FOSTER WHEELER AG

2009 Annual Report

DELIVERING

On the cover: A major project near Sitra in the Kingdom of Bahrain included multiple process units as part of a refinery gas desulfurization project.

ON OUR CORE VAL

FOSTER WHEELER DELIVERS…

Foster Wheeler AG is a global engineering and construction contractor and power equipment supplier delivering technically advanced, reliable facilities and equipment. The company employs approximately 13,000 talented professionals in more than 25 countries with specialized expertise dedicated to serving our clients through one of its two primary business groups.

The company's **Global Engineering and Construction (E&C) Group** designs and constructs leading-edge processing facilities for the upstream oil and gas, LNG, gas-to-liquids, coal-to-gas, coal-to-liquids, coal-to-chemicals, carbon capture/sequestration, refining, chemicals and petrochemicals, power, environmental, pharmaceuticals, biotechnology and healthcare industries.

The company's **Global Power Group** designs, supplies and erects advanced steam generating equipment and is a leader in fuel-flexible combustion technology and the development of solutions to address carbon reduction.

We differentiate ourselves with a world-class level of job-site safety, technical expertise, proven ability to execute world-scale projects and strong multi-decade client relationships.

The world's first supercritical CFB boiler powers this plant in Lagisza, Poland.

LUES ➔ INTEGRITY

TO OUR SHAREHOLDERS:

We are pleased to report that Foster Wheeler delivered excellent performance in 2009 despite a significant slowing of the global economy. Specifically,

- The company's adjusted net income reached $377 million, capping a record-setting three-year period in which the company earned more than $1 billion;
- We ended the year with cash and cash equivalents of $1 billion, a 29% increase from our position at the end of 2008;
- We redomesticated the company to Switzerland to establish a corporate center that is more centrally located within our worldwide operations. Furthermore, Switzerland provides the company a stable and well-developed tax regime, along with a sophisticated financial and commercial environment.

Our two business groups delivered excellent performance in 2009 and won a combined total of 12 major safety awards during the year. Specifically,

Our Global Engineering and Construction (E&C) Group:

- Booked the largest project in its history, the new Paradip oil refinery in India;
- Reported EBITDA of $421 million, which was remarkably strong in light of material headwinds, such as client capital spending delays, unfavorable currency translation and higher pension expenses;
- Completed two acquisitions to grow the Group's capability in the upstream oil and gas market.

Our Global Power Group (GPG):

- Successfully commissioned the world's largest CFB boiler, the first such unit to incorporate supercritical technology;
- Reported EBITDA of $194 million—the second-best year in the Group's history—as cost savings and solid execution partially offset weak demand.

Today's Foster Wheeler is exceptionally well positioned in its served markets. As a result of the steps we have taken over the past several years, the company today is financially sound, commercially disciplined, cost-efficient, technically sophisticated and capable of delivering excellent project execution in ways that transcend what some thought was possible at the beginning of this decade.

HANDS-ON. ACCOU



From this position of strength, we are poised to take advantage of the opportunities while meeting the challenges that will come our way in 2010 and beyond.

- Our E&C Group continues to hone its worldwide reputation as a preferred provider of engineering-related services for projects that have the highest degree of technical complexity and execution difficulty. We design and build projects that work as advertised—and we deliver them safely, on time and on budget, and clients recognize that. When it comes to such projects in the areas of refining—including our market-leading delayed coking technology—LNG and petrochemical processing, we offer a level of global expertise that few can match;
- In GPG, we will continue to offer our versatile and environmentally friendly CFB boilers, which enjoy a leadership position in the world market. The CFB is especially adept at burning biomass, an option which is increasingly attractive to our clients who are seeking carbon-neutral solutions in the industrial and electric power sectors. In addition, we continue to focus our development efforts on advancing and "up-sizing" our CFB technology to meet the long-term market need of producing affordable, lower-carbon electricity from coal;
- In both E&C and GPG, we will maintain a capacity and cost structure that match market conditions. We place a premium on anticipating and responding quickly and effectively to changes in such conditions, and we have the ability to flex our resources as needed.

We expect 2010 to be a year in which we focus not only on operating excellence but on positioning the company for its next stage of growth. In December of 2009, we announced a senior leadership succession plan. Specifically,

- Effective June 1, 2010, Bob becomes Chief Executive Officer;
- At the same time, Ray relinquishes the CEO role but remains with the company and serves as Non-Executive Chairman of the Board and consultant to the company through October 2011; and
- Umberto continues his tenure through 2013.

We are very bullish about the company's long-term prospects, and we look forward to working with the many talented and dedicated employees of Foster Wheeler in the coming years as we strive to create value for clients and shareholders.

Raymond J. Milchovich
Chairman and Chief Executive Officer

Umberto della Sala
President and Chief Operating Officer

Robert C. Flexon
President and CEO of Foster Wheeler USA
CEO-designate of Foster Wheeler AG,
effective June 1, 2010

March 16, 2010

NTABILITY.SAFETY

Global E&C Scope Backlog by Industry:
Oil Refining—**68%** :: Chem/Petrochemical—**17%**
Oil & Gas—**12%** :: Other—**3%**

Global E&C Scope Backlog by Geography:
Asia—**44%** :: Europe—**20%** :: South America—**12%**
North America—**10%** :: Middle East—**9%**
Australasia/Other—5%

HIGH PERFORMA

DELIVERING IN THE GLOBAL E&C GROUP

Our Global E&C Group accounted for about 66% of the company's scope revenues in 2009. The Group offers a full range of engineering services, including studies, front-end engineering design (FEED); engineering, procurement, construction (EPC); and project management services for the following key markets:

- Upstream oil and gas
- Midstream, including LNG liquefaction, gas-to-liquids, coal-to-gas, coal-to-liquids, coal-to-chemicals, carbon capture/sequestration
- Oil refining (including delayed coking)
- Chemicals and petrochemicals
- Pharmaceuticals, biotechnology and healthcare

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

Our major engineering centers are located in the United Kingdom, Italy, United States, Singapore, Thailand, China, India, France, Spain and South Africa.

Modular construction has enabled an accelerated schedule for the Pluto LNG project in Western Australia.

NCE. TEAMWORK.

HONESTY. VALUING

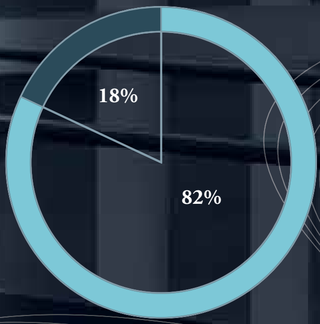
DELIVERING IN THE GLOBAL POWER GROUP

Our GPG business accounted for about 34% of the company's scope revenues in 2009. The Group offers a full range of steam generator equipment, aftermarket products and services to the power, industrial and waste-to-energy sectors. Areas of expertise:

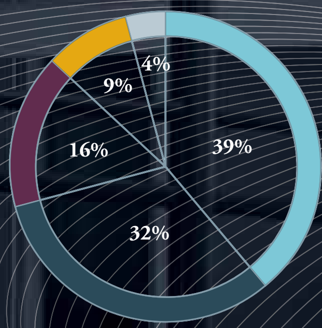
- Fuel-flexible circulating fluidized-bed (CFB) steam generators
- Leader in the combustion of carbon-neutral fuels such as biomass
- Supercritical technology for CFB and pulverized-coal steam generators

The Group is also developing Flexi-Burn™ technology as part of a practical CO_2 solution.

We have major engineering centers in the United States, China, Finland, Spain, Poland—and fabrication facilities in China, Poland and Spain.



GPG Scope Backlog by Industry:
Power Generation—**82%**
Operation & Maintenance—**18%**



GPG Scope Backlog by Geography:
Europe—**39%** :: North America—**32%**
Asia—**16%** :: South America—**9%**
Middle East/Other—**4%**

A biomass CFB boiler drives the Jyväskylän Energia Oy combined heat and power plant in central Finland.

G PEOPLE.RESPECT

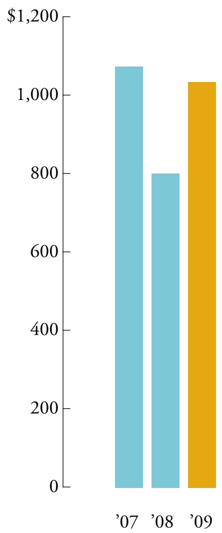
DELIVERING
RESULTS.

FINANCIAL HIGHLIGHTS *in thousands of dollars, except per share data*

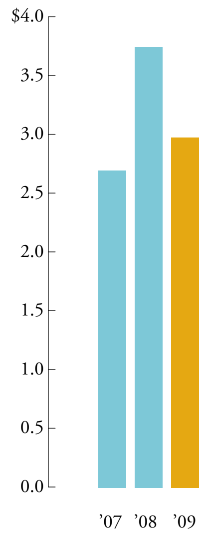
	2007	2008	2009
Operating revenues	$5,107,243	$6,854,290	$5,056,334
Adjusted net income*	387,729	533,227	376,521
Adjusted diluted earnings/share*	2.68	3.73	2.96
Cash Position**	1,069,481	798,348	1,032,063
Global E&C Group EBITDA	505,647	535,602	421,186
Global Power Group EBITDA	139,177	239,508	194,027

*See appendices for a description of adjustments, definition of EBITDA and reconciliation to net income.
**Includes total cash, cash equivalents, restricted cash and short-term investments.

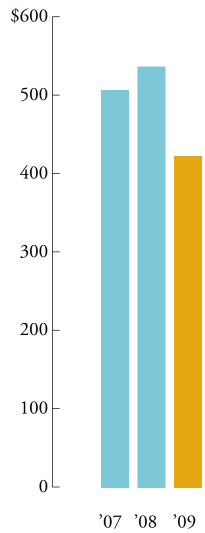
CASH POSITION
($ in millions)



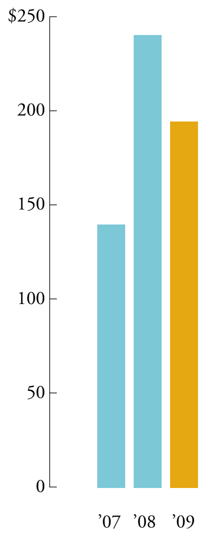
ADJUSTED DILUTED
EARNINGS PER SHARE



GLOBAL ENGINEERING
AND CONSTRUCTION
GROUP EBITDA
($ in millions)



GLOBAL POWER
GROUP EBITDA
($ in millions)



Above photos: (Left) Foster Wheeler designed and built this "first-of-a-kind" methyl methacrylate (MMA) plant in Singapore.
(Center) Foster Wheeler designed this double-fired Terrace-Wall™ delayed coker heater in Castellón, Spain.
(Right) This power plant in Lappeenranta, Finland, runs on a Foster Wheeler biomass CFB boiler.

Form 10-K

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 fiscal year ended December 31, 2009

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to ....

Commission file number 001-31305

FOSTER WHEELER AG

(Exact name of registrant as specified in its charter)

Switzerland	**98-0607469**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No).
80 Rue de Lausanne **CH 1202 Geneva, Switzerland**	**6340**
(Address of Principal Executive Offices)	(Zip Code)

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

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	**The 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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☑ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☑ No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $2,807,000,000 as of the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price on the NASDAQ Global Select Market reported for such date. Registered shares held as of such date by each officer and director and by each person who owns 5% or more of the outstanding common shares have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

There were 127,472,783 of the registrant's registered shares issued and outstanding as of February 12, 2010.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III incorporates information by reference from the definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of the registrant's fiscal year ended December 31, 2009.

FOSTER WHEELER AG

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This annual report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors set forth in this annual report on Form 10-K. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Safe Harbor Statement" for further information.

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 "— The 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, refers 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. Amounts in Part I, Item 1 are presented in thousands, except for number of employees.

The 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 financial and commercial infrastructure, and to improve our ability to maintain a competitive worldwide effective corporate tax rate. In January 2010, we relocated our principal executive offices to Geneva, Switzerland.

Business

We operate through two business groups: our **Global Engineering and Construction Group**, which we refer to as our Global E&C Group, and our **Global Power Group**.

Our Global E&C Group, which operates worldwide, designs, engineers and constructs onshore and offshore upstream oil and gas processing facilities, natural gas liquefaction facilities and receiving terminals, gas-to-liquids facilities, oil refining, chemical and petrochemical, pharmaceutical and biotechnology facilities and related infrastructure, including power generation and distribution facilities, and gasification facilities. Our Global E&C Group provides engineering, project management and construction management services, and purchases equipment, materials and services from third-party suppliers and contractors.

Our Global E&C Group is also involved in the design of facilities in new or developing market sectors, including carbon capture and storage, solid fuel-fired integrated gasification combined-cycle power plants, coal-to-liquids, coal-to-chemicals and biofuels. Our Global E&C Group owns one of the leading refinery residue upgrading technologies (referred to as delayed coking) and a hydrogen production process used in oil refineries and petrochemical plants. Additionally, our Global E&C Group has experience with, and is able to work with, a wide range of processes owned by others. Our Global E&C Group also designs and supplies direct-fired furnaces, including fired heaters and waste heat recovery generators, used in a range of refinery, chemical, petrochemical, oil and gas processes, including furnaces used in its proprietary delayed coking and hydrogen production technologies. In addition, our Global E&C Group performs environmental remediation services, together with related technical, engineering, design and regulatory services.

