FOSTER WHEELER AG 2011 ANNUAL REPORT

FOSTER WHEELER AG

-

GLOBAL ENGINEERING AND CONSTRUCTION GROUP » THE COMPANY'S GLOBAL ENGINEERING

*In thousands of dollars, except earnings per share**	2009	2010	**2011**
O a c			

TO OUR SHAREHOLDERS:

FOR FOSTER WHEELER, 2011 WAS A YEAR OF CHALLENGE, CHANGE AND CONTINUITY. THE COMPANY SUCCESSFULLY COMPLETED A CEO TRANSITION WHILE MAINTAINING A CORE GROUP OF EXPERIENCED AND TALENTED EXECUTIVES, RESPONDED TO TOUGH MARKET CONDITIONS WITH A DISCIPLINED COMMERCIAL APPROACH AND EXCELLENCE IN CONTRACT EXECUTION, AND INVESTED $409 MILLION TO REPURCHASE A PORTION OF OUR OUTSTANDING REGISTERED SHARES.

THE RESULT

// LEADERSH

// CORPORATE //

2011,

2012,

$ 00

2011 , , , . , 200 , -

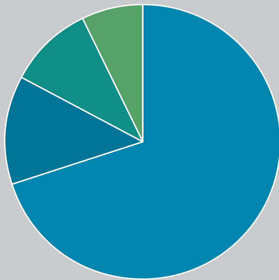
// LOOKING AHEAD //

2012,

12, 2012

BUSINESS GROUP BACKLOG PROFILE

GLOBAL E&C GROUP: SCOPE BACKLOG*



GLOBAL POWER GROUP: SCOPE BACKLOG*

FORM 10-K

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10 K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the scal year ended December 31, 2011
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM .... TO ....

FOSTER FW WHEELER

Commission le number 001-31305

FOSTER WHEELER AG

(Exact name of registrant as speci ed in its charter)

SWITZERLAND	**98 0607469**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identi cation No).*
80 Rue de Lausanne, CH 1202 Geneva, Switzerland	**1202**
(Address of Principal Executive O ces)	*(Zip Code)*

41 22 741 80 00
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12 B OF THE ACT:	
(Title of Each Class)	(Name of each exchange on which registered)
Foster Wheeler AG, Registered Shares, CHF 3.00 par value	**e NASDAQ Stock Market LLC**

SECURITIES REGISTERED PURSUANT TO SECTION 12 G OF THE ACT:	
(Title of Each Class)	(Name of each exchange on which registered)
NONE	

Indicate by check mark	**YES**	**NO**
• if the registrant is a well-known seasoned issuer, as de ned in Rule 405 of the Securities Act.	☑	

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PART I **1**

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PART I

ITEM 1 Business

General

Foster Wheeler AG was incorporated under the laws of Switzerland on November 18, 2008 and registered in the commercial register of the Canton of Zug, Switzerland on November 25, 2008 as a wholly-owned subsidiary of Foster Wheeler Ltd. Pursuant to a scheme of arrangement under Bermuda law, on February 9, 2009 all previously outstanding whole common shares of Foster Wheeler Ltd. were cancelled and Foster Wheeler AG issued registered shares to the holders of whole Foster Wheeler Ltd. common shares that were cancelled. As a result of the scheme of arrangement, the common shareholders of Foster Wheeler Ltd. became common shareholders of Foster Wheeler AG, and Foster Wheeler Ltd. became a wholly-owned subsidiary of Foster Wheeler AG, a holding company that owns the stock of its various subsidiary companies. See "— e Redomestication" for more information regarding the scheme of arrangement and certain related transactions. Except as the context otherwise requires, the terms "Foster Wheeler," "us" and "we," as used herein, refer to Foster Wheeler AG and its direct and indirect subsidiaries for the period after the consummation of the scheme of arrangement and Foster Wheeler Ltd. and its direct and indirect subsidiaries for the period before the consummation of the scheme of arrangement.

e redomestication was undertaken in order to establish a corporation more centrally located within Foster Wheeler's major markets, in a country with a stable and well-developed tax regime as well as a sophisticated

worldwide. We believe that our competitive differentiation in serving these markets is the ability of our products to cleanly and efficiently burn a wide range of fuels, singularly or in combination. Our Global Power Group's steam generators utilize a broad range of technologies, offering independent power producers, utilities, municipalities and industrial clients high-value technology solutions for converting a wide range of fuels, such as coal, lignite, petroleum coke, oil, gas, solar, biomass, municipal solid waste and waste flue gases, into steam, which can be used for power generation, district heating or industrial processes. Among these fuel sources, coal is the most widely used, and thus the market drivers and constraints associated with coal strongly affect the steam generator market and our Global Power Group's business. Our Global Power Group also conducts research and development in the areas of combustion, solid, fluid and gas dynamics, heat transfer, materials and solid mechanics. Additionally, our Global Power Group owns a waste-to-energy facility and a controlling interest in a combined-cycle gas turbine facility and operates two cogeneration power facilities for steam/electric and refinery/electric power generation.

Our circulating fluidized-bed steam generator technology, which we refer to as CFB, is ideally suited to burn a very wide range of fuels, including low-quality and "waste-type" fuels, and we believe is generally recognized as one of the cleanest burning solid-fuel technologies available on a commercial basis in the world today.

For both our CFB and pulverized coal, which we refer to as PC, steam generators, we offer supercritical once-through-unit designs to further improve the energy efficiency and, therefore, the environmental performance of these units. Once-through supercritical steam generators operate at higher steam temperatures than traditional plants, which results in higher efficiencies and lower emissions, including emissions of carbon dioxide, or CO_2, which is considered a greenhouse gas.

Further, for the longer term, we are continuing our development of Flexi-Burn™ technology for our CFB steam generators at coal power plants. This technology will enable our CFB steam generators to capture and store CO_2 by operating in "oxygen-firing CO_2 capture" mode, commonly referred to as oxy-fuel combustion. In this mode, the CFB combustion process will produce a CO_2-rich flue gas which can then be delivered to a storage location while avoiding the need for large, expensive and energy intensive post-combustion CO_2 separation equipment.

We also design, manufacture and install auxiliary equipment, which includes steam generators for solar thermal power plants, feedwater heaters, steam condensers and heat-recovery equipment. Our Global Power Group also offers a full line of new and retrofit nitrogen-oxide, which we refer to as NO_x, reduction systems such as selective non-catalytic and catalytic NO_x reduction systems, as well as complete low-NO_x combustion systems. Our multi-pollutant flue gas desulfurization, which we refer to as FGD, equipment utilizes scrubbing technology to capture sulfur dioxide, or SO_2, and other harmful emissions and has the ability to meet all applicable emission regulations in the U.S. and Europe. During 2011, we acquired a company based in Germany that designs, manufactures and installs equipment which utilizes circulating dry ash flue gas scrubbing technology for all types of steam generators in the power and industrial sectors. This acquisition enhances our product portfolio. 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 generates revenues from engineering activities, equipment supply, construction contracts, operating and maintenance agreements, and royalties from licensing its technology. Additionally, our Global Power Group generates equity earnings from returns on its noncontrolling interest investments in various power production facilities.

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

Please refer to Note 14 to the consolidated financial statements in this annual report on Form 10-K for a discussion of our operating segments and geographic financial information relating to our operations.

Products and Services

Our Global E&C Group's products and services include:

Consulting

Our Global E&C Group provides technical and economic analyses and study reports to owners, investors, developers, operators and governments. These services include concept and feasibility studies, market studies, asset assessments, environmental assessments, energy and emissions management, product demand and supply modeling, and technology evaluations.

Design and Engineering

Our Global E&C Group provides a broad range of engineering and design-related services. Our design and engineering capabilities include process, civil, structural, architectural, mechanical, instrumentation, electrical, and health, safety and environmental management. For each project, we identify the project requirements and then integrate and coordinate the various design elements. Other critical tasks in the design process may include engineering to optimize costs, risk and hazard reviews, and the assessment of construction, maintenance and operational requirements.

Project Management and Project Control

Our Global E&C Group offers a wide range of project management and project control services for overseeing engineering, procurement and construction activities. These services include estimating costs, project planning and project cost control. The provision of these services is an integral part of the planning, design and construction phases of projects that we execute directly for clients. We also provide these services to our clients in the role of project management or program management consultant, where we oversee, on our client's behalf, the execution by other contractors of all or some of the planning, design and construction phases of a project.

Procurement

Our procurement activities focus on those projects where we also execute the design and engineering work. We manage the procurement of materials, subcontractors and craft labor. Often, we purchase materials, equipment and third-party services on behalf of our client, where the client will pay for the purchased items or services at cost and reimburse us the cost of the associated services plus a margin or fee.

Construction/Commissioning and Start-up

Our Global E&C Group provides construction and construction management services on a worldwide basis. Our construction, commissioning and start-up activities focus on those projects where we have performed most of the associated design and engineering work. Depending on the project, we may function as the primary contractor or as a subcontractor to another rm. On some projects, we function as the construction manager, engaged by the customer to oversee another contractorrtr

Industrial Steam Generators

Our Global Power Group designs, manufactures and supplies industrial steam generators of various types including: CFB, as described above, grate, fully assembled package, field erected oil and gas, waste heat, and heat recovery steam generators. Depending on the steam generator type and application, our industrial boilers are designed to burn a wide spectrum of industrial fuels from high quality oil and natural gas to biomass and “waste type” fuels such as tires, municipal solid waste,

location of engineering activities and the ability to meet local content requirements, and safety record. On certain contracts our clients may make a down payment at the time a contract is executed and continue to make progress payments until the contract is completed and the work

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. e 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."

e categorization of risks set forth below is meant to help you better understand the risks facing our business and is not intended to limit consideration of the possible e ects of these risks to the listed categories. Any adverse e ects related to the risks discussed below may, and likely will, adversely a ect many aspects of our business.

Risks Related to Our Operations

e nature of our contracts subjects us to risks related to each project's technical design and associated warranty obligations, changes from original projections for costs and schedules which, particularly with our current and future lump-sum or fixed-price contracts and other shared risk contracts, may result in significant losses if costs are greater than anticipated and/or contractual schedules are not met.

We assume each project's technical risk and associated warranty obligations on all of our contracts and projects, meaning that we must tailor products and systems to satisfy the technical requirements of a project even though, at the time the project is awarded, we may not have previously produced such a product or system. Warranty obligations can range from re-performance of engineering services to modi cation or replacement of equipment. We also assume the risks related to revenue, cost and gross pro t realized on such contracts that can vary, sometimes substantially, from the original projections due to changes in a variety of other factors, including but not limited to:

- engineering design changes;
- unanticipated technical problems with the equipment being supplied or developed by us, which may require that we spend our own money to remedy the problem;
- changes in the costs of components, materials or labor;
- di culties in obtaining required governmental permits or approvals;
- changes in local laws and regulations;

Our results of operations and cash flows depend on new

and/or repurchases of our outstanding registered shares. To the extent we use cash for such other purposes, the amount of cash available for the working capital needs described above would be reduced.

Our new contract awards, current projects and liquidity may be adversely affected by the availability and/or cost of our performance-related standby letters of credit, bank guarantees, surety bonds and other guarantee facilities.

Consistent with industry practice, we are often required to provide

ITEM 2 Properties

e following table provides the location and general use of our materially important owned or leased physical properties by business segment as of December 31, 2011. All or part of the listed properties may be leased or subleased to other a liates. All properties are in good condition and adequate for their intended use.

