. See Notes 1 and 7 for further information regarding interest rate swap contracts.

17. Business Segments

We operate through two business groups: our **Global Engineering and Construction Group** ("Global E&C Group") and our **Global Power Group**.

Our Global E&C Group, which operates worldwide, designs, engineers and constructs onshore and offshore upstream oil and gas processing facilities, natural gas liquefaction facilities and receiving terminals, gas-to-liquids facilities, oil refining, chemical and petrochemical, pharmaceutical and biotechnology facilities and related infrastructure, including power generation and distribution facilities, and gasification facilities. Our Global E&C Group provides engineering, project management and construction management services, and purchases equipment, materials and services from third-party suppliers and contractors. Our Global E&C Group is also involved in the design of facilities in new or developing market sectors, including carbon capture and storage, solid fuel-fired integrated gasification combined-cycle power plants, coal-to-liquids and biofuels. Our Global E&C Group owns one of the leading refinery residue upgrading technologies and a hydrogen production process used in oil refineries and petrochemical plants. Additionally, our Global E&C Group has experience with, and is able to work with, a wide range of processes owned by others. Our Global E&C Group performs environmental remediation services, together with related technical, engineering, design and regulatory services. Our Global E&C Group is also involved in the development, engineering, construction, ownership and operation of power generation facilities, from conventional and renewable sources, and of waste-to-energy facilities in Europe. Our Global E&C Group generates revenues from engineering and construction activities pursuant to contracts spanning up to approximately four years in duration and from returns on its equity investments in various production facilities.

Our Global Power Group designs, manufactures and erects steam generating and auxiliary equipment for electric power generating stations and industrial facilities worldwide. Our steam generating equipment includes a full range of technologies, offering independent power producer, utility and industrial clients high-value technology solutions for economically converting a wide range of fuels, including coal, petroleum coke, oil, gas, biomass and municipal solid waste, into steam and power. Our circulating fluidized-bed boiler technology ("CFB") is ideally suited to burning a very wide range of fuels, including low-quality fuels, fuels with high moisture content and "waste-type" fuels, and we believe is generally recognized as one of the environmentally cleanest solid-fuel steam generating technologies available in the world today. For both our CFB and pulverized coal ("PC") boilers, we offer supercritical once-through-unit designs to further improve the energy efficiency and, therefore, the environmental performance of these units. Once-through supercritical boilers operate at higher steam pressures than traditional plants, which results in higher efficiencies and lower emissions, including emissions of carbon dioxide ("CO_2"), which is considered a greenhouse gas. Further, for the longer term, we are actively developing oxy-combustion technology for both our CFB and PC boilers. We believe that oxy-combustion is one part of a practical solution for capturing and storing the majority of the CO_2 from coal power plants. This technology produces a concentrated stream of CO_2 as part of the boiler combustion process, avoiding the need for large and expensive post-combustion CO_2 separation equipment. We also design, manufacture and install auxiliary equipment, which includes feedwater heaters, steam condensers and heat-recovery equipment. Our Global Power Group also offers a full line of new and retrofit nitrogen-oxide ("NOx") reduction systems such as selective non-catalytic and catalytic NOx reduction systems

17. Business Segments — *(C ed)*

as well as complete low-NOx combustion systems. We provide a broad range of site services relating to these products, including construction and erection services, maintenance engineering, plant upgrading and life extensions. Our Global Power Group also provides research analysis and experimental work in fluid dynamics, heat transfer, combustion and fuel technology, materials engineering and solid mechanics. In addition, our Global Power Group owns and operates cogeneration, independent power production and waste-to-energy facilities, as well as power generation facilities for the process and petrochemical industries. Our Global Power Group generates revenues from engineering activities, equipment supply and construction contracts, operating activities pursuant to the long-term sale of project outputs, such as electricity and steam, operating and maintenance agreements, royalties from licensing our technology, and from returns on its equity investments in various power production facilities.

In addition to these two business groups, which also represent operating segments for financial reporting purposes, we report corporate center expenses and expenses related to certain legacy liabilities, such as asbestos, in the Corporate and Finance Group (“C&F Group”), which we also treat as an operating segment for financial reporting purposes.

We conduct our business on a global basis. Our Global E&C Group has accounted for the largest portion of our operating revenues over the last ten years. In fiscal year 2007, our Global E&C Group accounted for 72% of our total operating revenues, while our Global Power Group accounted for 28% of our total operating revenues.