Our Global E&C Group is also involved in the development, engineering, construction, ownership and operation of power generation facilities, from conventional and renewable sources, and of waste-to-energy facilities in Europe. Our Global E&C Group generates revenues from engineering and construction activities pursuant to contracts spanning up to approximately four years in duration and from returns on its equity investments in various power production facilities.

Our Global Power Group designs, manufactures and erects steam generating and auxiliary equipment for electric power generating stations and industrial facilities worldwide. Our steam generating equipment includes a full range of technologies, offering independent power producers, utility and industrial clients high-value technology solutions for economically converting a wide range of fuels, including coal, lignite, petroleum coke, oil, gas, biomass and municipal solid waste, into high quality steam and power.

Our circulating fluidized-bed steam generator technology, which we refer to as CFB, is ideally suited to burning 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 pressures 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 actively developing Flexi-Burn™ technology for our CFB steam generators. We believe Flexi-Burn™ technology will be an important part of an overall strategy for capturing and storing CO_2 from coal power plants. This technology will enable our CFB steam generators to operate 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. We provide a broad range of site services relating to these products, including construction and erection services, maintenance engineering, plant upgrading and life extensions.

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

In addition to these two business groups, which also represent 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 we also treat as an operating segment for financial reporting purposes and which we refer to as the C&F Group.

Please refer to Note 15 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 U.S. and non-U.S. operations.

Products and Services

Our Global E&C Group's 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, 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 value 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 our 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 firm. On some projects, we function as the construction manager, engaged by the customer to oversee another contractor's compliance with design specifications and contracting terms. In some instances, we have responsibility for commissioning and plant start-up, or, where the client has responsibility for these activities, we provide experts to work as part of our client's team.

- *Operations and Maintenance* — Our Global E&C Group provides project management, plant operations and maintenance services, such as repair, renovation, predictive and preventative services and other aftermarket services. In some instances, our contracts may require us to operate a plant, which we have designed and built, for an initial period that may vary from a very short period to up to approximately two years.

- *Fired Heaters* — Our Global E&C Group designs and supplies direct-fired furnaces used in a wide range of refining, petrochemical, chemical, oil and gas processes, including fired heaters and waste heat recovery units. In addition, our Global E&C Group also designs and supplies fired heaters which form an integral part of its proprietary delayed coking and hydrogen production technologies.

The principal products of our Global Power Group are steam generators, commonly referred to as boilers. Our steam generators produce steam in a range of conditions and qualities, from low-pressure saturated steam to high quality superheated steam at either sub-critical or supercritical conditions (steam pressures above approximately 3,200 pounds-force per square inch absolute). The steam produced by steam generators can be used to produce electricity in power plants, to heat buildings and in the production of many manufactured goods and products, such as paper, chemicals and food products. Our steam generators convert the energy of a wide range of solid and liquid fuels, as well as hot process gases, into steam and can be classified into several types: circulating fluidized-bed, pulverized coal, oil and natural gas, grate, heat recovery steam generators and fully assembled package boilers. The two most significant elements of our product portfolio are our CFB and PC steam generators.

Our Global Power Group's products and services include:

- *Circulating Fluidized-Bed Steam Generators* — Our Global Power Group designs, manufactures and supplies steam generators that utilize our proprietary CFB technology. We believe that CFB combustion is generally recognized as one of the most commercially viable, fuel-flexible and clean burning ways to generate steam on a commercial basis from coal and many other solid fuels and waste products. A CFB steam generator utilizes air nozzles on the floor and lower side walls of its furnace to mix and fluidize the fuel particles as they burn, resulting in a very efficient combustion and heat transfer process. The fuel and other added solid materials, such as limestone, are continuously recycled through the furnace to maximize combustion efficiency and the capture of pollutants, such as the oxides of sulfur, which we refer to as SO_x. Due to the efficient mixing of the fuel with the air and other solid materials and the long period of time the fuel remains in the combustion process, the temperature of the process can be greatly reduced below that of a conventional burning process. This has the added benefit of reducing the formation of NO_x, which is another pollutant formed during the combustion process. Due to these benefits, additional SO_x and NO_x control systems are frequently not needed. The application of supercritical steam technology to CFB technology is the latest technical development. By dramatically raising the pressure of the water as it is converted to steam, supercritical steam technology allows the steam to absorb more heat from the combustion process, resulting in a substantial improvement of approximately 5-15% in the efficiency of an electric power plant. As discussed above, we are actively developing Flexi-Burn™ technology for our CFB steam generators. We believe Flexi-Burn™ technology will be an important part of an overall strategy for capturing and storing CO_2 from coal power plants. We sell our CFB steam generators to clients worldwide.

- *Pulverized Coal Steam Generators* — Our Global Power Group designs, manufactures and supplies PC steam generators. PC steam generators are commonly used in large coal-fired power plant applications. The coal is pulverized into fine particles and injected through specially designed low NO_x burners. Our PC steam generators control NO_x by utilizing advanced low-NO_x combustion technology and selective catalytic reduction technology, which we refer to as SCR. PC technology requires flue gas desulfurization equipment, which we refer to as FGD, to be installed after the steam generator to capture SO_x. We offer our PC steam generators with either conventional sub-critical steam technology or more efficient supercritical steam technology for electric power plant applications. We sell our PC steam generators to clients worldwide.

- *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, waste wood and paper. Our industrial steam generators are designed for ruggedness and reliability.

- *Auxiliary Equipment and Aftermarket Services* — Our Global Power Group also manufactures and installs auxiliary and replacement equipment for utility power and industrial facilities, including steam generators for solar thermal power plants, surface condensers, feed water heaters, coal pulverizers, steam generator coils and panels, biomass gasifiers, and replacement parts. Additionally, we install NO_x reduction systems manufactured by third-parties. The NO_x reduction systems include SCR equipment and low-NO_x combustion systems for PC steam generators, which significantly reduce NO_x emissions from PC steam generators. Our Global Power Group also performs steam generator modifications and provides engineered solutions for steam generators worldwide.

We provide a broad range of site services relating to these products, including construction and erection services, maintenance engineering, plant upgrading and life extension, and plant repowering. Our Global Power Group also conducts research and development in the areas of combustion, fluid and gas dynamics, heat transfer, materials and solid mechanics. In addition, our Global Power Group licenses technology to a limited number of third-parties in select countries or markets.

Industries We Serve

We serve the following industries:

- Oil and gas;
- Oil refining;
- Chemical/petrochemical;
- Pharmaceutical;
- Environmental;
- Power generation; and
- Power plant operation and maintenance.

Customers and Marketing

We market our services and products through a worldwide staff of sales and marketing professionals, through a network of sales representatives and through partnership or joint venture arrangements with unrelated third-parties. Our businesses are not seasonal and are not dependent on a limited group of clients. One client accounted for approximately 24%, 24% and 12% of our consolidated operating revenues (inclusive of flow-through revenues) in fiscal years 2009, 2008 and 2007, respectively; however, the associated flow-through revenues included in these percentages accounted for approximately 22%, 20% and 9% of our consolidated operating revenues in fiscal years 2009, 2008 and 2007, respectively. No other single client accounted for ten percent or more of our consolidated revenues in fiscal years 2009, 2008 and 2007. Representative clients include state-owned and multinational oil and gas companies, major petrochemical, chemical, and pharmaceutical companies, national, municipal and independent electric power generation companies, utilities and government agencies throughout the world. The majority of our revenues and new business originates outside of the United States.

Licenses, Patents and Trademarks

We own and license patents, trademarks and know-how, which are used in each of our business groups. The life cycles of the patents and trademarks are of varying durations. We are not materially dependent on any particular patent or trademark, although we depend on our ability to protect our intellectual property rights to the technologies and know-how used in our proprietary products. As noted above, our Global Power Group has granted licenses to a limited number of companies in select countries to manufacture steam generators and related equipment and certain of our other products. Our principal licensees are located in China, India, Italy and South Korea. Recurring royalty revenues have historically ranged from approximately $5,000 to $10,000 per year.

Unfilled Orders

We execute our contracts on lump-sum turnkey, fixed-price, target-price with incentives and cost-reimbursable bases. Generally, contracts are awarded on the basis of price, acceptance of certain project-related risks, technical capabilities and availability of qualified personnel, reputation for quality and ability to perform in a timely manner 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 has been accepted as meeting contract guarantees. Our products are custom designed and manufactured, and are not produced for inventory. Our Global E&C Group frequently purchases materials, equipment, and third-party services at cost for clients on a cash neutral/reimbursable basis when providing engineering specification or procurement services, referred to as “flow-through” amounts. “Flow-through” amounts are recorded both as revenues, which we refer to as flow-through revenues, and cost of operating revenues with no profit recognized.

We measure our unfilled orders in terms of expected future revenues. Included in future revenues are flow-through revenues, as defined above. We also measure our unfilled orders in terms of Foster Wheeler scope, which excludes flow-through revenues. As such, Foster Wheeler scope measures the component of backlog of unfilled orders with profit potential and represents our services plus fees for reimbursable contracts and total selling price for lump-sum or fixed-price contracts.

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

Use of Raw Materials

We source the materials used in our manufacturing and construction operations from both U.S. and non-U.S. based sources. The procurement of materials, consisting mainly of steel products and manufactured items, is heavily dependent on unrelated third-party sources. These materials are subject to timing of availability and price fluctuations, which we monitor on a regular basis. We have access to numerous global sources and are not dependent on any single source of supply.

Compliance with Government Regulations

We are subject to certain federal, state and local environmental, occupational health and product safety laws arising from the countries where we operate. We also purchase materials and equipment from third-parties, and engage subcontractors, who are also subject to these laws and regulations. We believe that all our operations are in material compliance with those laws and we do not anticipate any material capital expenditures or material adverse effect on earnings or cash flows as a result of complying with those laws. Additionally, please refer to Note 17 to the consolidated financial statements in this annual report on Form 10-K for a discussion of our environmental matters.

Employees

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

	As of	
	December 31, 2009	December 26, 2008
Global E&C Group	10,400	11,235
Global Power Group	2,968	3,419
C&F Group	78	75
Total	13,446	14,729

Competition

Many companies compete with us in the engineering and construction business. Neither we nor any other single company has a dominant market share of the total design, engineering and construction business servicing the global businesses previously described. Many companies also compete in the global power generating equipment business and neither we nor any other single competitor has an overall dominant market share over the entire steam generator product portfolio.

The vast majority of the market opportunities that we pursue are subject to a competitive tendering process, and we believe that our target customers consider the price, acceptance of certain project-related risks, technical capabilities and availability of qualified personnel, reputation for quality and ability to perform in a timely manner and safety record as the primary factors in determining which qualified contractor is awarded a contract. We derive our competitive strength from our reputation for quality of our services and products, technology, worldwide procurement capability, project management expertise, ability to execute complex projects, professionalism, strong safety record and lengthy experience with a wide range of services and technologies.

Companies that compete with our Global E&C Group include but are not limited to the following: Bechtel Corporation; Chicago Bridge & Iron Company N.V.; Chiyoda Corporation; Fluor Corporation; Jacobs Engineering Group Inc.; JGC Corporation; KBR, Inc.; Saipem S.p.A.; Shaw Group, Inc.; Technip; Técnicas Reunidas, SA; and Worley Parsons Ltd.

Companies that compete with our Global Power Group include but are not limited to the following: Alstom Power S.A.; Austrian Energy & Environment AG.; The Babcock & Wilcox Company (a subsidiary of McDermott International Inc.); Babcock Power Inc.; Dongfang Boiler Works (a subsidiary of Dong Fang Electric Corporation); Doosan-Babcock; Harbin Boiler Co., Ltd.; Hitachi, Ltd.; Metso Corporation; Mitsubishi Heavy Industries Ltd. and Shanghai Boiler Works Ltd.

Available Information

You may obtain free electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and all amendments to these documents at our website, *www.fwc.com*, under the heading "Investor Relations" by selecting the heading "SEC Filings." We make these documents available on our website as soon as reasonably practicable after we electronically file them with or furnish them to the U.S. Securities and Exchange Commission, which we refer to as SEC. The information disclosed on our website is not incorporated herein and does not form a part of this annual report on Form 10-K.

You may also read and copy any materials that we file with or furnish to the SEC at the SEC's Public Reference Room located at 100 F Street NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains electronic versions of our filings on its website at *www.sec.gov*.