Business Segment and Location	Principal Use	Owned/Leased (Lease Expiration)[1]
Corporate and Finance Group		
Zug, Switzerland	Registered O ce	Leased (2014)
Geneva, Switzerland	Principal executive o ces	Leased (2020)
Hampton, New Jersey[2]	O ce & engineering	Leased (2022)
Global Engineering & Construction Group		
Avellino, Italy[3]	Wind farm towers	Owned
Chennai, India	O ce & engineering	Leased (2012-2017)
Glasgow, Scotland[4]	O ce & engineering	Owned
Gurgaon, India	O ce & engineering	Leased (2018)
Houston, Texas	O ce & engineering	Leased (2018)
Istanbul, Turkey	O ce & engineering	Leased (2013)
Kolkata, India	O ce & engineering	Leased (2012-2017)
Madrid, Spain	O ce & engineering	Leased (2015)
Middlesborough, England	O ce	Leased (2012)
Midrand, South Africa	O ce & engineering	Owned
Milan, Italy	O ce & engineering	Leased (2014-2017)
Paris, France	O ce & engineering	Leased (2017)
Philadelphia, Pennsylvania	O ce	Leased (2017)
Provence, France	O ce & engineering	Leased (2014)
Reading, England	O ce, engineering & warehouse	Leased (2020-2024)
Santiago, Chile	O ce & engineering	Leased (2014)
Shanghai, China	O ce & engineering	Leased (2012-2013)
Singapore	O ce & engineering	Leased (2013)
South Jordan, Utah	O ce & engineering	Leased (2019)
Sriracha, ailand	O ce & engineering	Leased (2012-2013)
Global Power Group		
Camden, New Jersey[5]	Waste-to-energy plant	Owned
Espoo, Finland	O ce	Leased (2012)
Friedrichsdorf, Germany	O ce & engineering	Leased (2016)
Krefeld, Germany	Manufacturing & o ce	Leased (2016)
Kurikka, Finland	Manufacturing & o ce	Leased (2013)
Madrid, Spain	O ce & engineering	Leased (2015)
Martinez, California	Cogeneration plant	Owned
McGregor, Texas	Manufacturing and o ce	Owned
Melbourne, Florida	O ce & warehouse	Leased (2013)
Norrkoping, Sweden	Manufacturing & o ce	Leased (2014)
Rayong, ailand	Manufacturing & o ce	Leased (2017)
Shanghai, China	O ce	Leased (2012-2013)
Sosnowiec, Poland[6]	O ce, engineering and manufacturing	Leased
Talcahuano, Chile	Cogeneration plant-facility site	Leased (2035)
Tarragona, Spain	Manufacturing	Owned
Varkaus, Finland[7]	Manufacturing & o ce	Owned
Xinhui, Guangdong, China[8]	Manufacturing, o ce & warehouse	Leased (2012-2045)

(1) Properties with date ranges represent multiple leases at the same location with lease expiration dates within the range listed.
(2) The facility is also utilized by the Global Engineering & Construction Group and the Global Power Group.
(3) The two wind farm towers are owned and the land for the two towers is leased (2013-2016).
(4) Portion or entire facility leased or subleased to third parties.
(5) The waste-to-energy plant facility is owned and the land is leased (2015).
(6) The manufacturing facility is leased (2089) and the office and engineering facilities are leased on a month-to-month basis with no contractual termination date.
(7) The manufacturing facility is owned and the office facility is leased (2031).
(8) A portion of the manufacturing facilities are leased on a month-to-month basis with no contractual termination date.

ITEM 3 Legal Proceedings

For information on asbestos claims and other material litigation affecting us, see Item 1A, “Risk Factors,” Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Application of Critical Accounting Estimates” and Note 16, “Litigation and Uncertainties,” to our consolidated financial statements in this annual report on Form 10-K.

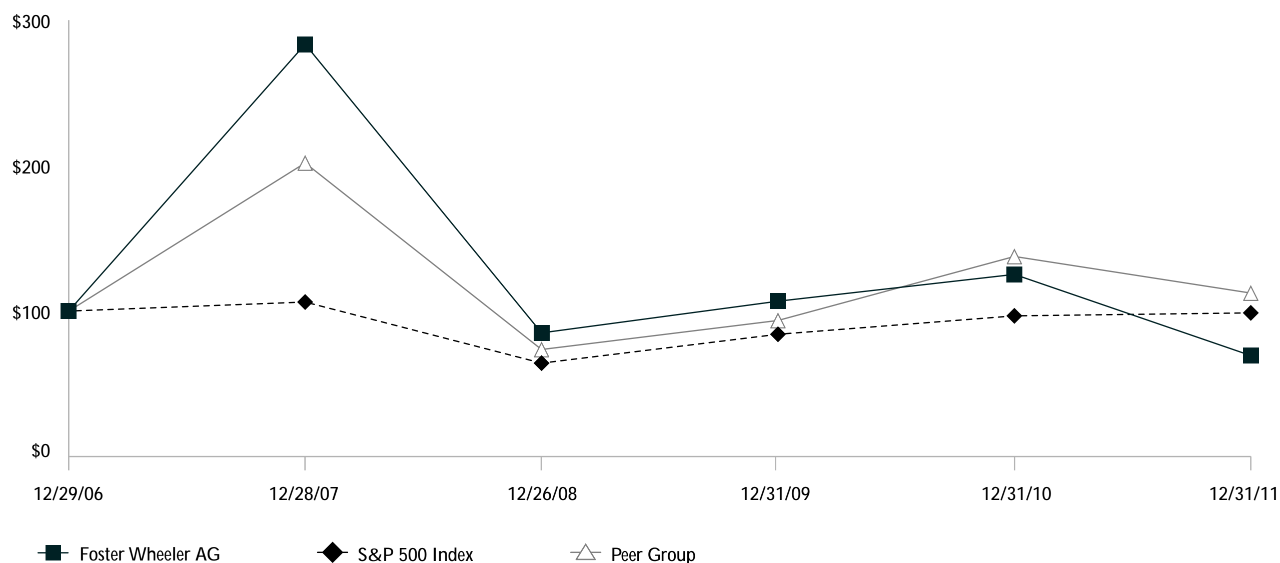
ITEM 4 Mine Safety Disclosures

None.

PART II

ITEM 5 Market For Registrant's Common Equity, Related

COMPARISON OF CUMULATIVE TOTAL RETURN



Month	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2011 through October 31, 2011	—	$ —	—	$ —
November 1, 2011 through November 30, 2011	1,798,475	19.05	1,798,475	—
December 1, 2011 through December 31, 2011	7,200,000	18.72	7,200,000	—
TOTAL	**8,998,475**	**$ 18.79**	**8,998,475**	**$ 91,546**

(1) *During the fourth quarter of 2011, we repurchased an aggregate of 8,998,475 shares in open market transactions pursuant to our share repurchase program. We are authorized to repurchase up to an additional $91,546 of our outstanding shares based on the aggregate share repurchases as of December 31, 2011. The repurchase program has no expiration date and may be suspended for periods or discontinued at any time. We did not repurchase any shares other than through our publicly announced repurchase program.*

(2) *As of December 31, 2011, an aggregate of 39,651,649 shares were purchased for a total of $993,454 since the inception of the repurchase program announced on September 12, 2008.*

ITEM 6 Selected Financial Data

Comparative Financial Statistics

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

	2011	2010	2009	2008	2007
Statement of Operations Data:					
Operating revenues	$ 4,480,729	$ 4,067,719	$ 5,056,334	$ 6,854,290	$ 5,107,243
Income before income taxes[1]	235,242	305,240	455,120	630,897	535,871
Provision for income taxes[2]	58,514	74,531	93,762	97,028	136,420
Net income	176,728	230,709	361,358	533,869	399,451
Net income attributable to noncontrolling interests	14,345	15,302	11,202	7,249	5,577
Net income attributable to Foster Wheeler AG	$ 162,383	$ 215,407	$ 350,156	$ 526,620	$ 393,874
Earnings per share:					
Basic	$ 1.35	$ 1.71	$ 2.77	$ 3.73	$ 2.78
Diluted	$ 1.35	$ 1.70	$ 2.75	$ 3.68	$ 2.72
Shares outstanding:					
Weighted-average number of shares outstanding for basic earnings per share	120,085,704	126,032,130	126,541,962	141,149,590	141,661,046
E ect of dilutive securities	418,779	544,725	632,649	1,954,440	3,087,176
Weighted-average number of shares outstanding for diluted earnings per share	120,504,483	126,576,855	127,174,611	143,104,030	144,748,222

	December 31, 2011	December 31, 2010	December 31, 2009	December 26, 2008	December 28, 2007
Balance Sheet Data:					

- compliance with laws and regulations relating to our global operations;
- currency uctuations;
- war, terrorist attacks and/or natural disasters a ecting facilities either owned by us or where equipment or services are or may be provided by us;
- interruptions to shipping lanes or other methods of transit;
- outcomes of pending and future litigation, including litigation regarding our liability for damages and insurance coverage for asbestos exposure;
- protection and validity of our patents and other intellectual property rights;
- increasing global competition;
- compliance with our debt covenants;
- recoverability of claims against our customers and others by us and claims by third parties against us; and
- changes in estimates used in our critical accounting policies.

Other factors and assumptions not identi ed above were also involved in the formation of these forward-looking statements and the failure of such other assumptions to be realized, as well as other factors, may also cause actual results to di er materially from those projected. Most of these factors are di cult to predict accurately and are generally beyond our control. You should consider the areas of risk described above in connection with any forward-looking statements that may be made by us.

In addition, this management's discussion and analysis of nancial condition and results of operations contains several statements regarding current and future general global economic conditions. ese statements are based on our compilation of economic data and analyses from a variety of external sources. While we believe these statements to be reasonably accurate, global economic conditions are di cult to analyze and predict and are subject to signi cant uncertainty and as a result, these statements may prove to be wrong. e challenges and drivers for each of our business segments are discussed in more detail in the section entitled "— Results of Operations-Business Segments," within this Item 7.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any additional disclosures we make in proxy statements, quarterly reports on Form 10-Q, annual reports on Form 10-K and current reports on Form 8-K led or furnished with the Securities and Exchange Commission, or SEC.

Overview

We operate through two business groups — the Global Engineering & Construction Group, which we refer to as our Global E&C Group, and our Global Power Group. In addition to these two business groups, we also report corporate center expenses, our captive insurance operation and expenses related to certain legacy liabilities, such as asbestos and other expenses, in the Corporate and Finance Group, which we refer to as our C&F Group.

We have been exploring, and intend to continue to explore, acquisitions within the engineering and construction industry to strategically complement or expand on our technical capabilities or access to new market segments. We are also exploring acquisitions within the

Contract pro t is computed as operating revenues less cost of operating revenues. "Flow-through" amounts are recorded both as operating revenues and cost of operating revenues with no contract pro t. Contract pro t margins are computed as contract pro t divided by operating revenues. Flow-through revenues reduce the contract pro t margin as they are included in operating revenues without any corresponding impact on contract pro t. As a result, we analyze our contract pro t margins excluding the impact of

2011 vs. 2010

e increase in interest income in 2011, compared to 2010, was primarily a result of higher investment yields on cash and cash equivalents balances and, to a lesser extent, higher average cash and cash equivalents balances and favorable foreign currency uctuations.

2010 vs. 2009

e increase in interest income in 2010, compared to 2009, was primarily a result of higher average cash and cash equivalents balances and, to a lesser extent, the favorable impact from higher investment yields on cash and cash equivalents balances.

Interest Expense

	2011	2010	2009
Amount	$ 12,876	$ 15,610	$ 14,122
$ Change	(2,734)	1,488	
% Change	(17.5)%	10.5%	

2011 vs. 2010

Interest expense decreased in 2011, compared to 2010, primarily as a result of the favorable impact from decreased average borrowings.