The geographic dispersion of our third-party revenues for fiscal year 2007, based upon where the project is being executed, was as follows:

	Global E&C Group		Global Power Group		Total	
	Third-Party Revenues	Percentage of Third-Party Revenues	Third-Party Revenues	Percentage of Third-Party Revenues	Third-Party Revenues	Percentage of Third-Party Revenues
North America	$ 253,952	6.9%	$ 703,342	49.3%	$ 957,294	18.7%
South America	69,922	2.0%	70,690	5.0%	140,612	2.8%
Europe	851,961	23.1%	478,010	33.5%	1,329,971	26.0%
Asia	800,110	21.7%	163,896	11.5%	964,006	18.9%
Middle East	1,001,193	27.2%	5,094	0.4%	1,006,287	19.7%
Other	704,121	19.1%	4,952	0.3%	709,073	13.9%
Total	$3,681,259	100.0%	$1,425,984	100.0%	$5,107,243	100.0%

We use several financial metrics to measure the performance of our business segments. In addition to the

17. Business Segments — *(C ed)*

Identifiable assets by group are those assets that are directly related to and support the operations of each group. Corporate assets are principally cash, investments, real estate and insurance receivables.

	Total	Global E&C Group	Global Power Group	C&F Group(1)
For the Year Ended December 28, 2007				
Third-party revenues	$5,107,243	$3,681,259	$1,425,984	$ —

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17. Business Segments — *(C ed)*

a charge of $(7,374) in our C&F Group reflecting the revaluation of our asbestos liability and related asset resulting primarily from increased asbestos defense costs projected through year-end 2022 and for the addition of another year to our rolling 15-year asbestos liability estimate; and gains of $13,519 on the settlement of coverage litigation with certain asbestos insurance carriers recorded in our C&F Group.

(3) Includes in fiscal year 2006: increased/(decreased) contract profit of $(5,670) from the regular re-evaluation of contract profit estimates: $14,720 in our Global E&C Group and $(20,390) in our Global Power Group; a charge of $(15,533) in our C&F Group reflecting the revaluation of our asbestos liability and related asset; net asbestos-related gains of $115,664 recorded in our C&F Group primarily from settlement of coverage litigation with certain asbestos insurance carriers; an aggregate charge of $(14,955) recorded in our C&F Group in conjunction with the voluntary termination of our prior domestic senior credit agreement; and a net charge of $(12,483) recorded in our C&F Group in conjunction with the debt reduction initiatives completed in April and May 2006.

(4) Includes in fiscal year 2005: increased contract profit of $99,555 from the regular re-evaluation of contract profit estimates: $66,274 in our Global E&C Group and $33,281 in our Global Power Group; a charge of $(113,680) in our C&F Group on the revaluation of our estimated asbestos liability and asbestos insurance receivable; credit agreement costs in our C&F Group associated with the prior senior credit facility of $(3,500); and an aggregate charge of $(58,346) in our C&F Group recorded in conjunction with the exchange offers for the trust preferred securities and the 2011 senior notes.

17. Business Segments — *(Continued)*

Third-party revenues as presented below are based on the geographic region in which the contracting subsidiary is located and not the location of the client or job site.

Geographic Concentration of Third-Party Revenues:	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
United States	$1,091,584	$ 931,701	$ 451,532
Europe	3,412,606	2,286,205	1,557,965
Canada	21,220	11,588	13,508
Asia	568,164	253,457	164,705
South America	13,669	12,097	12,262
Other, net of eliminations	—	—	(17)
Total	$5,107,243	$3,495,048	$2,199,955

Long-lived assets as presented below are based on the geographic region in which the contracting subsidiary is located.

Long-Lived Assets:	December 28, 2007	December 29, 2006
United States	$213,901	$225,373
Europe	306,631	235,781
Canada	25	433
Asia	30,945	28,141
South America	66,673	60,242
Other, net of eliminations	32,191	33,281
Total	$650,366	$583,251

Third-party revenues by industry were as follows:

Third-Party Revenues by Industry:	For the Year Ended		
	December 28, 2007	December 29, 2006	December 30, 2005
Power generation	$1,437,078	$1,326,896	$ 915,786
Oil refining	1,431,810	716,053	444,830
Pharmaceutical	155,266	128,510	149,867
Oil and gas	898,623	680,041	327,058
Chemical/petrochemical	1,003,136	383,092	228,971
Power plant operation and maintenance	120,474	111,154	116,303
Environmental	54,878	68,847	43,346
Other, net of eliminations	5,978	80,455	(26,206)
Total	$5,107,243	$3,495,048	$2,199,955