The Redomestication

The scheme of arrangement effectively changed our place of incorporation from Bermuda to the Canton of Zug, Switzerland. The scheme of arrangement was approved by the common shareholders of Foster Wheeler Ltd. on January 27, 2009 and was sanctioned by the Supreme Court of Bermuda on January 30, 2009. On February 9, 2009, the following steps occurred pursuant to the scheme of arrangement:

(1) all fractional common shares of Foster Wheeler Ltd. were cancelled and Foster Wheeler Ltd. paid to each holder of fractional shares that were cancelled an amount based on the average of the high and low trading prices of Foster Wheeler Ltd. common shares on the NASDAQ Global Select Market on February 5, 2009, the business day immediately preceding the effectiveness of the scheme of arrangement;

(2) all previously outstanding whole common shares of Foster Wheeler Ltd. were cancelled;

(3) Foster Wheeler Ltd., acting on behalf of its shareholders, issued 1,000 common shares (which constituted all of Foster Wheeler Ltd.'s common shares at such time) to Foster Wheeler AG;

(4) Foster Wheeler AG increased its share capital and filed amended articles of association reflecting the share capital increase with the Swiss Commercial Register; and

(5) 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. In connection with consummation of the scheme of arrangement:

- pursuant to the terms of the Certificate of Designation governing Foster Wheeler Ltd.'s Series B Convertible Preferred Shares, concurrently with the issuance of registered shares to the holders of whole Foster Wheeler Ltd. common shares, Foster Wheeler AG issued to the holders of the preferred shares the number of registered shares of Foster Wheeler AG that such holders would have been entitled to receive had they converted their preferred shares into common shares of Foster Wheeler Ltd. immediately prior to the effectiveness of the scheme of arrangement (with Foster Wheeler Ltd. paying cash in lieu of any fractional common shares otherwise issuable);
- pursuant to the terms of the Warrant Agreement governing Foster Wheeler Ltd.'s Class A Warrants outstanding on the date of the consummation of the scheme of arrangement, Foster Wheeler AG executed a supplemental warrant agreement pursuant to which it assumed Foster Wheeler Ltd.'s obligations under the Warrant Agreement and agreed to issue registered shares of Foster Wheeler AG upon exercise of such warrants in accordance with their terms; and
- Foster Wheeler AG assumed Foster Wheeler Ltd.'s existing obligations in connection with awards granted under Foster Wheeler Ltd.'s incentive plans and other similar employee awards.

We refer to the foregoing transactions together with the steps of the scheme of arrangement as the "Redomestication."

In January 2010, we relocated our principal executive offices to Geneva, Switzerland.

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

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

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

Risks Related to Our Operations

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.

Some of our contracts are fixed-price contracts and other shared-risk contracts that are inherently risky because we agree to the selling price of the project at the time we enter into the contract. The selling price is based on estimates of the ultimate cost of the contract and we assume substantially all of the risks associated with completing the project, as well as the post-completion warranty obligations. Certain of these contracts are lump-sum turnkey projects where we are responsible for all aspects of the work from engineering through construction, as well as commissioning, all for a fixed selling price. As of December 31, 2009, our backlog included $691,500 attributable to lump-sum turnkey and other fixed-price contracts, which represented 17% of our total backlog.

In addition, we assume the 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 modification or replacement of equipment. We also assume the risks related to revenue, cost and gross profit 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;
- difficulties in obtaining required governmental permits or approvals;
- changes in local laws and regulations;
- changes in local labor conditions;
- project modifications creating unanticipated costs;
- delays caused by local weather conditions; and
- our project owners', suppliers' or subcontractors' failure to perform.

These risks may be exacerbated by the length of time between signing a contract and completing the project because most of the projects that we execute are long-term. The term of our contracts can be as long as approximately four years. In addition, we sometimes bear the risk of delays caused by unexpected conditions or events. We may be subject to penalties if portions of the long-term fixed priced projects are not completed in accordance with agreed-upon time limits. Therefore, significant losses can result from performing large, long-term projects on a fixed-price or lump-sum basis. These losses may be material, including in some cases up to or exceeding the full contract value in certain events of non-performance, and could negatively impact our business, financial condition, results of operations and cash flows.

We may increase the size and number of fixed-price or lump-sum turnkey contracts, sometimes in countries where or with clients with whom we have limited previous experience.

We may bid for and enter into such contracts through partnerships or joint ventures with third-parties. This may increase our ability and willingness to bid for increased numbers of contracts and/or increased size of contracts. In addition, in some cases, applicable law and joint venture or other agreements may provide that each joint venture partner is jointly and severally liable for all liabilities of the venture. Entering into these partnerships or joint ventures will expose us to credit and performance risks of those third-party partners, which could have a negative impact on our business and our results of operations if these parties fail to perform under the arrangements.

Failure by us to successfully defend against claims made against us by project owners, suppliers or project subcontractors, or failure by us to recover adequately on claims made against project owners, suppliers or subcontractors, could materially adversely affect our business, financial condition, results of operations and cash flows.

Our projects generally involve complex design and engineering, significant procurement of equipment and supplies and construction management. We may encounter difficulties in the design or engineering, equipment and supply delivery, schedule changes and other factors, some of which are beyond our control, that affect our ability to complete the project in accordance with the original delivery schedule or to meet the contractual performance obligations. In addition, we generally rely on third-party partners, equipment manufacturers and subcontractors to assist us with the completion of our contracts. As such, claims involving project owners, suppliers and subcontractors may be brought against us and by us in connection with our project contracts. Claims brought against us include back charges for alleged defective or incomplete work, breaches of warranty and/or late completion of the project work and claims for cancelled projects. The claims and back charges can involve actual damages, as well as contractually agreed upon liquidated sums. Claims brought by us against project owners include claims for additional costs incurred in excess of current contract provisions arising out of project delays and changes in the previously agreed scope of work. Claims between us and our suppliers, subcontractors and vendors include claims like any of those described above. These project claims, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Charges associated with claims could materially adversely affect our business, financial condition, results of operations and cash flows. For further information on project claims, please refer to Note 17, “Litigation and Uncertainties,” to the consolidated financial statements in this annual report on Form 10-K.

Projects included in our backlog may be delayed or cancelled, which could materially adversely affect our business, financial condition, results of operations and cash flows.

The dollar amount of backlog does not necessarily indicate future earnings related to the performance of that work. Backlog refers to expected future revenues under signed contracts and legally binding letters of intent that we have determined are likely to be performed. Backlog represents only business that is considered firm, although cancellations or scope adjustments may and do occur. Because of changes in project scope and schedule, we cannot predict with certainty when or if backlog will be performed or the associated revenue will be recognized. In addition, even where a project proceeds as scheduled, it is possible that contracted parties may default and fail to pay amounts owed to us. Material delays, cancellations or payment defaults could materially adversely affect our business, financial condition, results of operations and cash flows.

Because our operations are concentrated in four particular industries, we may be adversely impacted by economic or other developments in these industries.

We derive a significant amount of revenues from services provided to clients that are concentrated in four industries: oil and gas, oil refining, chemical/petrochemical and power generation. These industries historically have been, and will likely continue to be, cyclical in nature. Consequently, our results of operations have fluctuated, and may continue to fluctuate, depending on the demand for our products and services from these industries.

Unfavorable developments in global or regional economic growth rates or other unfavorable developments in one or more of these industries could adversely affect our clients' investment plans and could materially adversely affect our business, financial condition, results of operations and cash flows.

The weakness in the global economy is impacting the demand for the products that our Global E&C Group's clients produce. We have seen instances of postponement or cancellation of prospects; resizing of prospective projects to make them more economically viable and intensified competition among engineering and construction contractors which has resulted in pricing pressure. These factors may continue in the future.

In our Global Power Group business, new order activity has been unfavorably affected by several trends which began in fiscal year 2008, continued during fiscal year 2009 and which may continue in the future. These trends include weakness in the global economy and its impact on the near-term growth in demand for electricity, political and environmental sensitivity regarding coal-fired steam generators and the depressed level of natural gas pricing experienced in fiscal years 2008 and 2009, which increased the attractiveness of that fuel, in relation to coal, for the generation of electricity.

In addition, the constraints on the global credit market are impacting, and may continue to impact, some of our Global E&C Group's and Global Power Group's clients' investment plans as these clients are affected by the availability and cost of financing, as well as their own financial strategies, which could include cash conservation.

Our results of operations and cash flows depend on new contract awards, and the selection process and timing for performing these contracts are not entirely within our control.

A substantial portion of our revenues is derived from new contract awards of projects. It is difficult to predict whether and when we will receive such awards due to the lengthy and complex bidding and selection process, which is affected by a number of factors, such as market conditions, financing arrangements, governmental approvals and environmental matters. We often compete with other general and specialty contractors, both U.S. and non-U.S., including large international contractors and small local contractors. The strong competition in our markets requires us to maintain skilled personnel and invest in technology, and also puts pressure on our profit margins. Because of this, we could be prevented from obtaining contracts for which we have bid due to price, greater perceived financial strength and resources of our competitors and/or perceived technology advantages. Alternatively, we may have to agree to lower prices and margins for contracts that we win or we may lose a bid or decide not to pursue a contract if the profit margins are below our minimum acceptable margins based on our risk assessment of the project conditions.

Our results of operations and cash flows can fluctuate from quarter to quarter depending on the timing of our contract awards. In addition, certain of these contracts are subject to client financing contingencies and environmental permits, and, as a result, we are subject to the risk that the customer will not be able to secure the necessary financing and approvals for the project, which could result in a delay or cancellation of the proposed project and thereby reduce our revenues and profits.

A failure by us to attract and retain key officers, qualified personnel, joint venture partners, advisors and subcontractors could materially adversely affect our business, financial condition, results of operations and cash flows.

Our ability to attract and retain key officers, qualified engineers and other professional personnel, as well as joint venture partners, advisors and subcontractors, will be an important factor in determining our future success. The market for these professionals is competitive and we may not be successful in efforts to attract and retain these individuals. Failure to attract or retain these key officers, professionals, joint venture partners, advisors and subcontractors could materially adversely affect our business, financial condition, results of operations and cash flows.

Our worldwide operations involve risks that may limit or disrupt operations, limit repatriation of cash, increase taxation or otherwise materially adversely affect our business, financial condition, results of operations and cash flows.

We have worldwide operations that are conducted through U.S. and non-U.S. subsidiaries, as well as through agreements with joint venture partners. Our non-U.S. subsidiaries, which accounted for approximately 84% of our operating revenues and a majority of our operating cash flows in the fiscal year ended December 31, 2009, have operations located in Asia, Australia, Europe, the Middle East, South Africa and South America. Additionally, we purchase materials and equipment on a worldwide basis and are heavily dependent on unrelated third-party non-U.S. sources for these materials and equipment. Our worldwide operations are subject to risks that could materially adversely affect our business, financial condition, results of operations and cash flows, including:

- uncertain political, legal and economic environments;
- potential incompatibility with non-U.S. joint venture partners;
- foreign currency controls and fluctuations;
- energy prices and availability;
- terrorist attacks;
- the imposition of additional governmental controls and regulations;
- war and civil disturbances;
- labor problems; and
- interruption or delays in international shipping.

Because of these risks, our worldwide operations and our execution of projects may be limited, or disrupted; our contractual rights may not be enforced fully or at all; our non-U.S. taxation may be increased; or we may be limited in repatriating earnings. These potential events and liabilities could materially adversely affect our business, financial condition, results of operations and cash flows.

We are subject to anti-bribery laws in the countries in which we operate. Failure to comply with these laws could result in our becoming subject to penalties and the disruption of our business activities.

Many of the countries in which we transact business have laws that restrict the offer or payment of anything of value to government officials or other persons with the intent of gaining business or favorable government action. We are subject to these laws in addition to being governed by the U.S. Foreign Corrupt Practices Act restricting these types of activities. In addition to prohibiting certain bribery-related activity with foreign officials and other persons, these laws provide for recordkeeping and reporting obligations. Our policies mandate compliance with these anti-bribery laws and we have procedures and controls in place to monitor internal and external compliance. However, any failure by us, our subcontractors, agents or others who work for us on our behalf to comply with these legal and regulatory obligations could impact us in a variety of ways that include, but are not limited to, significant criminal, civil and administrative penalties. The failure to comply with these legal and regulatory obligations could also result in the disruption of our business activities.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could increase our tax burden and otherwise adversely affect our financial condition, results of operations and cash flows.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our earnings, which could result in a significant negative impact on our earnings and cash flows from operations. We continue to assess the impact of various U.S. federal and state legislative proposals, and modifications to existing tax treaties between the United States and other countries, that could result in a material increase in our U.S. federal and state taxes. We cannot predict whether any specific legislation will be enacted or the terms of any such legislation. However, if such proposals were to be enacted, or if modifications were to be made to certain existing treaties, the consequences could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations and cash flows.

Our business may be materially adversely impacted by regional, national and/or global requirements to significantly limit or reduce greenhouse gas emissions in the future.

Greenhouse gases that result from human activities, including burning of fossil fuels, have been the focus of increased scientific and political scrutiny and are being subjected to various legal requirements. International agreements, national laws, state laws and various regulatory schemes limit or otherwise regulate emissions of greenhouse gases, and additional restrictions are under consideration by different governmental entities. We derive a significant amount of revenues and contract profits from engineering and construction services provided to clients that own and/or operate a wide range of process plants and from the supply of our manufactured equipment to clients that own and/or operate electric power generating plants. Additionally, we own or partially own plants that generate electricity from burning natural gas or various types of solid fuels. These plants emit greenhouse gases as part of the process to generate electricity or other products. Compliance with the existing greenhouse gas regulations may prove costly or difficult. It is possible that owners and operators of existing or future process plants and electric generating plants could be subject to new or changed environmental regulations that result in significantly limiting or reducing the amounts of greenhouse gas emissions, increasing the cost of emitting such gases or requiring emissions allowances. The costs of controlling such emissions or obtaining required emissions allowances could be significant. It also is possible that necessary controls or allowances may not be available. Such regulations could negatively impact client investments in capital projects in our markets, which could negatively impact the market for our manufactured products and certain of our services, and also could negatively affect the operations and profitability of our own electric power plants. This could materially adversely affect our business, financial condition, results of operations and cash flows.