2010 vs. 2009

Interest expense increased in 2010, compared to 2009, which primarily resulted from an increase in net interest expense on unrecognized tax bene ts of $3,800, partially o set by decreased average borrowings. Accrued interest expense on unrecognized tax bene ts in 2010 and 2009 are net of the reversal of previously accrued interest expense on unrecognized tax bene ts that was ultimately not assessed of $1,900 and $5,100, respectively.

Net Asbestos-Related Provision

	2011	2010	2009
Amount	$ 9,901	$ 5,410	$ 26,365
$ Change	4,491	(20,955)	
% Change	83.0%	(79.5)%	

2011 vs. 2010

Net asbestos-related provision increased in 2011, compared to 2010, which was the net result of a decreased gain on the settlement of coverage litigation with asbestos insurance carriers in 2011, compared to 2010, of $7,900, partially o set by a decreased provision related to the revaluation of our asbestos liability of $3,400. Our 2011 and 2010 provisions included charges to increase our asbestos liability for increased asbestos defense costs projected over our 15 year estimate.

2010 vs. 2009

Net asbestos-related provision decreased in 2010, compared to 2009, which was the result of an increased gain on the settlement of coverage litigation with asbestos insurance carriers in 2010, compared to 2009, of $12,800 and a decreased provision related to the revaluation of our asbestos liability of $8,200. Our 2010 and 2009 provisions included charges to increase our asbestos liability for increased asbestos defense costs projected over our 15 year estimate.

Please refer to Note 16 to the consolidated nancial statements in this annual report on Form 10-K for more information.

Provision for Income Taxes

	2011	2010	2009
Amount	$ 58,514	$ 74,531	$ 93,762
$ Change	(16,017)	(19,231)	
% Change	(21.5)%	(20.5)%	
E ective Tax Rate	24.9%	24.4%	20.6%

Although we are a Swiss Corporation, we are exclusively traded on a U.S. exchange; therefore, we reconcile our effective tax rate to the U.S. federal statutory rate of 35% to facilitate meaningful comparison with peer companies in the U.S. capital markets. Our effective tax rate can fluctuate significantly from period to period and may differ significantly from the U.S. federal statutory rate as a result of income taxed in various non-U.S. jurisdictions with rates different from the U.S. statutory rate, as a result of our inability to recognize a tax benefit for losses generated by certain unprofitable operations and as a result of the varying mix of income earned in the jurisdictions in which we operate. In addition, our deferred tax assets are reduced by a valuation allowance when, based upon available evidence, it is more likely than not that the tax benefit of loss carryforwards (or other deferred tax assets) will not be realized in the future. In periods when operating units subject to a valuation allowance generate pretax earnings, the corresponding reduction in the valuation allowance favorably impacts our effective tax rate. Conversely, in periods when operating units subject to a valuation allowance generate pretax losses, the corresponding increase in the valuation allowance has an unfavorable impact on our effective tax rate.

2011

Our effective tax rate for 2011 was lower than the U.S. statutory rate of 35% due principally to the net impact of the following:

- Income earned in tax jurisdictions with tax rates lower than the U.S. statutory rate, which contributed to an approximate 17.5-percentage point reduction in our effective tax rate; and
- A valuation allowance increase because we are unable to recognize a tax benefit for losses subject to valuation allowance in certain jurisdictions (primarily in the U.S.), which contributed to an approximate six-percentage point increase in our effective tax rate.

2010

Our effective tax rate for 2010 was lower than the U.S. statutory rate of 35% due principally to the net impact of the following:

- Income earned in tax jurisdictions with tax rates lower than the U.S. statutory rate, which contributed to an approximate 17-percentage point reduction in our effective tax rate; and
- Total changes in our valuation allowance contributed to an approximate five-percentage point increase in our effective tax rate as a result of the net impact of a valuation allowance increase because we are unable to recognize a tax benefit for losses subject to valuation allowance in certain jurisdictions (primarily in the U.S.), and a reversal of valuation allowance on deferred tax assets in a non-U.S. jurisdiction.

2009

Our effective tax rate for 2009 was lower than the U.S. statutory rate of 35% due principally to the net impact of income earned in tax

EBITDA in the above table includes the following:

	2011	2010	2009
Net increase in contract pro t from the regular revaluation of nal estimated contract pro t revisions:[1]			
Global E&C Group[2]	$ 13,200	$ 32,700	$ 66,700
Global Power Group[2]	22,000	24,100	2,300
TOTAL [2]	**35,200**	**56,800**	**69,000**
Net asbestos-related provision in C&F Group[3]	9,900	5,400	26,400
Pension plan curtailment gain in our Global E&C Group	—	20,100	—
Net gain on settlement fee received in our Global E&C Group	—	9,800	—
Charges for severance-related postemployment bene ts:			
Global E&C Group	2,200	3,700	8,700
C&F Group	500	7,100	3,700
TOTAL	**2,700**	**10,800**	**12,400**

(1) *Please refer to "Revenue Recognition on Long-Term Contracts" in Note 1 to the consolidated financial statements in this annual report on Form 10-K for further information regarding changes in our final estimated contract profit.*

(2) *The changes in final estimated contract profit revisions during 2011 included the impact of two out-of-period corrections for reductions of final estimated profit totaling $7,800, which included final estimated profit reductions in our Global E&C Group and our Global Power Group of $3,200 and $4,600, respectively. The corrections were recorded in 2011 as they were not material to previously issued financial statements, nor are they material to the 2011 financial statements.*

(3) *Please refer to Note 16 to the consolidated financial statements in this annual report on Form 10-K for further information regarding the revaluation of our asbestos liability and related asset.*

e accounting policm [( )] TJ ET BT 0.0013 Tc 0.0 [( )-268.8(e accounting r)15usiT BT 0 TL 7.5 0 0 7.5 427.3683 5270124 Tw 0 TL 9.3587 0

2011 vs. 2010

Our Global E&C Group experienced an increase in operating revenues of 3% in 2011, compared to 2010. The increase was primarily driven by increased flow-through revenues of $187,800. The change in operating revenues also included the unfavorable impact of the inclusion of a settlement fee earned of $11,800 that our Global E&C Group recognized in 2010, as noted below. Excluding flow-through revenues, foreign currency fluctuations and the settlement fee recognized in 2010, our Global E&C Group's operating revenues decreased 8% in 2011, compared to 2010.

Our Global E&C Group's EBITDA decreased in 2011, compared to 2010, primarily driven by decreased contract profit of $61,400, excluding the impact of a curtailment gain and a settlement fee earned that were both recognized in 2010. The decrease in contract profit primarily resulted from decreased contract profit margins and decreased volume of operating revenues, excluding flow-through revenues. The EBITDA decline also included unfavorable impacts for the inclusion of a $20,100 curtailment gain related to the 2010 future benefit accrual closure in our U.K. defined benefit pension plan and a $9,800 settlement fee recognized in 2010, as described below. EBITDA was further negatively impacted by increased sales pursuit costs in 2011, compared to 2010, of $10,800, driven by increased new proposal activity. The decline in EBITDA was partially offset by increased equity earnings in our Global E&C Group's investments of $5,900, as 2010 equity earnings included impairment charges of $13,200 recognized by two of our Global E&C Group's projects in Italy.

2010 vs. 2009

Our Global E&C Group experienced a decrease in operating revenues of 17% in 2010, compared to 2009. The decline included the net impact of decreased flow-through revenues of $468,800, partially offset by the favorable impact of a settlement fee earned of $11,800 that our Global E&C Group received in 2010, as noted below. Foreign currency fluctuations had a minimal impact on the decline in operating revenues. Excluding flow-through revenues and the settlement fee noted above, our Global E&C Group's operating revenues decreased 10% in 2010, compared to 2009.

Our Global E&C Group's EBITDA decreased in 2010, compared to 2009, primarily driven by decreased contract profit of $144,000, excluding the impact of a curtailment gain and a settlement fee earned that were both recognized in 2010. The decrease in contract profit primarily resulted from decreased contract profit margins and, to a lesser extent, the volume decrease in operating revenues, excluding flow-through revenues. The EBITDA decline also included favorable impacts for the inclusion of a $20,100 curtailment gain related to the 2010 future benefit accrual closure in our U.K. defined benefit pension plan and a $9,800 settlement fee recognized in 2010, as described below, as well as the unfavorable impact of the inclusion of decreased equity earnings of $13,200 in 2010 for two of our Global E&C Group's projects in Italy that recorded impairment charges.

Results

Our Global Power Group's operating revenues by geographic region, based upon where our projects are being executed, for 2011, 2010, and 2009, were as follows:

Liquidity and Capital Resources

2011 Activities

Our cash and cash equivalents, short-term investments and restricted cash balances were:

	As of December 31,			
	2011	**2010**	**$ Change**	**% Change**
Cash and cash equivalents	$ 718,049	$ 1,057,163	$ (339,114)	(32.1)%
Short-term investments	1,294	—	1,294	N/M
Restricted cash	44,094	27,502	16,592	60.3%
TOTAL	**$ 763,437**	**$ 1,084,665**	**$ 321,228**	**29.6 %**

N/MNot meaningful

Total cash and cash equivalents, short-term investments and restricted cash held by our non-U.S. entities as of December 31, 2011 and 2010 were $630,000 and $849,500, respectively. Please refer to Note 1 to the consolidated nancial statements in this annual report on Form 10-K for additional details on cash and cash equivalents and restricted cash balances.

During 2011, we experienced a decrease in cash and cash equivalents of $339,100, primarily as a result of cash used to repurchase our shares and to pay related commissions under our share repurchase program of $409,400, cash used for capital expenditures of $28,100, payments related to business acquisitions of $29,400, an unfavorable impact related to exchange rate changes on our cash and cash equivalents of $28,100 and a change in restricted cash, excluding foreign currency translation e ects, of $18,600, partially o set by cash provided by operating activities of $185,700.

Cash Flows from Operating Activities

	2011	2010	2009
Amount	$ 185,746	$ 178,668	$ 290,615
$ Change	7,078	(111,947)	
% Change	4.0%	(38.5)%	

Net cash provided by operating activities in 2011 primarily resulted from cash provided by net income of $248,700, which excludes non-cash charges of $72,000, and cash provided by working capital of $10,100, partially o set by mandatory and discretionary contributions to our pension plans of $71,000, which included discretionary contributions of $51,300, and cash used for net asbestos-related payments of $7,900 (please refer to Note 16 to the consolidated nancial statements in this annual report on Form 10-K for further information on net asbestos-related payments).

e increase in net cash provided by operating activities of $7,100 in 2011, compared to 2010, resulted primarily from a favorable change in working capital that resulted in an increase in cash of $37,600 and decreased contributions to our pension plans of $27,600, which was driven by lower discretionary contributions of $25,300, partially o set by decreased cash provided by net income of $60,700.

e decrease in net cash provided by operating activities of $111,900 in 2010, compared to 2009, resulted primarily from decreased cash provided by net income of $150,300, increased pension plan contributions of $27,200, which was driven by higher discretionary contributions of $28,300, partially o set by decreased cash used to fund working capital of $92,600 and decreased cash used for asbestos-related activities of $24,900.

Working capital varies from period to period depending on the mix, stage of completion and commercial terms and conditions of our contracts and the timing of the related cash receipts. We generated cash from the conversion of working capital during 2011, as cash receipts from

amount of cash to Switzerland and the U.S. Additionally, we continue to have access to the revolving credit portion of our U.S. senior secured credit facility, if needed.