18. Operating Leases

Certain of our subsidiaries are obligated under operating lease agreements, primarily for office space. In many instances, our subsidiaries retain the right to sub-lease the office space. Rental expense for these leases

18. Operating Leases — *(C ed)*

was $54,293, $37,634 and $32,601 in fiscal years 2007, 2006 and 2005, respectively. Future minimum rental

disputed asbestos-related insurance coverage with four of their insurers. Primarily as a result of these insurance settlements, we increased our asbestos-related insurance asset and recorded a gain of $96,200 in fiscal year 2006.

In fiscal year 2007, our subsidiaries reached an agreement to settle their disputed asbestos-related insurance coverage with four additional insurers, including two in the fourth quarter. As a result of these settlements, we increased our asbestos-related insurance asset and recorded a gain of $4,900 in the fourth quarter and $13,500 in fiscal year 2007.

We intend to continue to attempt to negotiate additional settlements with insurers where achievable on a reasonable basis in order to minimize the amount of future costs that we would be required to fund out of the

19. Litigation and Uncertainties — *(C[illegible]ed)*

filed or costs to resolve those claims could cause us to increase further the estimates of the costs associated with asbestos claims and could have a material adverse effect on our financial condition, results of operations and cash flows.

[illegible]

Some of our subsidiaries in the United Kingdom have also received claims alleging personal injury arising from exposure to asbestos. To date, 866 claims have been brought against our U.K. subsidiaries of which 342 remained open as of December 28, 2007. None of the settled claims has resulted in material costs to us.

19. Litigation and Uncertainties — ***(C ed)***

There is also corrosion occurring to subcontractor-provided emissions control equipment and induction fans at the back-end of the power plants. The cause of this back-end corrosion, which we discovered during the second quarter of 2007 to be more extensive than previously assessed, is under investigation. Based upon the information gathered to date, we believe the corrosion is due principally to the low set point temperature design of the emissions control equipment that was set by our subcontractor. If this proves to be the case, we believe the subcontractor would be responsible for the cost to remedy this problem under our agreement with them, although we may have direct responsibility for this cost to the client under our agreement with them. To

19. Litigation and Uncertainties — *(C ed)*

balances, if any, included in our financial statements, which could result in additional material charges against earnings, and which could also materially adversely impact our financial condition and cash flows.

Camden County Waste-to-Energy Project

One of our project subsidiaries, Camden County Energy Recovery Associates, LP ("CCERA") owns and operates a waste-to-energy facility in Camden County, New Jersey (the "Project"). The Pollution Control Finance Authority of Camden County ("PCFA") issued bonds to finance the construction of the Project and to acquire a landfill for Camden County's use. Pursuant to a loan agreement between the PCFA and CCERA, proceeds from the bonds were loaned by the PCFA to CCERA and used by CCERA to finance the construction of the facility. Accordingly, the proceeds of this loan were recorded as debt on CCERA's balance sheet and, therefore, are included in our consolidated balance sheet. CCERA's obligation to service the debt incurred pursuant to the loan agreement is limited to depositing all tipping fees and electric revenues received with the trustee of the PCFA bonds. The trustee is required to pay CCERA its service fees prior to servicing the PCFA bonds. CCERA has no other debt repayment obligations under the loan agreement with the PCFA.

In 1997, the United States Supreme Court effectively invalidated New Jersey's long-standing municipal solid waste flow rules and regulations, eliminating the guaranteed supply of municipal solid waste to the Project with its corresponding tipping fee revenue. As a result, tipping fees have been reduced to market rate in order to provide a steady supply of fuel to the Project. Since the ruling, those market-based revenues have not been, and are not expected to be, sufficient to service the debt on outstanding bonds issued by the PCFA to finance the construction of the Project.

In 1998, CCERA filed suit against the PCFA and other parties seeking, among other things, to void the applicable contracts and agreements governing the Project (Camden County Energy Recovery Assoc. v. N.J. Department of Environmental Protection, et al., Superior Court of New Jersey, Mercer County, L-268-98). Since 1999, the State of New Jersey has provided subsidies sufficient to ensure the payment of each of the PCFA's debt service payments as they became due. The bonds outstanding in connection with the Project were issued by the PCFA, not by us or CCERA, and the bonds are not guaranteed by either us or CCERA. In the litigation, the defendants have asserted, among other things, that an equitable portion of the outstanding debt on the Project should be allocated to CCERA even though CCERA did not guarantee the bonds.