We are subject to various environmental laws and regulations in the countries in which we operate. If we fail to comply with these laws and regulations, we may incur significant costs and penalties that could materially adversely affect our business, financial condition, results of operations and cash flows.

Our operations are subject to U.S., European and other laws and regulations governing the generation, management and use of regulated materials, the discharge of materials into the environment, the remediation of environmental contamination, or otherwise relating to environmental protection. Both our Global E&C Group and our Global Power Group make use of and produce as wastes or byproducts substances that are considered to be hazardous under these environmental laws and regulations. We may be subject to liabilities for environmental contamination as an owner or operator (or former owner or operator) of a facility or as a generator of hazardous substances without regard to negligence or fault, and we are subject to additional liabilities if we do not comply with applicable laws regulating such hazardous substances, and, in either case, such liabilities can be substantial. These laws and regulations could expose us to liability arising out of the conduct of current and past operations or conditions, including those associated with formerly owned or operated properties caused by us or others, or for acts by us or others which were in compliance with all applicable laws at the time the acts were performed. In some cases, we have assumed contractual indemnification obligations for environmental liabilities associated with some formerly owned properties. The ongoing costs of complying with existing environmental laws and regulations could be substantial. Additionally, we may be subject to claims alleging personal injury, property damage or natural resource damages as a result of alleged exposure to or contamination by hazardous substances. Changes in the environmental laws and regulations, remediation obligations, enforcement actions, stricter interpretations of existing requirements, future discovery of contamination or claims for damages to persons, property, natural resources or the environment could result in material costs and liabilities that we currently do not anticipate.

We may lose future business to our competitors and be unable to operate our business profitably if our patents and other intellectual property rights do not adequately protect our proprietary products.

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

We rely on our information systems in our operations. Failure to protect these systems against security breaches could adversely affect our business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.

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

Risks Related to Asbestos Claims

The number and cost of our current and future asbestos claims in the United States could be substantially higher than we have estimated and the timing of payment of claims could be sooner than we have estimated, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Some of our subsidiaries are named as defendants in numerous lawsuits and out-of-court administrative claims pending in the United States in which the plaintiffs claim damages for alleged bodily injury or death arising from exposure to asbestos in connection with work performed, or heat exchange devices assembled, installed and/or sold, by our subsidiaries. We expect these subsidiaries to be named as defendants in similar suits and that claims will be brought in the future. For purposes of our financial statements, we have estimated the indemnity and defense costs to be incurred in resolving pending and forecasted U.S. claims through fiscal year 2024. Although we believe our estimates are reasonable, the actual number of future claims brought against us and the cost of resolving these claims could be substantially higher than our estimates. Some of the factors that may result in the costs of asbestos claims being higher than our current estimates include:

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

- bankruptcies of other asbestos defendants, causing a reduction in the number of available solvent defendants and thereby increasing the number of claims and the size of demands against our subsidiaries;

- adverse jury verdicts requiring us to pay damages in amounts greater than we expect to pay in settlements;

- changes in legislative or judicial standards that make successful defense of claims against our subsidiaries more difficult; or

- enactment of federal legislation requiring us to contribute amounts to a national settlement trust in excess of our expected net liability, after insurance, in the tort system.

The total liability recorded on our consolidated balance sheet as of December 31, 2009 is based on estimated indemnity and defense costs expected to be incurred through fiscal year 2024. We believe that it is likely that there will be new claims filed after fiscal year 2024, but in light of uncertainties inherent in long-term forecasts, we do not believe that we can reasonably estimate the indemnity and defense costs that might be incurred after fiscal year 2024. Our forecast contemplates that the number of new claims requiring indemnity will decline from year to year. If future claims fail to decline as we expect, our aggregate liability for asbestos claims will be higher than estimated.

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

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

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

The adequacy and timing of insurance recoveries of our asbestos-related costs in the United States is uncertain. The failure to obtain insurance recoveries could materially adversely affect our business, financial condition, results of operations and cash flows.

Although we believe that a significant portion of our subsidiaries' liability and defense costs for asbestos claims will be covered by insurance, the adequacy and timing of insurance recoveries is uncertain. Since fiscal year-end 2005, we have worked with Peterson Risk Consulting LLC, nationally recognized experts in the United States with respect to the estimation of insurance recoveries, to annually review our estimate of the value of the settled insurance asset and assist in the estimation of our unsettled asbestos-related insurance asset.

The asset recorded on our consolidated balance sheet as of December 31, 2009 represents our best estimate of settled and probable future insurance settlements relating to our U.S. liability for pending and estimated future asbestos claims through fiscal year 2024. The insurance asset includes an estimate of the amount of recoveries under existing settlements with other insurers.

Certain of our subsidiaries have entered into settlement agreements calling for certain insurers to make lump-sum payments, as well as payments over time, for use by our subsidiaries to fund asbestos-related indemnity and defense costs and, in certain cases, for reimbursement for portions of out-of-pocket costs that we previously have incurred. We entered into an additional settlement in the fiscal year ended December 31, 2009 and we intend to continue to attempt to negotiate additional settlements where achievable on a reasonable basis in order to minimize the amount of future costs that we would be required to fund out of the cash flows generated from our operations. Unless we settle the remaining unsettled insurance asset at amounts significantly in excess of our current estimates, it is likely that the amount of our insurance settlements will not cover all future asbestos-related costs and we will continue to fund a portion of such future costs, which will reduce our cash flows and our working capital. Additionally, certain of the settlements with insurance companies during the past several years were for fixed dollar amounts that do not change as the liability changes. Accordingly, increases in the asbestos liability will not result in an equal increase in the insurance asset.

Our insurance recoveries may be limited by future insolvencies among our insurers. We have not assumed recovery in the estimate of our asbestos-related insurance asset from any of our currently insolvent insurers. Other insurers may become insolvent in the future and our insurers may fail to reimburse amounts owed to us on a timely basis. If we fail to realize expected insurance recoveries, or experience delays in receiving material amounts from our insurers, our business, financial condition, results of operations and cash flows could be materially adversely affected.

A number of asbestos-related claims have been received by our subsidiaries in the United Kingdom. To date, these claims have been covered by insurance policies and proceeds from the policies have been paid directly to the plaintiffs. The timing and amount of asbestos claims that may be made in the future, the financial solvency of the insurers and the amount that may be paid to resolve the claims are uncertain. The insurance carriers' failure to make payments due under the policies could materially adversely affect our business, financial condition, results of operations and cash flows.

Some of our subsidiaries in the United Kingdom have received claims alleging personal injury arising from exposure to asbestos in connection with work performed, or heat exchange devices assembled, installed and/or sold, by our subsidiaries. We expect these subsidiaries to be named as defendants in additional suits and claims brought in the future. To date, insurance policies have provided coverage for substantially all of the costs incurred in connection with resolving asbestos claims in the United Kingdom. In our consolidated balance sheet as of December 31, 2009, we have recorded U.K. asbestos-related insurance recoveries equal to the U.K. asbestos-related liabilities, which are comprised of an estimated liability relating to open (outstanding) claims and an estimated liability relating to future unasserted claims through fiscal year 2024. Our ability to continue to recover under these insurance policies is dependent upon, among other things, the timing and amount of asbestos claims that may be made in the future, the financial solvency of our insurers and the amount that may be paid to resolve the claims. These factors could significantly limit our insurance recoveries, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to Our Liquidity and Capital Resources

We require cash repatriations from our subsidiaries to meet our cash needs related to our asbestos-related and other liabilities, corporate overhead expenses and share repurchases. Our ability to repatriate funds from our subsidiaries is limited by a number of factors.

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

Certain of our various debt agreements impose financial covenants, which may prevent us from capitalizing on business opportunities, which could negatively impact our business.

Our U.S. senior credit agreement imposes financial covenants on us. These covenants limit our ability to incur indebtedness, pay dividends or make other distributions, make investments and sell assets. These limitations may restrict our ability to pursue business opportunities, which could negatively impact our business.

We may have significant working capital requirements, which could negatively impact our business, financial condition and cash flows.

In some cases, we may require significant amounts of working capital to finance the purchase of materials and in the performance of engineering, construction and other work on certain of our projects before we receive payment from our customers. In some cases, we are contractually obligated to our customers to fund working capital on our projects. Increases in working capital requirements could negatively impact our business, financial condition and cash flows. In addition, we may invest some of our cash in longer-term investment opportunities, including, as described below, the acquisition of other entities or operations, the reduction of certain liabilities such as unfunded pension liabilities 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 performance-related standby letters of credit, bank guarantees, surety bonds or other forms of performance-related guarantees to clients, which we refer to as bonds or bonding. These bonds provide credit support for the client if we fail to perform our obligations under our contract. A restriction, reduction, termination and/or increase in the cost of our bonding facilities may limit our ability to bid on new project awards, delay work on current projects or significantly change the timing of cash flows for current projects, adversely affecting our liquidity.

Additionally, in the event our credit ratings are lowered by independent rating agencies, such as Standard & Poor's or Moody's Investors Service, it may be more difficult or costly for us to obtain bonding for new awards or maintain such bonding on current projects. We may also be required to provide or increase cash collateral to obtain these bonds, which would reduce our available cash and could impact our ability to renew or increase availability under our U.S. senior credit agreement or other bonding facilities. We are also subject to the risk that any new or amended bonding facilities might not be on terms as favorable as those we have currently, which could adversely affect our liquidity.

We may invest in longer-term investment opportunities, such as the acquisition of other entities or operations in the engineering and construction industry or power industry. Acquisitions of other entities or operations have risks that could materially adversely affect our business, financial condition, results of operations and cash flows.

In fiscal year 2009, we completed two acquisitions and have been exploring other possible acquisitions within the engineering and construction industry to strategically complement or expand on our technical capabilities or access to new market segments. We have also been exploring possible acquisitions within the power industry to complement our product offering. The acquisition of companies and assets in the engineering and construction and power industries is subject to substantial risks, including the failure to identify material problems during due diligence, the risk of over-paying for assets and the inability to arrange financing for an acquisition as may be required or desired. Further, the integration and consolidation of acquisitions require substantial human, financial and other resources including management time and attention, and ultimately, our acquisitions may not be successfully integrated and/or our resources may be diverted. There can be no assurances that we will consummate any such future acquisitions, that any acquisitions we make will perform as expected or that the returns from such acquisitions will support the investment required to acquire them or the capital expenditures needed to develop them.

Risk Factors Related to Our Financial Reporting and Corporate Governance

If we have a material weakness in our internal control over financial reporting, our ability to report our financial results on a timely and accurate basis may be adversely affected.

Although we had no material weaknesses as of December 31, 2009, we have reported material weaknesses in our internal control over financial reporting in the past. There can be no assurance that we will avoid a material weakness in the future. If we have another material weakness in our internal control over financial reporting in the future, it could adversely impact our ability to report our financial results in a timely and accurate manner.

Our use of the percentage-of-completion accounting method could result in a reduction or elimination of previously reported profits.

A substantial portion of our revenues is recognized using the percentage-of-completion method of accounting. Under this method of accounting, the earnings or losses recognized on individual contracts are based on estimates of contract revenues, costs and profitability. Revisions to estimated revenues and estimated costs can and do result in changes to revenues, costs and profits. For further information on our revenue recognition methodology, please refer to Note 1, "Summary of Significant Accounting Policies — Revenue Recognition on Long-Term Contracts," to the consolidated financial statements in this annual report on Form 10-K.

Registered holders who acquired our shares after the Redomestication must apply for enrollment in our share register as shareholders with voting rights in order to have voting rights; we may deny such registration under certain circumstances.

To be able to exercise voting rights, registered holders of our shares who acquired our shares after the Redomestication must apply to us for enrollment in our share register as shareholders with voting rights. Our board of directors may refuse to register holders of shares as shareholders with voting rights based on certain grounds. In particular, under our articles of association, no shareholder will generally not be registered with voting rights for 10% or more of our share capital as recorded in the commercial register. Only shareholders that are registered as shareholders with voting rights on the relevant record date are permitted to participate in and vote at a general shareholders' meeting. Registered holders who received our shares as a result of the Redomestication are registered as shareholders with voting rights and shareholders who hold in "street name" will be entitled to participate in and vote at a general shareholders' meeting through Cede & Co.

There are provisions in our articles of association that may reduce the voting rights of our registered shares.

Our articles of association provide that shareholders have one vote for each registered share held by them and are entitled to vote at all meetings of shareholders. However, our articles of association provide that shareholders whose "controlled shares" (as defined in the articles of association) represent 10% or more of our total voting shares are limited to voting one vote less than 10% of the total voting rights of our share capital as registered with the commercial register. This provision is intended to prevent the possibility of our company becoming a controlled foreign corporation for U.S. federal income tax purposes, which could have certain adverse U.S. federal income tax consequences to U.S. persons who own (directly, indirectly or under applicable constructive ownership rules) 10% or more of our voting shares. It may also have an anti-takeover effect by making it more difficult for a third party to acquire us without the consent of our board of directors.