Our net asbestos-related payments are the result of asbestos liability indemnity and defense costs payments in excess of insurance settlement proceeds. During 2011, we had net asbestos-related cash outflows of approximately $7,900. In 2012, we expect net cash outflows to be approximately $7,400. 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 July 30, 2010, Foster Wheeler AG, Foster Wheeler Ltd., certain of Foster Wheeler Ltd.'s subsidiaries and BNP Paribas, as Administrative Agent, entered into a four-year amendment and restatement of our U.S. senior secured credit agreement, which we entered into in October 2006. The amended and restated U.S. senior secured credit agreement provides for a facility of $450,000, and includes a provision which permits future incremental increases of up to an aggregate of $225,000 in total additional availability under the facility. The amended and restated U.S. senior secured credit agreement permits us to issue up to $450,000 in letters of credit under the facility. Letters of credit issued under the amended and restated U.S. senior secured credit agreement have performance pricing that is decreased (or increased) as a result of improvements (or reductions) in our corporate credit rating as reported by Moody's Investors Service, which we refer to as Moody's, and/or Standard & Poor's, which we refer to as S&P. We received a corporate credit rating of BBB- as issued by S&P during 2010, which, under the amended and restated U.S. senior secured credit agreement, reduces our pricing for letters of credit issued under the agreement. Based on the current ratings, the letter of credit fees for performance and financial letters of credit issued under the amended and restated U.S. senior secured credit agreement are 1.000% and 2.000% per annum of the outstanding amount, respectively, excluding fronting fees. This performance pricing is not expected to materially impact our liquidity or capital resources over the next 12 months. 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, as defined in the agreement, plus 2.000%, subject also to the performance pricing noted above.

The assets and/or stock of certain of our U.S. and non-U.S. subsidiaries collateralize our obligations under our amended and restated U.S. senior secured credit agreement. In the event that our corporate credit rating as issued by Moody's is at least Baa3 and as issued by S&P is at least BBB-, all liens securing our obligations under the amended and restated U.S. senior secured credit agreement will be automatically released and terminated.

We had approximately $225,600 and $310,000 of letters of credit outstanding under our U.S. senior secured credit agreement in effect as of December 31, 2011 and 2010, respectively. There were no funded borrowings under our U.S. senior secured credit agreement outstanding as of December 31, 2011 or 2010. Based on our current operating plans and cash forecasts, we do not intend to borrow under our U.S. senior secured credit facility during 2012. Please refer to Note 7 to the consolidated financial statements in this annual report on Form 10-K for further information regarding our debt obligations.

On February 27, 2010, an earthquake occurred off the coast of Chile that caused significant damage to our unconsolidated affiliate's facility in Chile. As a result of the damage, the project's facility suspended normal operating activities on that date. Subsequent to that date, our unconsolidated affiliate filed a claim with its insurance carrier. A preliminary assessment of the extent of the damage was completed and an estimate of the required cost of repairs was developed. Based on the assessment and cost estimate, as well as correspondence received from the insurance carrier, we expect the property damage insurance recovery to be sufficient to cover the costs of repairing the facility. The insurance carrier also provided a preliminary assessment of the business interruption insurance recovery due to our unconsolidated affiliate, and has advanced insurance proceeds against this assessment. Based on this assessment, we expect the business interruption insurance recovery to substantially compensate our unconsolidated affiliate for the loss of profits while the facility suspended normal operating activities. Our unconsolidated affiliate's receivable related to the remaining balance under its property damage and business interruption insurance recovery assessment was approximately $66,400 as of December 31, 2011. The facility began operating at less than normal utilization during the second quarter of 2011 and achieved normal operating activities in the third quarter of 2011. Please refer to Note 5 to the consolidated financial statements in this annual report on Form 10-K for further information on our equity interest in this project.

Backlog, Measured in Terms of Future Revenues

	December 31, 2011			December 31, 2010		
	Global E&C Group	Global Power Group	Total	Global E&C Group	Global Power Group	Total
By Contract Type:						
Lump-sum turnkey	$ —	$ 164,300	$ 164,300	$ —	$ 424,400	$ 424,400
Other xed-price	515,400	997,200	1,512,600	779,800	555,800	1,335,600
Reimbursable	1,904,800	44,400	1,949,200	2,157,900	61,600	2,219,500
TOTAL	**$ 2,420,200**	**$ 1,205,900**	**$ 3,626,100**	**$ 2,937,700**	**$ 1,041,800**	**$ 3,979,500**
By Project Location:						
North America	$ 483,200	$ 217,400	$ 700,600	$ 620,900	$ 189,500	$ 810,400
South America	328,100	25,500	353,600	389,200	30,400	419,600
Europe	637,100	234,500	871,600	382,500	517,800	900,300
Asia	413,300	711,100	1,124,400	481,200	269,300	750,500
Middle East	275,700	15,000	290,700	266,900	34,800	301,700
Africa	104,700	2,400	107,100	174,400	—	174,400
Australasia and other*	178,100	—	178,100	622,600	—	622,600
TOTAL	**$ 2,420,200**	**$ 1,205,900**	**$ 3,626,100**	**$ 2,937,700**	**$ 1,041,800**	**$ 3,979,500**

* *Australasia and other primarily represents Australia, New Zealand and the Pacific Islands.*

By Industry:						
Power generation	$ 304,000	$ 1,090,000	$ 1,394,000	$ 15,100	$ 929,300	$ 944,400
Oil re ning	1,468,400	—	1,468,400	1,726,200	—	1,726,200
Pharmaceutical	28,200	—	28,200	39,800	—	39,800
Oil and gas	303,600	—	303,600	793,800	—	793,800
Chemical/petrochemical	287,900	—	287,900	331,800	200	332,000
Power plant operation and maintenance	—	115,900	115,900	—	112,300	112,300

Revenue Recognition

Revenues and pro ts on long-term contracts are recorded under the percentage-of-completion method.

Progress towards completion on xed price contracts is measured based on physical completion of individual tasks for all contracts with a value of $5,000 or greater. For contracts with a value less than $5,000, progress toward completion is measured based on the ratio of costs

We believe the most critical assumptions within our asbestos liability

Changes (Increase or Decreases) in Assumption:		Approximate Change in Liability
One-percentage point change in the in ation rate related to the indemnity and defense costs	$	22,700
Twenty- ve percent change in average indemnity settlement amount		47,700
Twenty- ve percent change in forecasted number of new claims		52,600

Based on the December 31, 2011 liability estimate, an increase of 25% in the average per claim indemnity settlement amount would increase the liability by $47,700 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 of approximately 80% of the increase in the liability. Long-term cash ows would ultimately change by the same amount. Should there be an increase in the estimated liability in excess of 25%, the percentage of that increase that would be expected to be funded by additional insurance recoveries would decline.

Our subsidiaries have been e ective 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 identi ed 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 31, 2011, we had recorded total liabilities of $28,800 comprised of an estimated liability relating to open (outstanding) claims of $8,000 and an estimated liability relating to future unasserted claims through December 31, 2026 of $20,800. Of the total, $2,700 was recorded in accrued expenses and $26,100 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 $2,700 was recorded in accounts and notes receivable-other and $26,100 was recorded as asbestos-related insurance recovery receivable on the consolidated balance sheet. e 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. If this ruling is reversed by legislation, the total asbestos liability and related asset recorded in the U.K. would be approximately $42,000.

De ned Bene t Pension and Other Postretirement Bene t Plans

We have de ned bene t pension plans in the U.S., the U.K., Canada, Finland, France, India and South Africa and we have other postretirement bene t plans, or OPEB plans, for health care and life insurance bene ts in the U.S. and Canada.

Our de ned bene t pension plans, or pension plans, cover certain full-time employees. Under the pension plans, retirement bene ts are primarily a function of both years of service and level of compensation. e U.S. pension plans, which are closed to new entrants and additional bene t accruals, and the Canada, Finland, France and India pension plans are non-contributory. e U.K. pension plan, which is closed to new entrants and additional bene t accruals, and the South Africa pension plan are both contributory plans.

Certain employees in the U.S. and Canada may become eligible for health care and life insurance bene ts, or other postretirement bene ts, if they qualify for and commence receipt of normal or early retirement pension bene ts as de ned in the U.S. and Canada pension plans while working for us. Additionally, one of our subsidiaries in the U.S. also has a bene t plan which provides coverage for an employee's bene ciary upon the death of the employee. is plan has been closed to new entrants since 1988.

Our de ned bene t pension and OPEB plans are accounted for in accordance with current accounting guidance, which requires us to recognize the funded status of each of our de ned bene t pension and OPEB plans on the consolidated balance sheet. e guidance also requires us to recognize any gains or losses, which are not recognized as a component of annual service cost, as a component of comprehensive income, net of tax. Please refer to Note 8 of the consolidated nancial statements in this annual report on Form 10-K for more information.

e calculations of de ned bene t pension and OPEB plan liabilities, annual service cost and cash contributions required rely heavily on estimates about future events often extending decades into the future. Wee(r.8 452.88109 364.7798t.8)-c3e 0 8 Tm [(W)77.9(e)s3548or 898 Tm [[

Share-Based Compensation Plans

Our share-based compensation plans include awards for stock options and restricted shares, restricted stock units and performance-based restricted stock units (collectively, "restricted awards"). We measure these awards at fair value on their grant date and recognize compensation cost in the consolidated statements of operations over their vesting period.

e following table summarizes our share-based compensation expense and related income tax bene t:

	2011	2010	2009
Share-based compensation	$ 21,849	$ 22,996	$ 22,781
Related income tax bene t	413	353	448

As of December 31, 2011, the breakdown of our unrecognized compensation cost and related weighted-average period for the cost to be recognized were as follows:

	December 31, 2011	Weighted-Average Period for Cost to be Recognized
Unrecognized compensation cost:		
Stock options	$ 8,942	2 years
Restricted awards	15,797	2 years
TOTAL UNRECOGNIZED COMPENSATION COST	**$ 24,739**	**2 YEARS**

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). e Black-Scholes model incorporates the following assumptions:

- Expected volatility — we estimate the volatility of our share price at the grant date using a "look-back" period which coincides with the expected term, de

ITEM 7A Quantitative and Qualitative Disclosures About Market Risk

(amounts in thousands of dollars)

Interest Rate Risk

ITEM 8 Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Foster Wheeler AG:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Foster Wheeler AG and its subsidiaries ("the Company") at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 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 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's

Foster Wheeler AG and Subsidiaries
Consolidated Balance Sheet

Asbestos-related insurance recovery receivable	157,127	194,570
Accounts payable	2	

Foster Wheeler AG and Subsidiaries

Consolidated Statement of Cash Flows

as additional information becomes available or as speci c project

Trade accounts receivable are continually evaluated for collectibility. Provisions are established on a project-speci c 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.

Contracts in Process and Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts

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 period. In conformity with relevant industry accounting standards, however, the full amount of contracts in process and billings in excess of costs and estimated earnings on uncompleted contracts is included in curr TJ w0mf costs and estima6(a9erm(ed orleted 6 Tc not making payment due26 0 54an curr)10.1est g standar)13.9(ds,)] TJ 968C82 Tm [(i-18li26 Tw 9.

we were the primary beneficiary. Although the Camden project is no longer considered a VIE, we continued to consolidate the project as of December 31, 2011 because we own 100% of the outstanding voting equity of the project.

Please see Note 5 for further information regarding our participation in these projects.

Goodwill and Other Intangible Assets

Goodwill arising from business acquisitions is allocated to the appropriate reporting unit on a relative fair value basis at the time of acquisition. Other intangible assets consist principally of patents, trademarks, customer relationships, pipeline, backlog and technology and are amortized over their respective estimated useful lives and reviewed for impairment together with other tangible long-lived assets whenever events or circumstances indicate that an impairment may exist. The estimated useful lives of our other intangible assets as of December 31, 2011 and 2010 ranged from: patents 3 to 25 years; trademarks 3 to 40 years; customer relationships, pipeline and backlog 1 to 13 years; and technology up to 7 years.