At this time, we cannot determine the ultimate outcome of the foregoing and the potential effects on CCERA and the Project. If the State of New Jersey were to fail to subsidize the debt service, and there were to be a default on a debt service payment, the bondholders might proceed to attempt to exercise their remedies, by among other things, seizing the collateral securing the bonds. We do not believe this collateral includes CCERA's plant.

Environmental Matters

Under U.S. federal statutes, such as the Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), the Clean Water Act and the Clean Air Act, and similar state laws, the current owner or operator of real property and the past owners or operators of real property (if disposal of toxic or hazardous substances took place during such past ownership or operation) may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law or whether the owner or operator knew of, or was responsible for, the presence of such substances. Moreover, under CERCLA and similar state laws, persons who arrange for the disposal or treatm(such)- release-342(of)-3azardous

19. Litigation and Uncertainties — *(C ed)*

which we refer to as an off-site facility. Liability at such off-site facilities is typically allocated among all of the financially viable responsible parties based on such factors as the relative amount of waste contributed to a site, toxicity of such waste, relationship of the waste contributed by a party to the remedy chosen for the site and other factors.

We currently own and operate industrial facilities and we have also transferred our interests in industrial facilities that we formerly owned or operated. It is likely that as a result of our current or former operations, hazardous substances have affected the facilities or the real property on which they are or were situated. We also have received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which claims may require us to incur costs for investigation and/or remediation.

We are currently engaged in the investigation and/or remediation under the supervision of the applicable regulatory authorities at four of our or our subsidiaries' former facilities. In addition, we sometimes engage in investigation and/or remediation without the supervision of a regulatory authority. Although we do not expect the environmental conditions at our present or former facilities to cause us to incur material costs in excess of those for which reserves have been established, it is possible that various events could cause us to incur costs materially in excess of our present reserves in order to fully resolve any issues surrounding those conditions. Further, no assurance can be provided that we will not discover additional environmental conditions at our currently or formerly owned or operated properties, or that additional claims will not be made with respect to formerly owned properties, requiring us to incur material expenditures to investigate and/or remediate such conditions.

We have been notified that we are a potentially responsible party ("PRP") under CERCLA or similar state laws at three off-site facilities. At each of these sites, our liability should be substantially less than the total site remediation costs because the percentage of waste attributable to us compared to that attributable to all other PRPs is low. We do not believe that our share of cleanup obligations at any of the off-site facilities as to which we have received a notice of potential liability will exceed $500 in the aggregate. We have also received and responded to a request for information from the United States Environmental Protection Agency ("USEPA") regarding a fourth off-site facility. We do not know what, if any, further actions USEPA may take regarding this fourth off-site facility.

In February 1988, one of our subsidiaries, Foster Wheeler Energy Corporation ("FWEC"),27(fougbsidiaries.998 -1.cleanup)-7(

19. Litigation and Uncertainties — *(C ed)*

residences with bottled water. It thereafter arranged for the installation, maintenance and testing of filters to remove the TCE from the water being drawn from the wells. In August 2005, FWEC entered into a settlement

19. Litigation and Uncertainties — *(C ed)*

20. Quarterly Financial Data (Unaudited)

	Three Months Ended			
	December 28, 2007	September 28, 2007	June 29, 2007	March 30, 2007
Operating revenues	$ 1,465,483	$ 1,299,872	$ 1,189,766	$ 1,152,122
Contract profit	170,003	197,960	168,846	207,512
Net income	78,098[1]	129,101	71,850	114,825
Net income attributable to common shareholders	78,098	129,101	71,850	114,825
Earnings per common share:				
Basic	$ 0.54	$ 0.91	$ 0.51	$ 0.82
Diluted	$ 0.54	$ 0.89	$ 0.50	$ 0.80
Shares outstanding:				
Weighted-average number of common shares outstanding for basic earnings per common share	143,540,329	142,517,528	141,078,576	139,507,752
Effect of dilutive securities				

shares outstanding for basic earnings 2007 143,540,329 142,517,528 141,078,576 139,507,752

20. Quarterly Financial Data (Unaudited) — *(Continued)*

(1) Net income for the quarter ended December 28, 2007 includes a charge of $7,374 reflecting the revaluation of our asbestos liability and related asset resulting primarily from increased asbestos defense costs projected through year-end 2022 and for the addition of another year to our rolling 15-year asbestos liability estimate and a net gain of $4,886 on the settlement of coverage litigation with certain asbestos insurance carriers.