Following the Redomestication, as a result of the higher par value of our shares, we have less flexibility than we had prior to the Redomestication with respect to certain aspects of capital management.

The par value of our shares is CHF 3.00 per share. The par value of Foster Wheeler Ltd.'s common shares was $0.01 per share. Under Swiss law, we may not issue our shares below par value. As of February 12, 2010, the closing price of our registered shares on the NASDAQ Global Select Market was $26.93, and CHF 3.00 was equivalent to approximately $2.79 based on a foreign exchange rate of CHF 1.0751 to $1.00 on such date. In the event we need to raise common equity capital at a time when the trading price of our shares is below the par value of the shares, we will be unable to issue shares. In addition, we will not be able to issue options under our various compensation and benefits plans with an exercise price below the par value, which would limit the flexibility of our compensation arrangements.

Following the Redomestication, as a result of increased shareholder approval requirements, we have less flexibility than we had before the Redomestication with respect to certain aspects of capital management.

Under Bermuda law, Foster Wheeler Ltd.'s directors were able to issue, without shareholder approval, any common shares authorized in Foster Wheeler Ltd.'s memorandum of association that were not issued or reserved. Bermuda law also provided the board of directors with substantial flexibility in establishing the terms of preferred shares. In addition, Foster Wheeler Ltd.'s board of directors had the right, subject to statutory limitations, to declare and pay dividends on Foster Wheeler Ltd.'s common shares without a shareholder vote. Swiss law allows our shareholders to authorize share capital that can be issued by the board of directors without shareholder approval, but our authorization is presently limited to CHF 189,623,871 divided into 63,207,957 registered shares with a par value of CHF 3.00 per share and must be renewed by the shareholders every two years. Additionally, subject to specified exceptions, including the exceptions described in our articles of association, Swiss law grants preemptive rights to existing shareholders to subscribe for new issuances of shares and other securities. Swiss law also does not provide as much flexibility in the various terms that can attach to different classes of shares. For example, while the board of directors of Foster Wheeler Ltd. could authorize the issuance of preferred stock without shareholder approval, we may not issue preferred stock without the approval of 66⅔% of the votes cast and a majority of the par value of the registered shares represented at a general meeting of our shareholders. Swiss law also reserves for approval by shareholders many corporate actions over which Foster Wheeler Ltd.'s board of directors had authority. For example, dividends must be approved by shareholders. While we do not believe that the differences between Bermuda law and Swiss law relating to our capital management will have an adverse effect on us, we cannot assure you that situations will not arise where such flexibility would have provided substantial benefits to our shareholders.

The anticipated benefits of moving our principal executive offices to Switzerland may not be realized, and difficulties in connection with moving our operating headquarters could have an adverse effect on us.

We relocated our operating headquarters from Clinton, New Jersey in the United States, to Geneva, Switzerland in January 2010. We may face significant challenges resulting from the relocation of our principal executive offices to a different country, including difficulties in retaining and attracting officers, key personnel and other employees. Management may also be required to devote substantial time to matters relating to the relocation, which could otherwise be devoted to focusing on ongoing business operations and other initiatives and opportunities. In addition, we may not realize the benefits we anticipate from the relocation, including the benefit derived from moving to a location that is more centrally located within our area of worldwide operations. Any such difficulties could have an adverse effect on our business, results of operations or financial condition.

If we elect to declare dividends, we would be required to declare such dividends in Swiss francs and any currency fluctuations between the U.S. dollar and the Swiss franc will affect the dollar value of the dividends we pay.

Under Swiss corporate law, if we elect to declare dividends, including distributions through a reduction in par value, we would be required to declare such dividends in Swiss francs. Dividend payments will be made by our transfer agent in U.S. dollars converted at the applicable exchange rate shortly before the payment date. As a result, shareholders will be exposed to fluctuations in the exchange rate between the date used for purposes of calculating the CHF amount of any proposed dividend or par value reduction and the relevant payment date, which will not be shorter than two months and could be as long as a year.

We may not be able to make distributions without subjecting our shareholders to Swiss withholding tax.

If we are not successful in our efforts to make distributions, if any, through a reduction of par value or, based on current legislation, after January 1, 2011, pay dividends, if any, out of qualifying additional paid-in capital, then any dividends paid by us will generally be subject to a Swiss federal withholding tax at a rate of 35%. The withholding tax must be withheld from the gross distribution and paid to the Swiss Federal Tax Administration. A U.S. holder that qualifies for benefits under the Convention between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income, which we refer to as the "U.S.-Swiss Treaty," may apply for a refund of the tax withheld in excess of the 15% treaty rate (or in excess of the 5% reduced treaty rate for qualifying corporate shareholders with at least 10% participation in our voting stock, or for a full refund in the case of qualified pension funds). Payment of a capital distribution in the form of a par value reduction is not subject to Swiss withholding tax. However, there can be no assurance that our shareholders will approve a reduction in par value; that we will be able to meet the other legal requirements for a reduction in par value; or that Swiss withholding rules will not be changed in the future. In addition, over the long term, the amount of par value available for us to use for par value reductions will be limited. If we are unable to make a distribution through a reduction in par value or, based on current legislation, after January 1, 2011, pay a dividend out of qualifying additional paid-in capital, we may not be able to make distributions without subjecting our shareholders to Swiss withholding taxes.

We have anti-takeover provisions in our articles of association that may discourage a change of control.

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

- The board of directors to be divided into three classes serving staggered three-year terms. In addition, directors may be removed from office, by the affirmative vote of the holders of two-thirds of the issued shares generally entitled to vote. These provisions of our articles of association may delay or limit the ability of a shareholder to obtain majority representation on the board of directors.

- Limiting the voting rights of shareholders whose "controlled shares" (as defined in the articles of association) represent 10% or more of our total voting shares to one vote less than 10% of the total voting rights of our share capital as registered with the Swiss commercial register.

- Under Swiss corporate law, merger and demerger transactions require the affirmative vote of holders of at least 66⅔% of the shares represented at the applicable shareholders meeting. In addition, under certain circumstances (for example, in the case of so-called "cashout" or "squeezeout" mergers) a merger requires the affirmative vote of the holders of at least 90% of shares.

- Any shareholder who wishes to propose any business or to nominate a person or persons for election as a director at any annual meeting may only do so if advance notice is given to our Corporate Secretary.

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

We are a Swiss company and it may be difficult for you to enforce judgments against us or our directors and executive officers.

Foster Wheeler AG is a Swiss corporation. As a result, the rights of our shareholders are governed by Swiss law and by our articles of association and organizational regulations. The rights of shareholders under Swiss law may differ from the rights of shareholders of companies of other jurisdictions. A substantial portion of our assets are located outside the United States. It may be difficult for investors to enforce in the United States judgments obtained in U.S. courts against us or our directors based on the civil liability provisions of the U.S. securities laws. Uncertainty exists as to whether courts in Switzerland will enforce judgments obtained in other jurisdictions, including in the United States, under the securities laws of those jurisdictions or entertain actions in Switzerland under the securities laws of other jurisdictions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table provides the name of each subsidiary that owns or leases materially important physical properties, along with the location and general use of each of our properties as of December 31, 2009, and the business segment in which each property is grouped. All or part of the listed properties may be leased or subleased to other affiliates. All properties are in good condition and adequate for their intended use.

Company (Business Segment*) and Location	Use	Land Area	Building Square Feet	Lease Expires[1]
Foster Wheeler Realty Services, Inc. (C&F)				
Union Township, New Jersey	Investment in undeveloped land	203.8 acres	—	—
Union Township, New Jersey	General office & engineering	29.4 acres	294,000	2022
Union Township, New Jersey	Storage and reproduction facilities	10.8 acres	30,400	—
Livingston, New Jersey	Research center	6.7 acres	51,355	—
Foster Wheeler AG				
Geneva, Switzerland	Office	—	23,069	2020
Zug, Switzerland	Office	—	3,661	2014
Foster Wheeler Asia Pacific Pte. Ltd. (E&C)				
Singapore	Office & engineering	—	79,524	2010
Foster Wheeler Bengal Private Limited (E&C)				
Kolkata, India	Office & engineering	—	29,204	2017
Foster Wheeler Biokinetics, Inc. (E&C)				
Philadelphia, Pennsylvania	Office	—	28,660	2012
Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S. (E&C)				
Istanbul, Turkey	Office & engineering	—	25,833	2010
Foster Wheeler Chile, S.A. (E&C)				
Santiago, Chile	Office & engineering	—	16,071	2011
Foster Wheeler Energy Management (Shanghai) Company Limited (E&C and GPG)				
Shanghai, China	Office & Engineering	—	37,817	2013
Foster Wheeler France S.A. (E&C)				
Paris, France	Office & engineering	—	82,592	2011-2013
Paris, France	Warehouse	—	12,109	2013
Provence, France	Office & engineering	—	11,517	2011
Foster Wheeler India Private Limited (E&C)				
Chennai, India	Office & engineering	—	111,012	2011-2014
Kolkata, India	Office & engineering	—	74,907	2015-2016
Gurgaon, India	Office & engineering	—	35,227	2018
Foster Wheeler International Corporation -Thailand Branch (E&C)				
Sriracha, Thailand	Office & engineering	—	117,332	2010-2012
Foster Wheeler Italiana S.r.l. (E&C)				
Milan, Italy	Office & engineering	—	276,634[2]	2011-2014
Foster Wheeler Limited (England) (E&C)				
Glasgow, Scotland	Office & engineering	2.3 acres	28,798[2]	—
Reading, England	Office & engineering	14.0 acres	472,232	2011-2024
Reading, England	Investment in undeveloped land	12.0 acres	—	—
Teesside, England	Office & engineering	—	18,001	2014
Foster Wheeler Iberia, S.L.U. (E&C)				
Madrid, Spain	Office & engineering	—	118,403	2015

Company (Business Segment*) and Location	Use	Land Area	Building Square Feet	Lease Expires(1)
Foster Wheeler Properties (Pty) Limited (E&C)				
Midrand, South Africa	Office & engineering	—	55,294	2011
Foster Wheeler USA Corporation (E&C)				
Houston, Texas	Office & engineering	—	332,000	2018
McGregor, Texas	Storage facilities	15.0 acres	24,000	—
Foster Wheeler Energi Aktiebolag (GPG)				
Norrkoping, Sweden	Manufacturing & office	—	41,850	2014
Foster Wheeler Energia Oy (GPG)				
Varkaus, Finland	Manufacturing & office	22.2 acres	366,716	—
Varkaus, Finland	Office & engineering	—	100,750	2031
Foster Wheeler Energia Polska Sp. z o.o. (GPG)				
Sosnowiec, Poland	Office & engineering	—	37,222	(3)
Foster Wheeler International Trading (Shanghai) Company Limited (GPG)				
Shanghai, China	Office & engineering	—	21,031	2012
Foster Wheeler Energia, S.L. (GPG)				
Tarragona, Spain	Manufacturing & office	25.6 acres	77,794	—
Foster Wheeler Energy FAKOP Sp. z o.o. (GPG)				
Sosnowiec, Poland	Manufacturing & office	19.5 acres	302,950	2089
Foster Wheeler Power Machinery Company Limited (GPG)				
Xinhui, Guangdong, China	Manufacturing	2.6 acres	—	(3)
Xinhui, Guangdong, China	Manufacturing	3.2 acres	—	2012
Xinhui, Guangdong, China	Storage	—	97,467	2010
Xinhui, Guangdong, China	Manufacturing & office	29.2 acres	392,224	2045
Foster Wheeler Power Systems, Inc. (GPG)				
Camden, New Jersey	Waste-to-energy plant	18.0 acres	—	2015
Talcahuano, Chile	Cogeneration plant-facility site	21.0 acres	—	2035
Martinez, California	Cogeneration plant	6.4 acres	—	2020
Foster Wheeler Service (Thailand) Limited (GPG)				
Rayong, Thailand	Manufacturing & office	3.15 acres	41,915	2017

* Designation of Business Segments:
E&C - Global Engineering & Construction Group
GPG - Global Power Group
C&F - Corporate & Finance Group

(1) Represents leases in which Foster Wheeler is the lessee. Properties for which a lease expiration is not indicated are owned. Properties with date ranges represent multiple leases at the same location with lease expiration dates within the range listed.

(2) Portion or entire facility leased or subleased to third parties.

(3) Lease facilities 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 17, "Litigation and Uncertainties," to our consolidated financial statements in this annual report on Form 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On November 4, 2009, we held an extraordinary general meeting of shareholders. The voting results of the extraordinary general meeting of shareholders were as follows:

	For	Against	Abstentions	Broker Non-Votes
1. Election of Clayton C. Daley, Jr. as director.(*)	84,049,541	847,251	96,017	0

* In addition, the following directors continued to serve after the meeting: Eugene D. Atkinson, Steven J. Demetriou, Robert C. Flexon (Mr. Flexon subsequently resigned from the Board of Directors effective November 16, 2009 to become President and Chief Executive Officer of Foster Wheeler USA Corporation, an indirect subsidiary of Foster Wheeler AG), Edward G. Galante, Stephanie Hanbury-Brown, Raymond J. Milchovich, Maureen B. Tart-Bezer and James D. Woods.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As a result of the Redomestication described in Item 1, "Business — The Redomestication," on February 9, 2009 Foster Wheeler AG became the parent company of our group of companies and its registered shares were listed on the NASDAQ Global Select Market under the symbol "FWLT," the same symbol under which Foster Wheeler Ltd. common shares were previously listed. The share information below relates to sales prices of Foster Wheeler Ltd. common shares for periods prior to the Redomestication.