During 2011, we adopted Accounting Standards Update No. ("ASU") 2011-08, "Intangibles — Goodwill and Other (Topic 350) — Testing Goodwill for Impairment." ASU 2011-08 amends existing guidance in order to simplify how entities test goodwill for impairment. Under the amended guidance, an entity is not required to calculate the fair value of a reporting unit unless the entity determines, through a qualitative

Transaction gains and losses that arise from exchange rate uctuations on transactions denominated in a currency other than the functional currency are included in other deductions, net on our consolidated statement of operations. e net balance of our foreign currency transaction gains and losses for 2011, 2010 and 2009 were as follows:

		2011		2010		2009
Net foreign currency transaction gains/(losses)	$	1,105	$	(5,778)	$	979
Net foreign currency transaction gains/(losses), net of tax	$	830	$	(4,367)	$	780

Fair Value Measurements

Fair value is de ned as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial Accounting Standards Board Accounting Standards Codi cation, or FASB ASC, 820-10 de nes fair value, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value and provides guidance on required disclosures about fair value measurements. e fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Our nancial assets and liabilities that are recorded at fair value on a recurring basis consist primarily of the assets or liabilities arising from derivative nancial instruments and de ned bene t pension plan assets. See Note 10 for further information regarding our derivative nancial instruments and Note 8 for further information regarding our de ned bene t pension plan assets.

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

Financial instruments valued independent of the fair value hierarchy:

- Cash, Cash Equivalents and Restricted Cash — e carrying value of our cash, cash equivalents and restricted cash approximates fair value because of the demand nature of many of our deposits or short-term maturity of these instruments.

Financial instruments valued within the fair value hierarchy:

- Short-term Investments — Short-term investments primarily consist of deposits with maturities in excess of three months but less than one year. Short-term investments are carried at cost plus accrued interest, which approximates fair value.
- Long-term Debt — 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 o ered for debt of the same remaining maturities using level 2 inputs.
- Foreign Currency Forward Contracts — We estimate the fair value of foreign currency forward contracts by obtaining quotes from nancial institutions or market transactions in either the listed or over-the-counter markets, which we further corroborate with observable market data using level 2 inputs.
- Interest Rate Swaps — We estimate the fair value of our interest rate swaps based on quotes obtained from nancial institutions, which we further corroborate with observable market data using level 2 inputs.
- De ned Bene t Pension Plan Assets — We estimate the fair value of investments in equity securities at each year-end based on quotes obtained from nancial institutions. e fair value of investments in commingled funds, invested primarily in debt and equity securities, is based on the net asset values communicated by the respective asset manager. We further corroborate the above valuations with observable market data using level 1 and 2 inputs. Additionally, we hold investments in private investment funds that are valued at net asset value as communicated by the asset manager using level 3 unobservable market data inputs.

External Legal Fees

External legal fees are expensed as incurred and recorded in other deductions, net on our consolidated statement of operations with the exception of external legal fees associated with asbestos defense costs (please refer to Note 16 for further information related to our accounting for asbestos defense costs). We incurred external legal fees, excluding asbestos defense costs, of approximately $17,800, $17,800 and $16,400 for 2011, 2010 and 2009, respectively, which include external legal fees related to project claims.

Restrictions on Shareholders' Dividends

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. Our current U.S. senior secured credit agreement contains limitations on cash dividend payments.

Retirement of Shares under Share Repurchase Program

On September 12, 2008, we announced a share repurchase program pursuant to which our Board of Directors autw180 and 2009, rts (please re in2(eu)-023ET

NOTE 4 Land, Buildings and Equipment

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

	December 31, 2011	December 31, 2010
Land and land improvements	$ 18,544	$ 18,183
Buildings	289,084	293,223
Furniture, fixtures and equipment	491,741	496,004
Construction in progress	5,461	3,168
Land, buildings and equipment, gross	804,830	810,578
Less: Accumulated depreciation	(462,843)	(448,491)
LAND, BUILDINGS AND EQUIPMENT, NET	**$ 341,987**	**$ 362,087**

Depreciation expense for 2011, 2010 and 2009 was $42,073, $46,833, and $39,357, 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.

NOTE 5 Investments

Investment in Unconsolidated Affiliates

We own a noncontrolling interest 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. We also own a 50% noncontrolling interest in a project based in Italy which generates earnings from royalty payments linked to the price of natural gas. Based on the outstanding equity interests of these entities, we own 41.65% of each of the two electric power generation projects in Italy, 39% of the waste-to-energy project and 50% of the wind farm project. We have a notional 85% equity interest in the project in Chile; however, we are not the primary beneficiary as a result of participating rights held by the minority shareholder. In determining that we are not the primary beneficiary, we considered the minority shareholder's right to approve activities of the project that most significantly impact the project's economic performance which include the right to approve or reject the annual financial (capital and operating) budget and the annual operating plan, the right to approve or reject the appointment of the general manager and senior management, and approval rights with respect to capital expenditures beyond those included in the annual budget.

On February 27, 2010, an earthquake occurred off the coast of Chile that caused significant damage to our unconsolidated affiliate's facility in Chile. As a result of the damage, the project's facility suspended normal operating activities on that date. Subsequent to that date, our unconsolidated affiliate filed a claim with its insurance carrier. A preliminary assessment of the extent of the damage was completed and an estimate of the required cost of repairs was developed. Based on the assessment and cost estimate, as well as correspondence received from the insurance carrier, we expect the property damage insurance recovery to be sufficient to cover the costs of repairing the facility. The insurance carrier also provided a preliminary assessment of the business interruption insurance recovery due to our unconsolidated affiliate, and advanced insurance proceeds against this assessment. Based on this assessment, we expect the business interruption insurance recovery to substantially compensate our unconsolidated affiliate for the loss of profits while the facility suspended normal operating activities. Our unconsolidated affiliate's receivable related to the remaining balance under their property damage and business interruption insurance recovery assessment was approximately $66,400 as of December 31, 2011, which is included in current assets in the table below. The facility began operating at less than normal utilization during the second quarter of 2011 and achieved normal operating activities in the third quarter of 2011.

The summarized financial information presented below for the project in Chile includes an estimated recovery under a property damage insurance policy sufficient to cover the costs that have been incurred to repair the facility and an estimated recovery under a business interruption insurance policy for fixed costs along with an estimated recovery for lost profits during the period that the facility suspended normal operating activities. In accordance with authoritative accounting guidance on business interruption insurance, the project recorded an estimated recovery for lost profits as substantially all contingencies related to the insurance claim had been resolved as of the third quarter of 2010.

e following table sets forth amounts relating to our identi able intangible assets:

	December 31, 2011			December 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	$ 40,920	$ (30,237)	$ 10,683	$ 41,237	$ (28,476)	$ 12,761
Trademarks	63,711	(29,337)	34,374	63,774	(27,764)	36,010
Customer relationships, pipeline and backlog	30,586	(7,725)	22,861	22,329	(5,030)	17,299
Technology	6,468	—	6,468	—	—	—
TOTAL	**$ 141,685**	**$ 67,299**	**$ 74,386**	**$ 127,340**	**$ 61,270**	**$ 66,070**

As of December 31, 2011, the net carrying amounts of our identi able intangible assets were $59,768 for our Global Power Group and $14,618 for our Global E&C Group. Amortization expense related to identi able intangible assets is recorded within cost of operating revenues on the consolidated statement of operations. Amortization expense related to assets other than identi able intangible assets was not material in 2011, 2010 and 2009. e following table details amortization expense related to identi able intangible assets by period:

	2011	2010	2009
Amortization expense	$ 6,574	$ 6,496	$ 5,640

e following are the minimum lease payments to be made in each of the years indicated for our capital lease obligations as of December 31, 2011:

Years:		
2012	$	8,136
2013		7,941
2014		8,179
2015		8,214
2016		8,213
ereafter		60,184
TOTAL MINIMUM LEASE PAYMENTS UNDER CAPITAL LEASE OBLIGATIONS	**$**	**100,867**

Special-Purpose Limited Recourse Project Debt

Special-purpose limited recourse project debt represents debt incurred to nance the construction of a cogeneration facility and wind farm projects in which we are the owner or 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 project in Chile, described in Note 5.

FW Power S.r.l., which is the owner of certain electric power generating wind farms in Italy, has project nancing for two wind farm projects under base facilities and value-added tax ("VAT") facilities. e base facilities bear interest at variable rates based upon 6-month Euribor plus a spread varying from 0.9% to 1.0% throughout the life of the debt and are repayable semi-annually based upon a pre-de ned payment schedule through December 31, 2022. e VAT facilities bear interest based upon 6-month Euribor plus a spread of 0.5% and are repayable semi-annually based upon actual VAT received during commercial operation through December 31, 2013.

e debt is collateralized by certain revenues and assets of FW Power S.r.l. Our total borrowing capacity under the FW Power S.r.l. credit facilities is €75,300 (approximately $97,400 at the exchange rate as of December 31, 2011).

We have executed interest rate swap contracts that e ectively convert approximately 90% of the base facilities to a weighted-average xeera9.31 04p ETtax

annum of the outstanding amount, respectively, excluding fronting fees. 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, as defined in the agreement, plus 2.000%, subject also to the performance pricing noted above.

Fees and expenses incurred in conjunction with the execution of our amended and restated U.S. senior credit agreement were approximately $4,300 and are being amortized to expense over the four-year term of the agreement, which commenced in the third quarter of 2010. As a result of amending and restating our October 2006 U.S. senior secured credit agreement in July 2010, we incurred a charge in 2010 of $1,600 related to unamortized fees and expenses remaining from the October 2006 agreement, which was recorded in other deductions, net on the consolidated statement of operations.

The assets and/or stock of certain of our subsidiaries collateralize our obligations under our amended and restated U.S. senior secured credit agreement. Our amended and restated U.S. senior secured 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 new lines of business, with respect to Foster Wheeler AG, change Foster Wheeler AG's fiscal year or, with respect to Foster Wheeler AG, Foster Wheeler Ltd. and one of our holding company subsidiaries, directly acquire ownership of the operating assets used to conduct any business. In the event that our corporate credit rating as issued by Moody's is at least Baa3 and as issued by S&P is at least BBB-, all liens securing our obligations under the amended and restated U.S. senior secured credit agreement will be automatically released and terminated.

In addition, our amended and restated U.S. senior secured 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 amended and restated U.S. senior secured credit agreement. We must be in compliance with the total leverage ratio at all times, while the interest coverage ratio is measured quarterly. We have been in compliance with all financial covenants and other provisions of our U.S. senior secured credit agreement prior and subsequent to our amendment and restatement of the agreement.

We had approximately $225,600 and $310,100 of letters of credit outstanding under our U.S. senior secured credit agreement as of December 31, 2011 and 2010, respectively. The letter of credit fees under the U.S. senior secured credit agreement outstanding as of December 31, 2011 and 2010 ranged from 1.000% to 2.000% of the outstanding amount, excluding fronting fees. There were no funded borrowings outstanding under our U.S. senior secured credit agreement as of December 31, 2011 or 2010.

NOTE 8 Pensions and Other Postretirement Benefits

We have defined benefit pension plans in the United States or U.S., the United Kingdom, or U.K., Canada, Finland, France, India and South Africa, and we have other postretirement benefit plans, which we refer to as OPEB plans, for health care and life insurance benefits in the U.S. and Canada. We also have defined contribution retirement plans in the U.S. and the U.K. Finally, we have certain other benefit plans including government mandated postretirement programs.

We recognize the funded status of each of our defined benefit pension and OPEB plans on our consolidated balance sheet. We recognize any

Additionally, one of our subsidiaries in the U.S. also has a bene t plan, referred to as the Survivor Income Plan ("SIP"), which provides coverage for an employee's bene ciary upon the death of the employee. is plan has been closed to new entrants since 1988. Total liabilities under the SIP, which were $17,539 and $16,086 as of December 31, 2011 and 2010, respectively, are re ected in the other postretirement bene t obligation and funded status information below. e assets held to fund the bene ts provided by the SIP, which re ect the cash surrender value of insurance policies purchased to cover obligations under the SIP, totaled $5,703 and $5,609 as of December 31, 2011 and 2010, respectively. e assets are recorded in other assets on the consolidated balance sheet and are not re ected in the OPEB funded status information below.