(2) As discussed in the "Earnings per Common Share" section of Note 1, the fair value of the additional shares issued as part of the warrant offer transactions, which were consummated in January 2006, reduced net income attributable to the common shareholders when calculating earnings/(loss) per common share. The fair value of the additional shares issued was $19,445.

Foster Wheeler Ltd.

Schedule II: Valuation and Qualifying Accounts
(amounts in thousands)

	For the Year Ended December 28, 2007				
	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Balance at the End of the Year
Description					
Allowance for doubtful accounts	$				

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and we necessarily are required to apply our judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, our chief executive officer and our chief financial officer carried out an evaluation, with the participation of our Disclosure Committee and management, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) pursuant to Exchange Act Rule 13a-15. Based on this evaluation, our chief executive officer and our chief financial officer concluded, at the reasonable assurance level, that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including the chief executive officer and the chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in [illegible] issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in [illegible]

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Item 10 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of our fiscal year ended December 28, 2007.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics, which applies to all of our directors, officers

available for grant under such plans. The following table also sets forth, as of December 28, 2007, the number of restricted share units and restricted stock granted pursuant to our Omnibus Incentive Plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights ($) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans Approved by Security Holders:			
Omnibus Incentive Plan	1,486,962	$ 30.43	8,066,938
1995 Stock Option Plan	192,428	$128.89	—
Directors' Stock Option Plan	14,100	$119.93	—
Directors' Deferred Compensation Program	—	$ 0.00	—
Equity Compensation Plans Not Approved by Security Holders:			
Raymond J. Milchovich [1]	130,000	$ 49.85	—
M.J. Rosenthal & Associates, Inc. [2]	25,000	$ 18.80	—
2004 Stock Option Plan [3]	72,376	$ 13.10	—
Total	1,920,866	$ 41.46	8,066,938

(1) Under the terms of his employment agreement, dated October 22, 2001, Mr. Milchovich received an option to purchase 130,000 of our common shares on October 22, 2001. This option was granted at an exercise price of $49.85 and vested 20% each year over the five-year term of the agreement. The option exercise price is equal to the median of the high and low price of our common shares on the grant date. The option has a term of 10 years from the date of grant.

(2) Under the terms of the consulting agreement with M.J. Rosenthal & Associates, Inc. on May 7, 2002, we granted a nonqualified stock option to purchase 25,000 of our common shares at a price of $18.80 with a term of 10 years from the date of grant. The exercise price is equal to the mean of the high and low price of our common shares on the date of grant. The option is exercisable on or after March 31, 2003. The option, to the extent not then exercised, shall terminate upon any breach of certain covenants contained in the consulting agreement.

(3) Under the terms of the 2004 Stock Option Plan, adopted by the Board of Directors in September 2004, one of our senior executives was granted options to purchase 338,000 common shares at an exercise price of $11.60 per common share on August 8, 2005. Such options expire on August 7, 2008. One-third of the options vested in the fourth quarter of 2005 and the balance vested during the fourth quarter of 2006. As of December 28, 2007, options to purchase 40,000 common shares at an exercise price of $11.60 per common share remained outstanding.

On October 10, 2005, one of our senior executives was granted options under the 2004 Stock Option Plan to purchase 104,330 common shares at an exercise price of $14.975 per common share. Such options expire on October 9, 2008. One-third of the options vested in the fourth quarter of 2005 and the balance vested during the fourth quarter of 2006. As of December 28, 2007, options to purchase 26,082 common shares at an exercise price of $14.975 per common share remained outstanding.

On November 8, 2005, our non-employee directors were issued options under the 2004 Stock Option Plan to purchase 14,686 common shares at an exercise price of $14.838 per common share. Such options expire on September 30, 2010. The non-employee director options vested in one-twelfth increments until fully vested on September 30, 2006. As of December 28, 2007, options to purchase 6,294 common shares at an exercise price of $14.838 per common share remained outstanding.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Item 13 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of our fiscal year ended December 28, 2007.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Item 14 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of our fiscal year ended December 28, 2007.