On January 8, 2008, the shareholders of Foster Wheeler Ltd. approved an increase in its authorized share capital at a shareholders meeting which was necessary in order to effect a two-for-one stock split of Foster Wheeler Ltd.'s common shares in the form of a stock dividend to Foster Wheeler Ltd.'s common shareholders in the ratio of one additional Foster Wheeler Ltd. common share in respect of each common share outstanding. As a result of these capital alterations, all references to common share prices, share capital, the number of shares, stock options, restricted awards, per share amounts, cash dividends, and any other reference to shares in this annual report on Form 10-K, unless otherwise noted, have been adjusted to reflect the stock split on a retroactive basis.

The following chart lists the quarterly high and low sales prices of our shares on the NASDAQ Global Select Market during our fiscal years 2009 and 2008.

	Fiscal Quarters Ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Common share prices:				
High	$28.18	$28.74	$35.82	$33.95
Low	$12.73	$17.00	$18.33	$27.47

	Fiscal Quarters Ended			
	March 28, 2008	June 27, 2008	September 26, 2008	December 26, 2008
Common share prices:				
High	$85.65	$79.97	$75.00	$36.57
Low	$46.05	$55.86	$33.10	$13.86

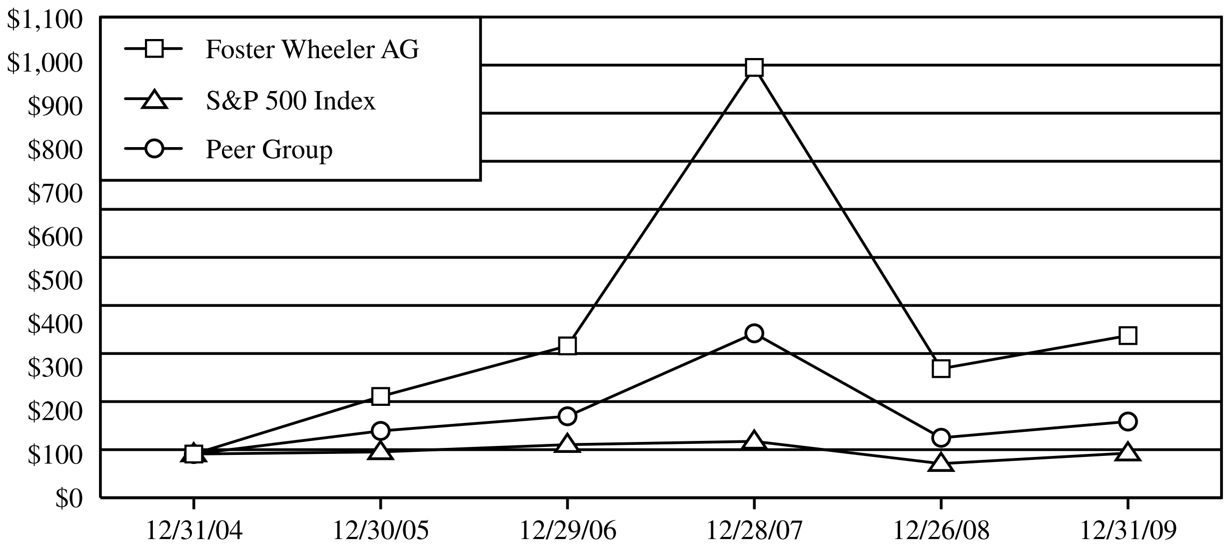
We had 2,692 shareholders of record and 127,472,783 registered shares outstanding as of February 12, 2010.

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 credit agreement contains limitations on our ability to pay cash dividends.

Performance Graph

The stock performance graph below shows how an initial investment of $100 in our shares would have compared over a five-year period with an equal investment in (1) the S&P 500 Index and (2) industry peer group index that consists of several peer companies (referred to as the "Peer Group") as defined below.

Comparison of Cumulative Total Return



In the preparation of the line graph, we used the following assumptions: (i) $100 was invested in each of our shares, the S&P 500 Index and the Peer Group on December 31, 2004, (ii) dividends, if any, were reinvested, and (iii) the investments were weighted on the basis of market capitalization.

	Fiscal Years Ended					
	December 31, 2004	December 30, 2005	December 29, 2006	December 28, 2007	December 26, 2008	December 31, 2009
Foster Wheeler AG	$100.00	$231.76	$347.45	$984.69	$295.40	$371.01
S&P 500 Index	100.00	104.91	121.48	129.04	78.02	102.11
Peer Group[1]	100.00	152.90	186.44	376.25	137.20	174.39

(1) The following companies comprise the Peer Group: Chicago Bridge & Iron Company N.V., Fluor Corporation, Jacobs Engineering Group Inc., KBR, Inc., McDermott International, Inc. and Shaw Group, Inc. The Peer Group consists of companies that were compiled by us for benchmarking the performance of our registered shares.

Issuer Purchases of Equity Securities (amounts in thousands of dollars, except share data and per share amounts)

On September 12, 2008, we announced a share repurchase program pursuant to which we were authorized to repurchase up to $750,000 of the outstanding common shares of Foster Wheeler Ltd. Prior to the completion of the Redomestication, Foster Wheeler Ltd., as sole shareholder of Foster Wheeler AG, approved a share repurchase program pursuant to which Foster Wheeler AG is authorized to repurchase up to $264,773 of its outstanding registered shares and designate the repurchased shares for cancellation. The amount authorized for repurchase of registered shares under the Foster Wheeler AG program is equal to the amount that remained available for repurchases under the Foster Wheeler Ltd. program as of February 9, 2009, the date of the completion of the Redomestication. The Foster Wheeler AG program replaces the Foster Wheeler Ltd. program, and no further repurchases will be made under the Foster Wheeler Ltd. program. As noted in the table below, there were no purchases under our share repurchase program during the fiscal fourth quarter of 2009. Additionally, there were no purchases under our share repurchase program during fiscal year 2009.

Fiscal 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, 2009 through October 31, 2009	—	$ —	—	
November 1, 2009 through November 30, 2009	—	—	—	
December 1, 2009 through December 31, 2009	—	—	—	
Total	—	$ —	—[2]	$264,773

(1) During the fiscal fourth quarter of 2009, we did not repurchase any shares in open market transactions pursuant to our share repurchase program. We are authorized to repurchase up to $264,773 of our outstanding registered shares. The Foster Wheeler AG repurchase program, which replaced the Foster Wheeler Ltd. program as of February 9, 2009 (as described above), has no expiration date and may be suspended for periods or discontinued at any time. We did not repurchase any shares through any other repurchase program.

(2) As of December 31, 2009, an aggregate of 18,098,519 Foster Wheeler Ltd. common shares were purchased for a total of $485,227 since the inception of the Foster Wheeler Ltd. repurchase program announced on September 12, 2008. No further repurchases will be made under the Foster Wheeler Ltd. program. As of December 31, 2009, no repurchases have been made since the inception of the Foster Wheeler AG repurchase program on February 9, 2009, the date of the completion of the Redomestication.

ITEM 6. SELECTED FINANCIAL DATA

FOSTER WHEELER AG
COMPARATIVE FINANCIAL STATISTICS
(amounts in thousands of dollars, except share data and per share amounts)

	Fiscal Years Ended				
	December 31, 2009	**December 26, 2008**	**December 28, 2007**	**December 29, 2006**	**December 30, 2005**
Statement of Operations Data:					
Operating revenues	$ 5,056,334	$ 6,854,290	$ 5,107,243	$ 3,495,048	$ 2,199,955
Income/(loss) before income taxes	455,120(1)	630,897(2)	535,871(4)	348,482(5)	(65,799)(6)
Provision for income taxes	93,762	97,028(3)	136,420	81,709	39,568
Net income	361,358	533,869	399,451	266,773	(105,367)
Net income attributable to noncontrolling interests	11,202	7,249	5,577	4,789	4,382
Net income/(loss) attributable to Foster Wheeler AG	$ 350,156	$ 526,620	$ 393,874	$ 261,984	$ (109,749)
Earnings/(loss) per share:					
Basic	$ 2.77	$ 3.73	$ 2.78	$ 1.82(7)	$ (1.18)
Diluted	$ 2.75	$ 3.68	$ 2.72	$ 1.72(7)	$ (1.18)
Shares outstanding:					
Weighted-average number of shares outstanding for basic earnings/(loss) per share	126,541,962	141,149,590	141,661,046	132,996,384	93,140,176
Effect of dilutive securities	632,649	1,954,440	3,087,176	8,221,592	*
Weighted-average number of shares outstanding for diluted earnings/(loss) per share	127,174,611	143,104,030	144,748,222	141,217,976	93,140,176

	As of				
	December 31, 2009	**December 26, 2008**	**December 28, 2007**	**December 29, 2006**	**December 30, 2005**
Balance Sheet Data:					
Current assets	$1,941,555	$1,790,186	$2,044,383	$1,389,628	$ 851,523
Current liabilities	1,282,004	1,488,614	1,523,773	1,247,603	997,564
Working capital	659,551	301,572	520,610	142,025	(146,041)
Land, buildings and equipment, net	398,132	383,209	337,485	302,488	258,672
Total assets	3,187,738	3,011,254	3,248,988	2,565,549	1,894,706
Long-term debt (including current installments)	212,440	217,364	205,346	202,969	315,412
Total temporary equity	2,570	7,586	2,728	983	—
Total Foster Wheeler AG shareholders' equity/(deficit)	831,517	392,562	571,041	62,727	(341,158)
Other Data:					
Unfilled orders (in terms of future revenues), end of year	$4,112,800	$5,504,400	$9,420,400	$5,431,400	$3,692,300
New orders booked (in terms of future revenues)	3,481,700	4,056,000	8,882,800	4,892,200	4,163,000

(1) Includes in fiscal year 2009: a charge of $12,400 for severance-related postemployment benefits and a net charge of $26,400 on the revaluation of our asbestos liability and related asset primarily resulting from

increased asbestos defense costs projected through fiscal year 2024 and our rolling 15-year asbestos liability estimate.

(2) Includes in fiscal year 2008: a charge of $9,000 for severance-related postemployment benefits and a net charge of $6,600 on the revaluation of our asbestos liability and related asset resulting from a charge of $42,700 primarily related to increased asbestos defense costs projected through fiscal year 2023 partially offset by a gain of $36,100 on the settlement of coverage litigation with certain asbestos insurance carriers.

(3) Includes in fiscal year 2008: a benefit of $24,100 related to the net impact of deferred tax valuation allowance adjustments at two of our non-U.S. subsidiaries.

(4) Includes in fiscal year 2007: a net gain of $6,100 on the revaluation of our asbestos liability and related asset resulting from a gain of $13,500 on the settlement of coverage litigation with certain asbestos insurance carriers partially offset by a charge of $7,400 primarily for our rolling 15-year asbestos liability estimate.

(5) Includes in fiscal year 2006: a net gain of $100,100 on the revaluation of our asbestos liability and related asset resulting from a gain of $115,700 on the settlement of coverage litigation with certain asbestos insurance carriers partially offset by a charge of $15,600 primarily for our rolling 15-year asbestos liability estimate; an aggregate charge of $15,000 in conjunction with the voluntary termination of our prior U.S. senior credit agreement; and a net charge of $12,500 in conjunction with certain debt reduction initiatives completed in April and May 2006.

(6) Includes in fiscal year 2005: a charge of $113,700 on the revaluation of our asbestos liability and related asset; credit agreement costs associated with our prior U.S. senior credit facility of $3,500; and an aggregate charge of $58,300 recorded in conjunction with the exchange offers for our trust preferred securities and our senior notes due 2011.

(7) We completed two common share purchase warrant offer transactions in January 2006. The fair value of the additional shares issued as part of the warrant offer transactions reduced net income attributable to our shareholders when calculating earnings/(loss) per share. The fair value of the additional shares issued was $19,445.

* The impact of potentially dilutive securities such as outstanding stock options, warrants to purchase shares, and the non-vested portion of restricted shares and restricted share units were not included in the calculation of diluted loss per share in loss periods due to their antidilutive effect.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (amounts in thousands of dollars, except share data and per share amounts)

The following is management's discussion and analysis of certain significant factors that have affected our financial condition and results of operations for the periods indicated below. This discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto included in this annual report on Form 10-K.