COMPONENTS OF NET PERIODIC BENEFIT COST AND CHANGES RECOGNIZED IN OTHER COMPREHENSIVE INCOME INCLUDE:

e following is a summary of our net periodic pension cost/(credit) by de ned bene t pension plan:

PROJECTED BENEFIT OBLIGATIONS AND FUNDED STATUS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010:

	Pension Plans		OPEB Plans	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Change in projected bene t obligations:				
Projected bene t obligations at beginning of year	$ 1,153,866	$ 1,148,779	$ 71,165	$ 72,355
Service cost	1,438	2,901	93	109
Interest cost	59,570	61,295	3,223	3,655
Plan participants' contributions	143	1,961	1,903	1,851
Plan amendments	(47,502)	(23,209)	—	—
Actuarial loss	83,699	58,305	2,931	1,093
Bene ts paid	(69,210)	(71,216)	(7,125)	(7,933)
Special termination bene ts/other	26	5,616	—	—
Foreign currency exchange rate changes	(4,952)	(30,566)	(17)	35
Projected bene t obligations at end of year	**1,177,078**	**1,153,866**	**72,173**	**71,165**
Change in plan assets:				
Fair value of plan assets at beginning of year	1,072,350	968,280	—	—
Actual return on plan assets	62,434	100,088	—	—
Employer contributions	71,003	98,585	5,222	6,082
Plan participants' contributions	143	1,961	1,903	1,851
Bene ts paid	(69,210)	(71,216)	(7,125)	(7,933)

Estimated future benefit payments:

We expect to make the following bene t payments:

	2012	2013	2014	2015	2016	2017-2021
Pension plans	$ 68,700	$ 68,100	$ 69,300	$ 70,300	$ 69,800	$ 358,200
OPEB plans	5,600	5,500	5,500	5,500	5,300	24,400

Plan Assets:

Each of our de ned bene t pension plans in the U.S., U.K., Canada, India and South Africa is governed by a written investment policy. e pension plans in Finland and France have no plan assets.

 e investment policy of each of our pension plans allocates assets in accordance with policy guidelines. ese guidelines identify target and/or maximum and minimum allocations by asset class. Our guidelines vary by pension plan for each asset class, but generally range between 40% and 60% for equities, 40% and 60% for xed income and 0% and 10% for cash, with the exception of plan contributions temporarily awaiting longer-term investment. Some of the guidelines expressly endorse +/- ranges, which ranges are generally 10% or less.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of uncertainty related to certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and, that such changes could materially a ect the fair value of our de ned bene t plan assets, which in turn, would result in a change to our net pension bene t liability on our consolidated balance sheet. Accordingly, the valuation of investments at each year end may not be indicative of future valuations or the amounts that could be realized upon future liquidation. We develop investment policies for each of our pension plans which take these risks into account and we continually review the investment policies to ensure that the investment strategy is aligned with pension plan liabilities and projected pension plan bene t payments. Based on our current holdings, we believe that our individual pension plans are not exposed to a signi cant concentration of risk in any particular sector or asset class.

Our pension plan assets are valued under the established framework for measuring fair value in accordance with U.S. generally accepted accounting principles. See Note 1 for further information regarding the measurement of fair value under U.S. generally accepted accounting principles and our accounting policy. Our pension plan assets measured within the fair value framework consist of investments in equity securities, commingled funds, investments in debt and equity securities, and private investment fund assets. Quoted prices in active markets are used to value investments when available. Investments are valued at their closing price or, when not available, the last reported bid price. In accordance with current accounting guidance, our valuations include the use of the funds' reported net asset values for our commingled fund investments and our private investment funds. Commingled funds are valued at the net asset value for their underlying securities. We further corroborate the above valuations with observable market data using level 1 and 2 inputs within the fair value framework. e fair value of our private investment fund assets are based on the net asset value of their investments in other funds, including hedge funds, as communicated by the asset manager. e net asset values of the underlying funds, in turn, are valued based on the net asset values of their investments in equity securities, commingled funds, investments in debt and equity securities and limited partnerships and similar pooled investment vehicles. Our investments in private investment fund assets are valued using level 3 unobservable market data inputs.

 e fair values of our de ned bene t pension plan assets as of December 31, 2011 and 2010 by asset category are as follows:

	Fair Value Measurements as of							
	December 31, 2011				December 31, 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity Securities[(1)]	**$ 167,227**	**$ —**	**$ —**	**$ 167,227**	**$ 193,795**	**$ —**	**$ —**	**$ 193,795**
Commingled Funds:								
Equity[(2)]	—	270,213	6,614	276,827	—	307,964	—	307,964
Corporate Fixed Income[(3)]	—	256,094	—	256,094	—	217,734	—	217,734
Government Fixed Income[(4)]	—	312,711	—	312,711	—	254,836	—	254,836
Money Market[(5)]	—	6,306	—	6,306	—	1,106	—	1,106
Cash equivalents	—	67,245	—	67,245	—	88,813	—	88,813
Private Investment Funds[(6)]	**—**	**—**	**35,053**	**35,053**	**—**	**—**	**—**	**—**
Subtotal	**$ 167,227**	**$ 912,569**	**$ 41,667**	**1,121,463**	**$ 193,795**	**$ 870,453**	**$ —**	**1,064,248**
Cash and cash equivalents				9,189				6,374
Plan receivables				—				1,728
TOTAL PLAN ASSETS				**$ 1,130,652**				**$ 1,072,350**

(1) Publicly traded equity securities.

(2) Primarily equity securities with a focus on long-term returns.

(3) Primarily corporate fixed income securities with a focus on intermediate-term and long-term maturities.

(4) Primarily government fixed-income securities with a focus on current income and capital preservation with varying maturities.

(5) Primarily short-term maturities of two years or less from various issuers with a focus on preservation of capital.

(6) Private investment funds which primarily invest in funds, including hedge funds, which, in turn, invest in equity securities, commingled funds, investments in debt and equity securities and limited partnerships and similar pooled investment vehicles.

Level 3 Gains and Losses:

ere were no level 3 plan assets as of December 31, 2009 and 2010 and no activity during 2010. e table below provides a summary of the changes in the fair value of our level 3 plan assets during 2011:

NOTE 10 Derivative Financial Instruments

We are exposed to certain risks relating to our ongoing business operations. e risks managed by using derivative nancial instruments relate primarily to foreign currency exchange rate risk and, to a signi cantly lesser extent, interest rate risk. Derivative nancial instruments are recognized as assets or liabilities at fair value in our consolidated balance sheet.

Fair Values of Derivative Financial Instruments

	Balance Sheet Location	Asset Derivatives		Balance Sheet Location	Liability Derivatives	
		December 31, 2011	December 31, 2010		December 31, 2011	December 31, 2010
Derivatives designated as hedging instruments						
Interest rate swap contracts	Other assets	$ —	$ —	Other long-term liabilities	$ 8,707	$ 6,903
Derivatives not designated as hedging instruments						

We estimate pre-vesting forfeitures at the time of grant using a combination of historical data and demographic characteristics, and we revise

Restricted Awards:

Restricted awards consist of restricted shares, restricted share units and performance-based restricted share units. A summary of restricted awards activity for 2011, 2010 and 2009 is presented below:

	2011		2010		2009	
	Units	Weighted-Average Grant Price	Units	Weighted-Average Grant Price	Units	Weighted-Average Grant Price
Restricted Share Units:						
Non-vested at beginning of year	**737,755**	**$ 27.07**	**707,923**	**$ 28.28**	**931,915**	**$ 29.63**
Granted	482,194	$ 25.43	374,204	$ 26.53	245,949	$ 30.15
Vested	(479,150)	$ 26.05	(321,493)	$ 28.95	(464,258)	$ 31.94
Cancelled or forfeited	(70,452)	$ 27.03	(22,879)	$ 29.15	(5,683)	$ 32.14
NON VESTED AT END OF YEAR	**670,347**	**$ 26.62**	**737,755**	**$ 27.07**	**707,923**	**$ 28.28**
Performance RSUs:[(1)]						
Non-vested at beginning of year	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**
Granted	244,186	$ 17.38	—	$ —	—	$ —
Vested	—	$ —	—	$ —	—	$ —
Cancelled or forfeited	(13,849)	$ 25.08	—	$ —	—	$ —
NON VESTED AT END OF YEAR	**230,337**	**$ 16.92**		**$**		**$**
Restricted Shares:						
Non-vested at beginning of year	**—**	**$ —**	**—**	**$ —**	**82,980**	**$ 21.47**
Granted	—	$ —	—	$ —	—	$ —
Vested	—	$ —	—	$ —	(82,980)	$ 21.47
Cancelled or forfeited	—	$ —	—	$ —	—	$ —
NON VESTED AT END OF YEAR		**$**		**$**		**$**

(1) Represents the maximum number of shares that could be awarded based on the performance criteria specified in the award.

As of December 31, 2011, 2010 and 2009, there were no restricted shares outstanding and there was no restricted share activity during 2011 and 2010.

e total fair value of restricted awards vested during 2011, 2010 and 2009 was $11,303, $10,129 and $16,043, respectively.

NOTE 12 Accumulated Other Comprehensive Loss

Below are the adjustments included in other comprehensive loss/(income) for foreign currency translation, cash ow hedges and pension and other postretirement bene ts and their related tax provision/(bene t) and balances attributable to noncontrolling interests and Foster Wheeler AG:

Below is a rollforward of accumulated other comprehensive loss adjusted for other comprehensive income/(loss) items attributable to Foster Wheeler AG (all amounts net of tax):

	Accumulated Other Comprehensive Loss			
	Accumulated Foreign Currency Translation	Net Gains/(Losses) on Cash Flow Hedges	Pension and Other Postretirement Bene ts	Total Accumulated Other Comprehensive Loss
Balance at December 26, 2008	**$ (79,364)**	**$ (6,972)**	**$ (408,452)**	**$ (494,788)**
Other comprehensive income/(loss)	29,287	(1,524)	29,021	56,784
Balance at December 31, 2009	**(50,077)**	**(8,496)**	**(379,431)**	**(438,004)**
Other comprehensive loss	(22,537)	(837)	(3,126)	(26,500)
Balance at December 31, 2010	**(72,614)**	**(9,333)**	**(382,557)**	**(464,504)**
Other comprehensive loss	(21,694)	(1,702)	(42,168)	(65,564)
Balance at December 31, 2011	**$ (94,308)**	**$ (11,035)**	**$ (424,725)**	**$ (530,068)**

NOTE 13 Income Taxes

Below are the components of income/(loss) before income taxes for 2011, 2010 and 2009 under the following tax jurisdictions:

	2011	2010	2009
U.S.	$ (46,689)	$ (57,982)	$ (724)
Non-U.S.	281,931	363,222	455,844
TOTAL	**$ 235,242**	**$ 305,240**	**$ 455,120**

e provision for income taxes was as follows:

	2011	2010	2009
Current tax expense:			
U.S.	$ 963	$ 1,057	$ 387
Non-U.S.	73,867	40,233	73,694
Total current	**74,830**	**41,290**	**74,081**
Deferred tax expense/(bene t):			
U.S.	—	—	—
Non-U.S.	(16,316)	33,241	19,681
Total deferred	**(16,316)**	**33,241**	**19,681**
TOTAL PROVISION FOR INCOME TAXES	**$ 58,514**	**$ 74,531**	**$ 93,762**