Exhibit No.	Exhibits
10.5	Amendment No. 1, dated May 4, 2007, to the Credit Agreement, dated September 13, 2006, between Foster Wheeler LLC, Foster Wheeler USA Corporation, Foster Wheeler North America Corp., Foster Wheeler Energy Corporation, Foster Wheeler International Corporation, Foster Wheeler Inc., Foster Wheeler Ltd., Foster Wheeler Holdings Ltd., the subsidiary guarantors party thereto, the lenders party thereto, and BNP Paribas. (Filed as Exhibit 10.4 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended March 30, 2007, and incorporated herein by reference.)
10.6	Guarantee Facility, dated July 22, 2005, among Foster Wheeler Limited, Foster Wheeler Energy Limited, Foster Wheeler World Services Limited, Foster Wheeler (G.B.) Limited and The Bank of Scotland regarding, among other things, a £50,000,000 guarantee facility and a £150,000,000 forward foreign exchange facility. (Filed as Exhibit 99.1 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.20	First Amendment to the Foster Wheeler Ltd. 2004 Stock Option Plan. (Filed as Exhibit 99.1 to Foster Wheeler Ltd.'s Form 8-K, dated May 13, 2005 and filed on May 16, 2005, and incorporated herein by reference.)
10.21	Form of First Amendment to the Foster Wheeler Ltd. 2004 Stock Option Plan with respect to non-employee directors. (Filed as Exhibit 99.2 to Foster Wheeler Ltd.'s Form 8-K, dated May 13, 2005 and filed on May 16, 2005, and incorporated herein by reference.)
10.22	Form of Amended and Restated Notice of Stock Option Grant with respect to executive officers, officers and key employees. (Filed as Exhibit 99.3 to Foster Wheeler Ltd.'s Form 8-K, dated May 13, 2005 and filed on May 16, 2005, and incorporated herein by reference.)
10.23	Foster Wheeler Ltd. Omnibus Incentive Plan. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated May 9, 2006 and filed on May 12, 2006, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.37	Employee's Restricted Stock Award Agreement of Raymond J. Milchovich, dated as of August 11, 2006. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated August 7, 2006 and filed on August 11, 2006, and incorporated herein by reference.)
10.38	Employee Nonqualified Stock Option Agreement of Raymond J. Milchovich, dated as of August 11, 2006. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 8-K, dated August 7, 2006 and filed on August 11, 2006, and incorporated herein by reference.)
10.39	Employment Agreement between Foster Wheeler Ltd. and John T. La Duc, dated as of April 14, 2004. (Filed as Exhibit 99.2 to Foster Wheeler Ltd.'s Form 8-K, dated April 14, 2004 and filed on April 15, 2004, and incorporated herein by reference.)
10.40	First Amendment to the Employment Agreement, dated as of October 6, 2006, between Foster Wheeler Ltd. and John T. La Duc. (Filed as Exhibit 99.1 to Foster Wheeler Ltd.'s Form 8-K, dated October 5, 2006 and filed on October 10, 2006, and incorporated herein by reference.)
10.41	Second Amendment to the Employment Agreement, dated as of January 30, 2007, between Foster Wheeler Ltd. and John T. La Duc. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated January 30, 2007 and filed on February 2, 2007, and incorporated herein by reference.)
10.42	Change of Control Employment Agreement between Foster Wheeler Inc. and John T. La Duc, dated as of April 14, 2004. (Filed as Exhibit 99.3 to Foster Wheeler Ltd.'s Form 8-K, dated April 14, 2004 and filed on April 15, 2004, and incorporated herein by reference.)
10.43	Consulting Agreement, dated as of September 1, 2007, between Foster Wheeler Inc. and John T. La Duc (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 28, 2007, and incorporated herein by reference.)
10.44	Employment Agreement between Foster Wheeler Ltd. and Peter J. Ganz, dated as of October 10, 2005. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)
10.45	First Amendment to the Employment Agreement, dated as of October 6, 2006, between Foster Wheeler Ltd. and Peter J. Ganz. (Filed as Exhibit 99.3 to Foster Wheeler Ltd.'s Form 8-K, dated October 5, 2006 and filed on October 10, 2006, and incorporated herein by reference.)
10.46	Change of Control Employment Agreement between Foster Wheeler Inc. and Peter J. Ganz, dated as of October 10, 2005. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)
10.47	Restricted Stock Award Agreement of Peter J. Ganz, dated as of October 24, 2005. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)
10.48	English Translation of Supplemental Employment Agreement, effective as of November 12, 2007, among Foster Wheeler Continental Europe S.r.L., Foster Wheeler Ltd., and Franco Baseotto. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated November 12, 2007 and filed on November 14, 2007, and incorporated herein by reference.)
10.49	English Translation of Change of Control Agreement, effective as of November 12, 2007, among Foster Wheeler Continental Europe S.r.L., Foster Wheeler Ltd., and 5mLtd.,osterincorporated herein by reference.) an)