Safe Harbor Statement

This management's discussion and analysis of financial condition and results of operations, other sections of this annual report on Form 10-K and other reports and oral statements made by our representatives from time to time may contain forward-looking statements that are based on our assumptions, expectations and projections about Foster Wheeler AG and the various industries within which we operate. These include statements regarding our expectations about revenues (including as expressed by our backlog), our liquidity, the outcome of litigation and legal proceedings and recoveries from customers for claims, and the costs of current and future asbestos claims and the amount and timing of related insurance recoveries. Such forward-looking statements by their nature involve a degree of risk and uncertainty. We caution that a variety of factors, including but not limited to the factors described in Item 1A, "Risk Factors" and the following, could cause business conditions and our results to differ materially from what is contained in forward-looking statements:

- benefits, effects or results of our redomestication or the relocation of our principal executive offices to Geneva, Switzerland;
- further deterioration in the economic conditions in the United States and other major international economies;
- changes in investment by the oil and gas, oil refining, chemical/petrochemical and power generation industries;
- changes in the financial condition of our customers;
- changes in regulatory environments;
- changes in project design or schedules;
- contract cancellations;
- changes in our estimates of costs to complete projects;
- changes in trade, monetary and fiscal policies worldwide;
- compliance with laws and regulations relating to our global operations;
- currency fluctuations;
- war and/or terrorist attacks on 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 competition by non-U.S. and U.S. companies;
- 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 identified 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 differ materially from those projected. Most of these factors are difficult 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 financial condition and results of operations contains several statements regarding current and future general global economic conditions. These 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 difficult to analyze and predict and are subject to significant uncertainty and as a result, these statements may prove to be wrong. The 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 filed 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, in the Corporate and Finance Group, which we refer to as the C&F Group.

Since fiscal year 2007, 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.

During fiscal year 2008, we acquired a U.S.-based biopharmaceutical engineering company as part of our strategy to enhance our positioning in the pharmaceutical marketplace, especially in the U.S., and we acquired the majority of the assets and work force of an engineering design company, with an engineering center in Kolkata, India, which provides engineering services to the petrochemical, refining, upstream oil and gas and power industries. Both of these acquisitions have been integrated within our Global E&C Group.

During fiscal year 2009, we acquired substantially all of the assets of the offshore engineering division of OPE Holdings Ltd., a Canadian company that is listed on the TSX Venture Exchange and which we refer to as OPE, and we acquired substantially all of the assets of the Houston operations of Atlas Engineering, Inc., a privately held company, which is active in upstream oil and gas engineering services. Both of these acquisitions expand our Global E&C Group's upstream oil and gas engineering services capabilities. We are also exploring acquisitions within the power generation industry to complement our Global Power Group product offering. However, there is no assurance that we will consummate acquisitions in the future.

At a special court-ordered meeting of common shareholders held on January 27, 2009, the common shareholders of Foster Wheeler Ltd. approved a scheme of arrangement under Bermuda law. On February 9, 2009, after receipt of the approval of the scheme of arrangement by the Supreme Court of Bermuda and the satisfaction of certain other conditions, the transactions contemplated by the scheme of arrangement were effected. Pursuant to the scheme of arrangement, among other things, all previously outstanding whole common shares of Foster Wheeler Ltd. were cancelled and 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.

The steps of the scheme of arrangement together with certain related transactions, which are collectively referred to as the "Redomestication," effectively changed our place of incorporation from Bermuda to the Canton of Zug, Switzerland. Please refer to Item 1, "Business — Redomestication," and to Note 19 to the consolidated financial statements in this annual report on Form 10-K for further information related to the Redomestication.

Fiscal Year 2009 Results

Our summary financial results for fiscal years 2009, 2008 and 2007 are as follows:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Operating revenues[1]	$5,056,334	$6,854,290	$5,107,243
Contract profit[1]	758,647	895,646	744,321
Selling, general and administrative expenses[1]	294,907	283,883	246,237
Net income attributable to Foster Wheeler AG	$ 350,156	$ 526,620	$ 393,874
Earnings per share :			
Basic	$ 2.77	$ 3.73	$ 2.78
Diluted	$ 2.75	$ 3.68	$ 2.72
Cash and cash equivalents[2]	$ 997,158	$ 773,163	$1,048,544
Net cash provided by operating activities[2]	$ 290,615	$ 428,926	$ 428,315

(1) Please refer to the section entitled "— Results of Operations" below for further discussion.

(2) Please refer to the section entitled "— Liquidity and Capital Resources" below for further discussion.

Net income attributable to Foster Wheeler AG decreased in fiscal year 2009, as compared to fiscal year 2008, primarily driven by decreased contract profit, decreased interest income, increased net asbestos-related provision, increased selling, general and administrative expenses primarily driven by increased costs related to our U.S. pension plans, which are frozen to new entrants and additional benefit accruals, and an increase in our effective tax rate.

Net income attributable to Foster Wheeler AG increased in fiscal year 2008, as compared to fiscal year 2007, primarily driven by increased contract profit and a decrease in our effective tax rate, which were partially offset by increased selling, general and administrative expenses and a gain in fiscal year 2007 on the settlement of coverage litigation with certain asbestos insurance carriers.

Please refer to the section entitled "— Results of Operations" below for further discussion of the above noted drivers that impacted net income attributable to Foster Wheeler AG.

Challenges and Drivers

Our primary operating focus continues to be booking quality new business and executing our contracts well. The global markets in which we operate are largely dependent on overall economic growth and the resultant demand for oil and gas, electric power, petrochemicals and refined products.

In our Global E&C business, we expect long-term demand to be strong for the end products produced by our clients, and to continue to stimulate investment by our clients in new and expanded plants. Notwithstanding the foregoing, the current weakness in the global economy has caused many of our E&C clients to reevaluate the size, timing and scope of their capital spending plans in relation to the kinds of energy and petrochemical projects that we serve. These factors may continue into fiscal year 2010. The challenges and drivers for our Global E&C Group are discussed in more detail in the section entitled "— Results of Operations-Business Segments-Global E&C Group-Overview of Segment," within this Item 7. Attracting and retaining qualified technical personnel to execute the existing backlog of unfilled orders and future bookings continues to be a management priority. Equally important is ensuring that we maintain an appropriate management infrastructure to integrate and manage the technical personnel.

In our Global Power Group business, new order activity has been unfavorably affected by several trends which began in fiscal year 2008, continued during fiscal year 2009 and which may continue in the future. These trends include weakness in the global economy and its impact on the near-term growth in demand for electricity, political and environmental sensitivity regarding coal-fired steam generators and the depressed level of natural gas pricing experienced in fiscal years 2008 and 2009, which increased the attractiveness of that fuel, in relation to coal, for the generation of electricity. The challenges and drivers for our Global Power Group are discussed in more detail in the section entitled "— Results of Operations-Business Segments-Global Power Group-Overview of Segment," within this Item 7.

New Orders and Backlog of Unfilled Orders:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
New orders, measured in future revenues	$3,481,700	$4,056,000	$8,882,800

	As of	
	December 31, 2009	December 26, 2008
Backlog of unfilled orders, measured in future revenues	$4,112,800	$5,504,400
Backlog, measured in Foster Wheeler scope*	$2,068,600	$2,539,300
E&C man-hours in backlog (in thousands)	12,700	12,600

* As defined in the section entitled "— Backlog and New Orders" within this Item 7.

Our Global E&C Group's new orders, measured in future revenues, increased to $2,870,700 in fiscal year 2009, as compared to $2,707,500 in fiscal year 2008. These new orders are inclusive of flow-through revenues, as defined below, of $895,500 and $604,600 for fiscal years 2009 and 2008, respectively.

Our Global Power Group's new orders decreased to $611,000 in fiscal year 2009, as compared to $1,348,500 in fiscal year 2008. Our new orders in fiscal year 2009 were impacted by the continuation of delays and cancellations of prospective projects occurring in the power markets that we serve.

The challenges and drivers for our Global E&C Group and our Global Power Group are discussed in more detail in the section entitled "— Business Segments," within this Item 7.

Results of Operations:

Operating Revenues:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$ 5,056,334	$6,854,290	$5,107,243
$ Change	(1,797,956)	1,747,047	
% Change	(26.2)%	34.2%	

The composition of our operating revenues varies from period to period based on the portfolio of contracts in execution during any given period. Our operating revenues are therefore dependent on our portfolio of contracts, the strength of the various geographic markets and industries we serve and our ability to address those markets and industries.

The geographic dispersion of our consolidated operating revenues for fiscal years 2009, 2008 and 2007 based upon where our projects are being executed, were as follows:

	2009	2008	2009 vs 2008 $ Change	2009 vs 2008 % Change	2007	2008 vs 2007 $ Change	2008 vs 2007 % Change
Asia	$1,407,313	$1,575,383	$ (168,070)	(11)%	$ 964,006	$ 611,377	63%
Australasia and other*	1,336,509	1,745,039	(408,530)	(23)%	709,073	1,035,966	146%
Europe	1,040,179	1,451,670	(411,491)	(28)%	1,329,971	121,699	9%
Middle East	395,225	858,592	(463,367)	(54)%	1,006,287	(147,695)	(15)%
North America	654,728	1,056,209	(401,481)	(38)%	957,294	98,915	10%
South America	222,380	167,397	54,983	33%	140,612	26,785	19%
Total	$5,056,334	$6,854,290	$(1,797,956)	(26)%	$5,107,243	$1,747,047	34%

* Australasia and other primarily represents Australia, South Africa, New Zealand and the Pacific islands.

Fiscal Year 2009 vs. Fiscal Year 2008

The decrease in operating revenues compared to fiscal year 2008 was driven by decreased flow-through revenues (described below), decreased volume of business and a net decrease due to foreign currency fluctuations relative to the U.S. dollar, primarily driven by the British pound and Euro. Our consolidated operating revenues decreased approximately 20% excluding the impact of the change in flow-through revenues and foreign currency fluctuations when compared to fiscal year 2008.

Our Global E&C Group, which designs, engineers and constructs onshore and offshore upstream oil and gas processing facilities, natural gas liquefaction facilities and receiving terminals, gas-to-liquids facilities, oil refining, chemical and petrochemical, pharmaceutical and biotechnology facilities and related infrastructure, including power generation and distribution facilities, and gasification facilities, experienced a decrease in operating revenues of $1,107,100 compared to fiscal year 2008, which represented 62% of the decrease in our consolidated operating revenue. Our Global E&C Group's operating revenues in fiscal year 2009 included $2,129,100 of flow-through revenues. Flow-through revenues decreased by $785,000 compared to fiscal year 2008, representing 71% of the decrease in our Global E&C Group's operating revenues and 44% of the decrease in consolidated operating revenues. Flow-through revenues and costs result when we purchase materials, equipment or third-party services on behalf of our customer on a reimbursable basis with no profit on the materials, equipment or third-party services and where we have the overall responsibility as the contractor for the engineering specifications and procurement or procurement services for the materials, equipment or third-party services included in flow-through costs. Flow-through revenues and costs do not impact contract profit or net earnings.

Our Global E&C Group's operating revenues decreased approximately 6% excluding the impact of the change in flow-through revenues and foreign currency fluctuations when compared to fiscal year 2008. Please refer to the section entitled, "— Business Segments," within this Item 7, for a discussion of our view of the market outlook for our Global E&C Group.

Our Global Power Group, which predominantly serves the power generation industry, experienced a decrease in operating revenues of $690,800 compared to fiscal year 2008, which represented 38% of the decrease in our consolidated operating revenue. Our Global Power Group's operating revenues decreased approximately 37% excluding the impact of the change in flow-through revenues and foreign currency fluctuations when compared to fiscal year 2008. Please refer to the section entitled "— Business Segments," within this Item 7, for further information.

Fiscal Year 2008 vs. Fiscal Year 2007

The increase in operating revenues, compared to fiscal year 2007, was driven by our Global E&C Group, which experienced an operating revenue increase of $1,466,000, representing 84% of the consolidated operating revenue increase. The increase was the result of increases in operating revenues in the oil and gas, petrochemical and refining industries. In fiscal year 2008, our Global E&C Group operating revenues from these three industries increased by $1,622,500 while operating revenues from the other industries we serve declined by $156,500.

Our Global E&C Group's operating revenues in fiscal year 2008 included $2,914,100 of flow-through revenues. Flow-through revenues increased by $1,377,000 compared to fiscal year 2007, representing 94% of the increase in our Global E&C Group's operating revenues and 79% of the increase in consolidated operating revenues.

Our Global Power Group contributed $281,100, or 16%, to the increase in consolidated operating revenues in fiscal year 2008. The increase in operating revenues in our Global Power Group was primarily attributable to the execution of projects located in Europe, North America and South America.

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

Contract Profit:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$ 758,647	$895,646	$744,321
$ Change	(136,999)	151,325	
% Change	(15.3)%	20.3%	

Contract profit 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 profit. Contract profit margins are computed as contract profit divided by operating revenues. Flow-through revenues reduce the contract profit margin as they are included in operating revenues without any corresponding impact on contract profit. As a result, we analyze our contract profit margins excluding the impact of flow-through revenues as we believe that this is a more accurate measure of our operating performance.

Fiscal Year 2009 vs. Fiscal Year 2008

Both our Global E&C Group and our Global Power Group experienced decreased contract profit which was mainly attributable to the net impact of the below items. Additionally, contract profit decreased approximately $56,700 due to foreign currency fluctuations relative to the U.S. dollar, primarily driven by the British pound, Euro and Polish Zloty.