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

	December 31, 2011	December 31, 2010
Deferred tax assets:		
Pensions	$ 24,523	$ 29,499
Accrued costs on long-term contracts	30,230	24,858
Deferred income	24	5,786
Accrued expenses	65,414	50,668
Postretirement bene ts other than pensions	23,748	23,948
Asbestos claims	50,837	49,952
Net operating loss carryforwards and other tax attributes	292,229	264,146
Asset impairments and other reserves	1,481	1,990
Other	6,201	7,700
Total gross deferred tax assets	494,687	458,547
Valuation allowance	(399,025)	(373,878)
TOTAL DEFERRED TAX ASSETS	**95,662**	**84,669**
Deferred tax liabilities:		
Property, plant and equipment	(26,733)	(27,363)
Goodwill and other intangible assets	(15,632)	(16,230)
Investments	(21,648)	(21,648)
Unremitted earnings of foreign subsidiaries	(4,506)	—
Total gross deferred tax liabilities	**(68,519)**	**(65,241)**
NET DEFERRED TAX ASSETS	**$ 27,143**	**$ 19,428**

Realization of deferred tax assets is dependent on generating su cient 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. e amount of the deferred tax assets considered realizable, however, could

NOTE 14 Business Segments

We operate through two business groups: our **Global E&C Group** and our **Global Power Group.**

Global E&C Group

Our Global E&C Group, which operates worldwide, designs, engineers and constructs onshore and o shore upstream oil and gas processing

A reconciliation of EBITDA to net income attributable to Foster Wheeler AG is shown below:

	2011	2010	2009
EBITDA			
Global E&C Group	$ 210,541	$ 296,240	$ 421,186
Global Power Group	184,467	163,825	194,027
C&F Group*	(111,779)	(100,362)	(111,414)
TOTAL	**283,229**	**359,703**	**503,799**
Add: Net income attributable to noncontrolling interests	14,345	15,302	11,202
Less: Interest expense	12,876	15,610	14,122
Less: Depreciation and amortization	49,456	54,155	45,759
Income before income taxes	235,242	305,240	455,120
Less: Provision for income taxes	58,514	74,531	93,762
Net income	176,728	230,709	361,358
Less: Net income attributable to noncontrolling interests	14,345	15,302	11,202
NET INCOME ATTRIBUTABLE TO FOSTER WHEELER AG	**$ 162,383**	**$ 215,407**	**$ 350,156**

* *Includes general corporate income and expense, our captive insurance operation and the elimination of transactions and balances related to intercompany interest.*

EBITDA in the above table includes the following:

	2011	2010	2009
Net increase in contract pro t from the regular revaluation of nal estimated contract pro t revisions:[1]			
Global E&C Group[2]	$ 13,200	$ 32,700	$ 66,700
Global Power Group[2]	22,000	24,100	2,300
TOTAL [2]	**35,200**	**56,800**	**69,000**
Net asbestos-related provision in C&F Group[3]	9,900	5,400	26,400
Pension plan curtailment gain in our Global E&C Group[4]	—	20,100	—
Net gain on settlement fee received in our Global E&C Group[5]	—	9,800	—
Charges for severance-related postemployment bene ts:			
Global E&C Group	2,200	3,700	8,700
C&F Group	500	7,100	3,700
TOTAL	**2,700**	**10,800**	**12,400**

(1) *Please refer to "Revenue Recognition on Long-Term Contracts" in Note 1 for further information regarding changes in our final estimated contract profit.*

(2) *The changes in final estimated contract profit revisions during 2011 included the impact of two out-of-period corrections for reductions of final estimated profit totaling $7,800, which included final estimated profit reductions in our Global E&C Group and our Global Power Group of $3,200 and $4,600, respectively. The corrections were recorded in 2011 as they were not material to previously issued financial statements, nor are they material to the 2011 financial statements.*

(3) *Please refer to Note 16 for further information regarding the revaluation of our asbestos liability and related asset.*

(4) *Curtailment gain on the closure of the U.K. pension plan for the future defined benefit accrual in our Global E&C Group.*

(5) *Settlement fee received, net of charges incurred, due to a client's decision not to proceed with a prospective power project under development in Italy within our Global E&C Group.*

Identifiable Assets

Identi able assets by group are those assets that are directly related to and support the operations of each group. Assets of our C&F Group are principally cash, investments, real estate and insurance receivables.

e accounting policies of our business segments are the same as those described in our summary of signi cant accounting policies. e only signi cant intersegment transactions relate to interest on intercompany balances. We account for interest on those arrangements as if they were third-party transactions — i.e., at current market rates, and we include the elimination of that activity in the results of the C&F Group.

	Investments In and Advances to Unconsolidated Subsidiaries		Total Assets	
	December 31,		December 31,	
	2011	2010	2011	2010
Global E&C Group	$ 101,255	$ 137,486	$ 1,389,051	$ 1,530,575
Global Power Group	109,854	79,580	985,518	1,054,193
C&F Group	—	5	232,374	475,709
TOTAL	**$ 211,109**	**$ 217,071**	**$ 2,606,943**	**$ 3,060,477**

ird-party operating 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.

NOTE 15 Operating Leases

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

	2011	2010	2009
Rental expense for leases	$ 59,300	$ 61,936	$ 65,570

Future minimum rental commitments on non-cancelable leases are as follows:

	2012	2013	2014	2015	2016	2017 and ereafter	Total
Future minimum rental commitments on non-cancelable leases	$ 50,627	$ 43,024	$ 37,985	$ 37,443	$ 30,146	$ 130,318	$ 329,543

We entered into sale/leaseback transactions for an o ce building in Spain in 2000 and an o ce building in the United Kingdom in 1999. In connection with these transactions, we recorded deferred gains, which are being recognized into income over the term of the respective leases. e gain recognized was $4,202, $4,004 and $4,036 for 2011, 2010 and 2009, respectively. As of December 31, 2011 and 2010, the balance of the deferred gains was $36,987 and $41,328, respectively, and is included in other long-term liabilities on the consolidated balance sheet. e year-over-year change in the deferred gain balance includes the impact of changes in foreign currency exchange rates.

NOTE 16 Litigation and Uncertainties

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 U.S. and the U.K. Plainti s 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.

United States

A summary of our U.S. claim activity is as follows:

Number of Claims:	2011	2010	2009
Open claims at beginning of year	**124,420**	**125,100**	**130,760**
New claims	4,670	6,080	4,410
Claims resolved	(4,550)	(6,760)	(10,070)
Open claims at end of year	124,540	124,420	125,100
Claims not valued in the liability(1)	(103,170)	(97,440)	(94,740)
OPEN CLAIMS VALUED IN THE LIABILITY AT END OF YEAR	**21,370**	**26,980**	**30,360**

(1) Claims not valued in the liability include claims on certain inactive court dockets, claims over six years old that are considered abandoned and certain other items.

Of the approximately 124,540 open claims, our subsidiaries are respondents in approximately 28,260 open claims wherein we have administrative

e majority of requests for monetary damages are asserted against multiple named defendants in a single complaint.

We had the following U.S. asbestos-related assets and liabilities recorded on our consolidated balance sheet as of the dates set forth below. Total U.S. asbestos-related liabilities are estimated through December 31, 2026. Although it is likely that claims will continue to be led after that date, the uncertainties inherent in any long-term forecast prevent us from making reliable estimates of the indemnity and defense costs that might be incurred after that date.

United States Asbestos	December 31, 2011	December 31, 2010
Asbestos-related assets:		

e liability estimates are based on a U.K. House of Lords judgment that pleural plaque claims do not amount to a compensable injury. If this ruling is reversed by legislation, the total asbestos liability and related asset recorded in the U.K. would be approximately $42,000.

Project Claims

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.

Mountain Top

In February 1988, one of our subsidiaries, Foster Wheeler Energy Corporation ("FWEC"), entered into a Consent Agreement and Order with the USEPA and the Pennsylvania Department of Environmental Protection ("PADEP") regarding its former manufacturing facility in Mountain Top, Pennsylvania. The order essentially required FWEC to investigate and remediate as necessary contaminants, including trichloroethylene ("TCE"), in the soil and groundwater at the facility. Pursuant to the order, in 1993 FWEC installed a "pump and treat" system to remove TCE from the groundwater. It is not possible at the present time to predict how long FWEC will be required to operate and maintain this system.

In the fall of 2004, FWEC sampled the private domestic water supply wells of certain residences in Mountain Top and identified approximately 30 residences whose wells contained TCE at levels in excess of Safe Drinking Water Act standards. The subject residences are located approximately one mile to the southwest of where the TCE previously was discovered in the soils at the former FWEC facility. Since that time, FWEC, USEPA and PADEP have cooperated in responding to the foregoing. Although FWEC believed the evidence available was not sufficient to support a determination that FWEC was responsible for the TCE in the residential wells, FWEC immediately provided the affected residences with bottled water, followed by water filters, and, pursuant to a settlement agreement with USEPA, it hooked them up to the public water system. Pursuant to an amendment of the settlement agreement, FWEC subsequently agreed with USEPA to arrange and pay for the hookup of several additional residences, even though TCE has not been detected in the wells at those residences. The hookups to the agreed-upon residences have been completed. FWEC is incurring costs related to public outreach and communications in the affected area, and it may be required to pay the agencies' costs in overseeing and responding to the situation.

FWEC is also incurring further costs in connection with a Remedial Investigation / Feasibility Study ("RI/FS") that in March 2009 it agreed to conduct. In April 2009, USEPA proposed for listing on the National Priorities List ("NPL") an area consisting of FWEC's former manufacturing facility and the affected residences, but it also stated that the proposed listing may not be finalized if FWEC complies with its agreement to conduct the RI/FS. FWEC submitted comments opposing the proposed listing. FWEC has accrued its best estimate of the cost of the foregoing and it reviews this estimate on a quarterly basis.

Other costs to which FWEC could be exposed could include, among other things, FWEC's counsel and consulting fees, further agency oversight and/or response costs, costs and/or exposure related to potential litigation, and other costs related to possible further investigation and/or remediation. At present, it is not possible to determine whether FWEC will be determined to be liable for some or all of the items described in this paragraph or to reliably estimate the potential liability associated with the items. If one or more third-parties are determined to be a source of the TCE, FWEC will evaluate its options regarding the potential recovery of the costs FWEC has incurred, which options could include seeking to recover those costs from those determined to be a source.

Other Environmental Matters

Our operations, especially our manufacturing and power plants, are subject to comprehensive laws adopted for the protection of the environment and to regulate land use. The laws of primary relevance to our operations regulate the discharge of emissions into the water and air, but can also include hazardous materials handling and disposal, waste disposal and other types of environmental regulation. These laws and regulations in many cases require a lengthy and complex process of obtaining licenses, permits and approvals from the applicable regulatory agencies. Noncompliance with these laws can result in the imposition of material civil or criminal fines or penalties. We believe that we are in substantial compliance with existing environmental laws. However, no assurance can be provided that we will not become the subject of enforcement proceedings that could cause us to incur material expenditures. Further, no assurance can be provided that we will not need to incur material expenditures beyond our existing reserves to make capital improvements or operational changes necessary to allow us to comply with future environmental laws.

With regard to the foregoing, the waste-to-energy facility operated by our Camden County Energy Recovery Associates, LP ("CCERA") project subsidiary is subject to certain revisions to New Jersey's mercury air emission regulations. The revisions make CCERA's mercury control requirements more stringent, especially when the last phase of the revisions becomes effective in 2012. CCERA's management believes that the data generated during recent stack testing tends to indicate that the facility will be able to comply with even the most stringent of the regulatory revisions without installing additional control equipment. Estimates of the cost of installing the additional control equipment are approximately $30,000 based on our last assessment.