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

FOSTER WHEELER LTD.
(Registrant)

By: /s/ FRANCO BASEOTTO

Date: February 26, 2008

FRANCO BASEOTTO
Executive Vice President, Chief Financial Officer and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed, as of February 26, 2008, by the following persons on behalf of the Registrant, in the capacities indicated.

Signature	Title
/s/ RAYMOND J. MILCHOVICH Raymond J. Milchovich (Principal Executive Officer)	Director, Chairman of the Board and Chief Executive Officer
/s/ FRANCO BASEOTTO Franco Baseotto (Principal Financial Officer)	Executive Vice President, Chief Financial Officer and Treasurer
/s/ LISA Z. WOOD Lisa Z. Wood (Principal Accounting Officer)	Vice President and Controller
/s/ EUGENE D. ATKINSON Eugene D. Atkinson	Director
/s/ DIANE C. CREEL Diane C. Creel	Director
/s/ STEVEN J. DEMETRIOU Steven J. Demetriou	Director
/s/ JACK A. FUSCO Jack A. Fusco	Director
/s/ ROBERT C. FLEXON Robert C. Flexon	Director
/s/ EDWARD G. GALANTE Edward G. Galante	Director
/s/ STEPHANIE HANBURY-BROWN Stephanie Hanbury-Brown	Director
/s/ JAMES D. WOODS James D. Woods	Director

EXHIBIT 31.1

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Franco Baseotto, certify that:

1. I have reviewed this annual report on Form 10-K of Foster Wheeler Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2008

/s/ FRANCO BASEOTTO

Franco Baseotto
Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Foster Wheeler Ltd. (the "Company") on Form 10-K for the period ended December 28, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Franco1(date)- lPeotto, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: February 26, 2008

/s/ FRANCO BASEOTTO

APPENDI 1: ANN AL EBI DA, NE INCOME AND DIL ED EP ECONCILIA ION

(n th u an f a , t EP u)	F e ea e ded Dece be 30, 2005			F e ea e ded Dece be 29, 2006			F e ea e ded Dece be 28, 2007		
	EBITDA	**Ne I c e/ (L)**	**D ed EPS***	**EBITDA**	**Ne I c e**	**D ed EPS**	**EBITDA**	**Ne I c e**	**D ed EPS**
A ad ed	**180,678**	**62,277**	**0.60**	**333,942**	**196,412**	**1.39**	**585,695**	**387,729**	**2.68**
Add/(e):									
N t a t - at (n)/ an	(113,680)	(113,680)	(1.22)	100,131	100,131	0.72	6,145	6,145	0.04
P t n t a nt f an n	-	-	-	(14,955)	(14,955)	(0.11)	-	-	-
L n t u t n n t at	(58,346)	(58,346)	(0.63)	(12,483)	(12,483)	(0.09)	-	-	-
C u f Cana an GPG f	-	-	-	(7,121)	(7,121)	(0.05)	-	-	-
Fa au f a t na ha u a at f a ant ff (EP a t n)	-	-	-	-	-	(0.14)	-	-	-
A e ed	**8,652**	**(109,749)**	**(1.18)**	**399,514**	**261,984**	**1.72**	**591,840**	**393,874**	**2.72**

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EBITDA

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EBI DA, a a u at th C an , a n t a a t a tt a u th an . In a t n, th a u n t n a nt fun a a a f t n a u , an n t n a a a u f th C an ' a t t fun t a h n . A EBI DA u ta n nan a n f at n that n u n n t n /( ), u f th nan a n f at n h u n th t f nt an t an a t n that a u .

h C an ' n n-GAAP f an a u , EBI DA, ha ta n at a tat n a f :

It n t n u nt t n . B au th C an ha n t nan f t at n , nt t a n a an n n a t f t t an ha a t th C an n n at n n u . h f , an a u that u nt t ha at a tat n ;

It n t n u ta . B au th a nt f ta an a an n n a t f th C an ' at n , an a u that u ta ha at a tat n ; an

It n t n u at n an a t at n. B au th C an u tut t , ant an u nt an nta n a t n t n at n u n t at n , at n an a t at n a n a an n n t f t at n . h f , an a u that u at n an a t at n ha at a tat n .