NOTE 17 Quarterly Financial Data (Unaudited)

	Quarters Ended			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011*
Operating revenues	$ 1,128,743	$ 1,131,856	$ 1,183,878	$ 1,036,252
Contract profit	152,524	136,064	153,612	99,255
Net income attributable to Foster Wheeler AG	39,245	36,858	63,309	22,971
Earnings per share:				
Basic	$ 0.34	$ 0.31	$ 0.52	$ 0.18
Diluted	$ 0.34	$ 0.31	$ 0.52	$ 0.18
Shares outstanding:				
Weighted-average number of shares outstanding for basic earnings per share	114,843,970	118,611,912	122,331,265	124,680,060
Effect of dilutive securities	96,543	189,569	515,740	651,810
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE	**114,940,513**	**118,801,481**	**122,847,005**	**125,331,870**

NOTE 18 Redomestication

Foster Wheeler AG was incorporated under the laws of Switzerland on November 18, 2008 and registered in the commercial register of the Canton of Zug, Switzerland on November 25, 2008 as a wholly-owned subsidiary of Foster Wheeler Ltd. At a special court-ordered meeting

Schedule II: Valuation and Qualifying Accounts

(amounts in thousands)

	2011				
Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Balance at the End of the Year
Allowance for doubtful accounts	$ 15,719	$ 6,751	$ —	$ (9,198)	$ 13,272
Deferred tax valuation allowance	$ 373,878	$ 16,615	$ 24,977	$ (16,445)	$ 399,025

	2010				
Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Balance at the End of the Year
Allowance for doubtful accounts	$ 10,849	$ 9,088	$ —	$ (4,218)	$ 15,719
Deferred tax valuation allowance	$ 362,022	$ 14,025	$ 5,328	$ (7,497)	$ 373,878

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

PART III

ITEM 10 Directors, Executive O cers and Corporate Governance

Item 10 incorporates information by reference to our de nitive proxy statement for our Annual General Meeting of Shareholders, which is expected to be led with the Securities and Exchange Commission within 120 days of the close of the year ended December 31, 2011.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics, which applies to all of our directors, o cers and employees including our chief executive o cer, chief nancial o cer, controller and all other senior nance organization employees. e Code of Business Conduct and Ethics is publicly available on our website at *www.fwc.com/corpgov.* Any waiver of this Code of Business Conduct and Ethics for executive o cers or directors may be made only by our Board of Directors or a committee of our Board of Directors and will be promptly disclosed to shareholders. If we make any substantive amendments to this Code of Business Conduct and Ethics or grant any waiver, including an implicit waiver, from a provision of the Code of Business Conduct and Ethics to the chief executive o cer, chief nancial o cer, controller or any person performing similar functions, we will disclose the nature of such amendment or waiver on our website at www.fwc.com/corpgov and/or in a current report on Form 8-K, as required by law and the rules of any exchange on which our securities are publicly traded.

A copy of our Code of Business Conduct and Ethics can be obtained upon request, without charge, by writing to the O ce of the Corporate Secretary, Foster Wheeler AG, 53 Frontage Road, P.O. Box 9000, Hampton, New Jersey 08827-9000.

ITEM 11 Executive Compensation

Item 11 incorporates information by reference to our de nitive proxy statement for our Annual General Meeting of Shareholders, which is expected to be led with the Securities and Exchange Commission within 120 days of the close of the year ended December 31, 2011.

ITEM 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 12 incorporates information by reference to our de nitive proxy statement for our Annual General Meeting of Shareholders, which is expected to be led with the Securities and Exchange Commission within 120 days of the close of the year ended December 31, 2011.

Equity Compensation Plan Information

e following table sets forth, as of December 31, 2011, the number of securities outstanding under each of our equity compensation plans,

PART IV

ITEM 15 Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Report:

(1)

PART IV

ITEM 15 Exhibits and Financial Statement Schedules

Exhibit No.	Exhibits
10.10	Second Amendment to the Lease Agreement, dated as of August 15, 2011, between Energy (NJ) QRS 15-10, Inc. and Foster Wheeler Realty Services, Inc.
10.11	Amended and Restated Guaranty and Surety2ur.1177 pur.1177 pur.1177 pur.1177 pur.117LrWheeler 117Lreement, dated as of August 15, 2019l58 0 l 511

Exhibit No.	Exhibits
10.61*	First Amendment to the Employment Agreement between Foster Wheeler Energy Limited and Michelle K. Davies, dated as of January 1, 2010. (Filed as Exhibit 10.14 to Foster Wheeler AG's Form 10-Q for the quarter ended March 31, 2010, and incorporated herein by reference.)
10.62*	Second Amendment to the Employment Agreement between Foster Wheeler Energy Limited and Michelle K. Davies, dated as of November 17, 2011. Second Amendment to the Em5E1115 Foste6(eement betw)6(een F)36(oster)15(Wheeler E)577.xhied as of August 20, 2008. (Filed as Exhibit 10.2 to Fost
10.63*	Employment Agreement between Foster Wheeler Ltd. and Peter D. Rose, dated as of August 20, 2008. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.376 Tm [(10.62*)] TJ ET BT -1.1177 TL 8.5 0 0 8.5 0-724 as Exhibit 10.2 to F 0 l S 1 0 0 1 0 -30.832 cm 0 0 m 62.958 0 l 511.681.

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 AG

(Registrant)

BY: /s/ FRANCO BASEOTTO

Franco Baseotto

Executive Vice President, Chief Financial Officer and Treasurer

Date: February 23, 2012

EXHIBIT 32.1 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 AG (the “Company”) on Form 10-K for the period ended December 31, 2011, as led with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. Kent Masters, Chief Executive O cer 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) e Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ J. KENT MASTERS

J. Kent Masters
Chief Executive O cer
Date: February 23, 2012

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 AG (the "Company") on Form 10-K for the period ended December 31, 2011, as led with the Securities and Exchange Commission on the date hereof (the "Report"), I, Franco Baseotto, Executive Vice President, Chief Financial O cer 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) e Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange T

APPENDIX 1 Annual EBITDA, Net Income* and Diluted EPS Reconciliation

	For the year ended December 31, 2009			For the year ended December 31, 2010			For the year ended December 31, 2011		
(in thousands of dollars, except EPS figures)	EBITDA	Net Income*	Diluted EPS	EBITDA	Net Income*	Diluted EPS	EBITDA	Net Income*	Diluted EPS
As adjusted	**$ 530,164**	**$ 376,521**	**$ 2.96**	**$ 365,113**	**$ 220,817**	**$ 1.74**	**$ 293,130**	**$ 172,284**	**$ 1.43**
Less:									
Net asbestos-related provisions	(26,365)	(26,365)	(0.21)	(5,410)	(5,410)	(0.04)	(9,901)	(9,901)	(0.08)
As reported	**$ 503,799**	**$ 350,156**	**$ 2.75**	**$ 359,703**	**$ 215,407**	**$ 1.70**	**$ 283,229**	**$ 162,383**	**$ 1.35**

* *Net income attributable to Foster Wheeler AG.*

APPENDIX 2 Calculation of EBITDA

- EBITDA is a supplemental financial measure not defined in generally accepted accounting principles, or GAAP. The Company defines EBITDA as net income attributable to Foster Wheeler AG before interest expense, income taxes, depreciation and amortization. The Company has presented EBITDA because it believes it is an important supplemental measure of operating performance. Certain covenants under our U.S. senior secured credit agreement use an adjusted form of EBITDA such that in the covenant calculations the EBITDA as presented herein is adjusted for certain unusual and infrequent items specifically excluded in the terms of our U.S. senior secured credit agreement. The Company believes that the line item on its consolidated statement of operations entitled "net income attributable to Foster Wheeler AG" is the most directly comparable GAAP financial 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 attributable to Foster Wheeler AG as an indicator of operating performance or any other GAAP financial measure.
- EBITDA, as calculated by the Company, may not be comparable to similarly titled measures employed by other companies. In addition, this measure does not necessarily represent funds available for discretionary use, and is not necessarily a measure of the Company's ability to fund its cash needs. As EBITDA excludes certain financial information that is included in net income attributable to Foster Wheeler AG, users of this financial information should consider the type of events and transactions that are excluded.
- The Company's non-GAAP performance measure, EBITDA, has certain material limitations as follows:
  - It does not include interest expense. Because the Company has borrowed money to finance some of its operations, interest is a necessary and ongoing part of its costs and has assisted the Company in generating revenue. Therefore, any measure that excludes interest expense has material limitations;
  - It does not include taxes. Because the payment of taxes is a necessary and ongoing part of the Company's operations, any measure that excludes taxes has material limitations; and
  - It does not include depreciation and amortization. Because the Company must utilize property, plant and equipment and intangible assets in order to generate revenues in its operations, depreciation and amortization are necessary and ongoing costs of its operations. Therefore, any measure that excludes depreciation and amortization has material limitations.

APPENDIX 3 EBITDA to Net Income** Reconciliation

(in thousands of dollars)	For the year ended December 31, 2009	For the year ended December 31, 2010	For the year ended December 31, 2011
Global E&C Group	**$ 421,186**	**$ 296,240**	**$ 210,541**
Global Power Group	**194,027**	**163,825**	**184,467**
Total Operating EBITDA	**615,213**	**460,065**	**395,008**
C&F Group *	**(111,414)**	**(100,362)**	**(111,779)**
Consolidated EBITDA	**503,799**(1)	**359,703**(2)	**283,229**(3)
Less: Interest expense	14,122	15,610	12,876
Less: Depreciation & amortization	45,759	54,155	49,456
Less: Provision for income taxes	93,762	74,531	58,514
Net Income **	**$ 350,156**	**$ 215,407**	**$ 162,383**

(1) *Included in the year ended December 31, 2009: increased contract profit of $69,000 from the regular revaluation of final estimated contract profit revisions: $66,700 in our Global E&C Group and $2,300 in our Global Power Group; a charge of $12,400 for severance-related postemployment benefits: $8,700 in our Global E&C Group and $3,700 in our C&F Group; and a net charge of $26,400 in our C&F Group on the revaluation of our asbestos liability and related asset.*

(2) *Included in the year ended December 31, 2010: increased contract profit of $56,800 from the regular revaluation of final estimated contract profit revisions: $32,700 in our Global E&C Group and $24,100 in our Global Power Group; a charge of $10,800 for severance-related postemployment benefits: $3,700 in our Global E&C Group and $7,100 in our C&F Group; and a net charge of $5,400 in our C&F Group on the revaluation of our asbestos liability and related asset.*

(3) *Included in the year ended December 31, 2011: increased contract profit of $35,200 from the regular revaluation of final estimated contract profit revisions: $13,200 in our Global E&C Group and $22,000 in our Global Power Group; a charge of $2,700 for severance-related postemployment benefits: $2,200 in our Global E&C Group and $500 in our C&F Group; and a net charge of $9,900 in our C&F Group on the revaluation of our asbestos liability and related asset.*

* *C&F Group includes general corporate income and expense, the company's captive insurance operation and the elimination of transactions and balance related to intercompany interest.*

** *Net income attributable to Foster Wheeler AG.*

APPENDIX 4 Reconciliation of Scope Revenues to Operating Revenues

(in thousands of dollars)	For the year ended December 31, 2009	For the year ended December 31, 2010	For the year ended December 31, 2011
Global E&C Group:			
Scope revenues	$ 1,910,997	$ 1,685,778	$ 1,594,992
Flow-through revenues	2,129,085	1,660,272	1,848,087
Operating revenues	**$ 4,040,082**	**$ 3,346,050**	**$ 3,443,079**
Global Power Group:			
Scope revenues	$ 1,004,123	$ 710,827	$ 1,028,176
Flow-through revenues	12,129	10,842	9,7Glsp(12-59T BT 1.392

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