APPENDIX 2: EBITDA TO NET INCOME ECONCILIATION

F e ea e ded Dece be 30, 2005 (n th u an f a)	G ba E&C G	G ba P e G	EBITDA f O e a	C&F G [2]	C da ed
EBITDA[1]	**165,629**	**107,266**	**272,895**	**(264,243)**	**8,652**
L : nt t n					(50,618)
L : at n & a t at n					(28,215)
L bef e c e a e					**(70,181)**
P n f n ta					(39,568)
Ne					**(109,749)**

1. In u n th a n D 30, 2005: n a nt a t t f $99,555 f th u a - a uat n f nt a t t t at : $66,274 n th G a E&C G u an $33,281 n th G a P G u ; a n t ha f $(113,680) n u C&F G u n th a uat n f u t at a t a t an a t n u an a ; t a nt t n u C&F G u a at th th n t fa t f $(3,500); an an a at ha f $(58,346) n u C&F G u n n un t n th th han ff f th t u t f u t an th 2011 n n t .

2. C&F G u n u n a at n an n , th an ' a t n u an at n an nat n .

APPENDIX 3: EBITDA TO NET INCOME ECONCILIATION

F e ea e ded Dece be 29, 2006 (n th u an f a)	G ba E&C G	G ba P e G	EBITDA f O e a	C&F G [2]	C da ed
EBITDA[1]	**323,297**	**95,039**	**418,336**	**(18,822)**	**399,514**
L : nt t n					(24,944)
L : at n & a t at n					(30,877)
I c e bef e c e a e					**343,693**
P n f n ta					(81,709)
Ne c e					**261,984**

1. In u n th a n D 29, 2006: n a /(a) nt a t t f $(5,670) f th u a - a uat n f nt a t t t at : $14,720 n th G a E&C G u an $(20,390) n th G a P G u ; a n t ha f $(15,533) n C&F G u t n th a uat n f u a t a t an at a t; n t

APPENDIX 4: EBITDA TO NET INCOME RECONCILIATION

For the year ended December 28, 2007 (in thousands of dollars)	Global E&C Group	Global Power Group	EBITDA from Operations	C&F Group[2]	Consolidated
EBITDA[1]	**505,647**	**139,177**	**644,824**	**(52,984)**	**591,840**
Less: Interest expense					(19,855)
Less: Depreciation & amortization					(41,691)
Income before income taxes					**530,294**
Provision for income taxes					(136,420)
Net income					**393,874**

1. Includes in the year ended December 28, 2007: [illegible] $35,150 [illegible]: $54,520 in the Global E&C Group and $(19,370) in the Global Power Group; and [illegible] $(7,374) in our C&F Group [illegible] 2022 [illegible] 15-year [illegible]; and [illegible] $13,519 [illegible] in our C&F Group.

2. C&F Group includes [illegible].

APPENDIX 5: RECONCILIATION OF SCOPE REVENUE TO OPERATING REVENUE

(in thousands of dollars)	For the year ended December 30, 2005	For the year ended December 29, 2006	For the year ended December 28, 2007
Global E&C Group:			
Scope revenue	1,072,500	1,530,300	2,144,199
Flow-through revenue	399,448	688,804	1,537,060
Operating revenue	**1,471,948**	**2,219,104**	**3,681,259**
Global Power Group:			
Scope revenue	714,800	1,263,200	1,413,462
Flow-through revenue	13,224	12,744	12,522
Operating revenue	**728,024**	**1,275,944**	**1,425,984**
Corporate & Finance Group:			
Scope revenue	-	-	-
Flow-through revenue	(17)	-	-
Operating revenue	**(17)**	**-**	**-**
Consolidated:			
Scope revenue	**1,787,300**	**2,793,500**	**3,557,661**
Flow-through revenue	**412,655**	**701,548**	**1,549,582**
Operating revenue	**2,199,955**	**3,495,048**	**5,107,243**

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