Our Global E&C Group:

- Decreased volume of operating revenues, excluding the impact of the change in flow-through revenues as described above, while contract profit margins remained unchanged excluding the below noted severance-related postemployment benefits charge.
- A $7,800 decrease in contract profit in fiscal year 2009 for a severance-related postemployment benefits charge.

Our Global Power Group:

- Decreased volume of operating revenues, significantly offset by increased contract profit margins. Additionally, contract profit margins increased excluding the impact of the items noted below which occurred during fiscal year 2008.

- A \$7,500 increase in contract profit in fiscal year 2008 for a commitment fee received for a contract that our Global Power Group was not awarded.
- A \$6,700 decrease in contract profit in fiscal year 2008 for a legacy project in Ireland. Please refer to Note 17 to the consolidated financial statements in this annual report on Form 10-K for further information.
- A \$6,600 decrease in contract profit in fiscal year 2008 for a severance-related postemployment benefits charge.

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

Fiscal Year 2008 vs. Fiscal Year 2007

Both our Global E&C Group and our Global Power Group experienced increased contract profit which was mainly attributable to the net impact of the below items.

Our Global E&C Group:

Increased volume of operating revenues and increased contract profit margins, excluding the impact on contract profit margins of flow-through revenues.

Our Global Power Group:

Increased volume of operating revenues and markedly increased contract profit margins, excluding the net impact of the items noted below:

- A \$7,500 increase in contract profit in fiscal year 2008 for a commitment fee received for a contract that our Global Power Group was not awarded.
- The decreases to contract profit for charges of \$6,700 and \$30,000 in fiscal years 2008 and 2007, respectively, on a legacy project in Ireland. Please refer to Note 17 to the consolidated financial statements in this annual report on Form 10-K for further information.
- A \$6,600 decrease in contract profit in fiscal year 2008 for a severance-related postemployment benefits charge.
- A \$9,600 increase in contract profit in fiscal year 2007 for a gain related to the favorable resolution of project claims in our Global Power Group.

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

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

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	\$294,907	\$283,883	\$246,237
\$ Change	11,024	37,646	
% Change	3.9%	15.3%	

SG&A expenses include the costs associated with general management, sales pursuit, including proposal expenses, and research and development costs.

Fiscal Year 2009 vs. Fiscal Year 2008

The increase in SG&A expenses resulted from an increase in pension costs of \$11,900 related to our U.S. pension plans, which are frozen to new entrants and additional benefit accruals, an increase in sales pursuit costs of \$3,300 and an increase in our charge for severance-related postemployment benefits of \$2,500, while research and development costs were relatively unchanged and general overhead costs decreased by

$6,200, excluding the above noted pension and severance-related postemployment benefit changes. During fiscal year 2009 our severance-related postemployment benefits charge was $4,600, which included charges in our Global E&C Group and our C&F Group of $900 and $3,700, respectively.

Fiscal Year 2008 vs. Fiscal Year 2007

The increase in SG&A expenses resulted from increases in sales pursuit costs of $17,200, general overhead costs of $17,700, research and development costs of $700 and severance-related postemployment benefits in our Global Power Group of $2,100. The increase in general overhead costs was primarily attributable to the increased volume of business in fiscal year 2008, which drove an increase in the number of non-technical support staff and related costs. The general overhead costs increase also included charges related to the settlement of pension obligations for certain former employees of $900. Please refer to Note 7 to the consolidated financial statements included in this annual report on Form 10-K for further information.

Other Income, net:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$52,263	$53,001	$61,410
$ Change	(738)	(8,409)	
% Change	(1.4)%	(13.7)%	

Fiscal Year 2009

Other income, net in fiscal year 2009 consisted primarily of $34,500 in equity earnings generated from our investments, primarily from our ownership interests in build, own and operate projects in Italy and Chile (as described further in Note 5 to the consolidated financial statements in this annual report on Form 10-K) and a $9,900 gain recognized at our Camden, New Jersey waste-to-energy facility from the State of New Jersey's payment on the project's debt. The slight decrease in other income, net in fiscal year 2009, compared to fiscal year 2008, resulted primarily from the net impact of the following:

- An increase in equity earnings of $6,300 in our Global E&C Group's projects in Italy, which included the impact of the following:
  - A $1,600 increase in equity earnings in fiscal year 2009 related to a new project which commenced operations at the end of fiscal year 2008.
  - A $4,900 decrease in equity earnings in fiscal year 2008 related to a change in tax rates to those projects for periods prior to fiscal year 2008.
- A decrease in equity earnings in our Global Power Group's project in Chile of $5,300 which was primarily due to a decrease in the average electric tariff rates when compared to the average electric tariff rates in effect during fiscal year 2008.
- A $1,700 gain from an insurance settlement in fiscal year 2008.

Fiscal Year 2008

Other income, net in fiscal year 2008 consisted primarily of $33,400 in equity earnings generated from our investments, primarily from projects in Italy and Chile (as described above and further in Note 5 to the consolidated financial statements in this annual report on Form 10-K), a $9,600 gain recognized at our Camden, New Jersey waste-to-energy facility from the State of New Jersey's payment on the project's debt and a $1,700 gain from an insurance settlement. The decrease in other income, net in fiscal year 2008, compared to fiscal year 2007, resulted primarily from the net impact of the following:

- A $6,600 equity earnings decrease in our Global E&C Group's projects in Italy compared to fiscal year 2007. Fiscal year 2008 equity earnings were impacted by a $4,900 decrease related to a change in the tax rates to those projects for periods prior to fiscal year 2008.
- An increase in equity earnings in our Global Power Group's project in Chile of $4,100 which was primarily due to an increase in the average electric tariff rates when compared to the average electric tariff rates in effect during fiscal year 2007.
- A $6,600 gain on a real estate investment in fiscal year 2007.

Fiscal Year 2007

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

Other Deductions, net:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$ 30,931	$54,382	$45,540
$ Change	(23,451)	8,842	
% Change	(43.1)%	19.4%	

Fiscal Year 2009

Other deductions, net in fiscal year 2009 consisted primarily of $16,400 of legal fees, $4,000 of consulting fees, $3,900 of bank fees, $2,500 in net penalties on unrecognized tax benefits, which were net of previously accrued tax penalties that were ultimately not assessed, a $800 provision for dispute resolution and environmental remediation cost and a $800 loss on sale of fixed assets, partially offset by $1,000 of net foreign exchange gains. Net foreign exchange gains include the net amount of transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency of our subsidiaries.

Fiscal Year 2008

Other deductions, net in fiscal year 2008 consisted primarily of $23,100 of legal fees, $16,500 of net foreign exchange losses, $4,300 of bank fees, a $4,200 provision for dispute resolution and environmental remediation costs, $1,500 of consulting fees and $1,400 of fees related to our Redomestication (see "— Overview" above for an additional discussion of our Redomestication), partially offset by a net $2,400 decrease in penalties on unrecognized tax benefits, which included $5,000 of previously accrued tax penalties that were ultimately not assessed. Fiscal year 2008 net foreign exchange losses primarily resulted from the sharp decline in the value of the British pound relative to the U.S. dollar.

Fiscal Year 2007

Other deductions, net in fiscal year 2007 consisted primarily of $20,500 of legal fees, a $10,100 provision for dispute resolution and environmental remediation costs, $3,600 of bank fees, $2,600 of net foreign exchange losses, $1,500 of accrued tax penalties on unrecognized tax benefits and $800 of consulting fees.

Interest Income:

	Fiscal Years Ended		
	December 31, 2009	**December 26, 2008**	**December 28, 2007**
Amount	$ 10,535	$44,743	$35,627
$ Change	(34,208)	9,116	
% Change	(76.5)%	25.6%	

Fiscal Year 2009 vs. Fiscal Year 2008

The decrease in interest income, compared to fiscal year 2008, was driven primarily by lower interest rates and investment yields and, to a lesser extent, the impact of lower average cash and cash equivalents balances during fiscal year 2009, when compared to fiscal year 2008.

Fiscal Year 2008 vs. Fiscal Year 2007

The increase in interest income in fiscal year 2008, as compared to fiscal year 2007, was driven primarily by higher average cash and cash equivalents balances, partially offset by lower interest rates and investment yields.

Interest Expense:

	Fiscal Years Ended		
	December 31, 2009	**December 26, 2008**	**December 28, 2007**
Amount	$14,122	$17,621	$19,855
$ Change	(3,499)	(2,234)	
% Change	(19.9)%	(11.3)%	

Fiscal Year 2009 vs. Fiscal Year 2008

The decrease in interest expense primarily resulted from $5,100 of previously accrued interest expense on unrecognized tax benefits that were ultimately not assessed and a decrease in the average outstanding balance of special-purpose limited recourse project debt ("project debt"), which was net of increased FW Power S.r.l. project debt for the construction of electric power generating wind farm projects in Italy.

Fiscal Year 2008 vs. Fiscal Year 2007

The decrease in interest expense primarily resulted from decreased average outstanding project debt. The decrease in our average outstanding project debt includes the acquisition of our Robbins 1999C bonds in October 2008 (please refer to Note 6 to the consolidated financial statements in this annual report on Form 10-K for more information), partially offset by increased FW Power S.r.l. project debt for the construction of electric power generating wind farm projects in Italy.

Please refer to Note 6 to the consolidated financial statements in this annual report on Form 10-K for a detailed listing of the outstanding balances under our project debt.

Net Asbestos-Related Provision/(Gain):

	Fiscal Years Ended		
	December 31, 2009	**December 26, 2008**	**December 28, 2007**
Amount	$26,365	$ 6,607	$(6,145)
$ Change	19,758	12,752	
% Change	299.0%	N/M	

Fiscal Year 2009

In fiscal year 2009, we incurred a net charge of $26,400 on the revaluation of our asbestos liability and related asset primarily resulting from increased asbestos defense costs projected through fiscal year 2024 and our rolling 15-year asbestos liability estimate.

Fiscal Year 2008

In fiscal year 2008, we incurred a net charge of $6,600 on the revaluation of our asbestos liability and related asset resulting from a charge of $42,700, primarily related to increased asbestos defense costs projected through fiscal year 2023, partially offset by a gain of $36,100 on the settlement of coverage litigation with certain asbestos insurance carriers.

Fiscal Year 2007

In fiscal year 2007, we incurred a net gain of $6,100 on the revaluation of our asbestos liability and related asset resulting from a gain of $13,500 on the settlement of coverage litigation with certain asbestos insurance carriers partially offset by a charge of $7,400 primarily for our rolling 15-year asbestos liability estimate.

Please refer to Note 17 to the consolidated financial statements in this annual report on Form 10-K for more information.

Provision for Income Taxes:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$93,762	$ 97,028	$136,420
$ Change	(3,266)	(39,392)	
% Change	(3.4)%	(28.9)%	
Effective Tax Rate	20.6%	15.4%	25.5%

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.

Fiscal Year 2009

Our effective tax rate for fiscal year 2009 was lower than the U.S. statutory rate of 35% due principally to the net impact of income earned in tax jurisdictions with tax rates lower than the U.S. statutory rate, which contributed to an approximate 15-percentage point reduction in the effective tax rate for fiscal year 2009.

Fiscal Year 2008

Our effective tax rate for fiscal year 2008 was lower than the U.S. statutory rate of 35% due principally to the impact of the following:

- Income earned in tax jurisdictions with tax rates lower than the U.S. statutory rate, which contributed to an approximate 14-percentage point reduction in the effective tax rate for fiscal year 2008; and
- A valuation allowance decrease which consisted of a reversal of our valuation allowance on deferred tax assets in one of our non-U.S. subsidiaries and a decrease in our valuation allowance because we recognized earnings in jurisdictions where we had a full valuation allowance.

These factors which reduced the effective tax rate were partially offset by the establishment of a valuation allowance on deferred tax assets in another of our non-U.S. subsidiaries and our inability to recognize a tax benefit for losses subject to valuation allowance in certain other jurisdictions and other permanent differences. Total changes in our valuation allowance contributed to an approximate six-percentage point reduction in the effective tax rate for fiscal year 2008.

Fiscal Year 2007

Our effective tax rate for fiscal year 2007 was lower than the U.S. statutory rate of 35% due principally to the impact of the following:

- Income earned in tax jurisdictions with tax rates lower than the U.S. statutory rate, which contributed to an approximate ten-percentage point reduction in the effective tax rate for fiscal year 2007; and
- A valuation allowance decrease which contributed to an approximate two-percentage point reduction in the effective tax rate for fiscal year 2007. A decrease in our valuation allowance occurred in the fiscal year 2007 because we recognized earnings in jurisdictions where we had a full valuation allowance.

These variances were partially offset by losses in certain other jurisdictions for which no benefit is recognized (a valuation allowance is established) and other permanent differences.

We monitor the jurisdictions for which valuation allowances against deferred tax assets were established in previous years, and we evaluate, on a quarterly basis, the need for the valuation allowances against deferred tax assets in those jurisdictions. Such evaluation includes a review of all available evidence, both positive and negative, in determining whether a valuation allowance is necessary.

For statutory purposes, the majority of the U.S. federal tax benefits, against which valuation allowances have been established, do not expire until fiscal year 2025 and beyond, based on current tax laws.

Net Income Attributable to Noncontrolling Interests:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$11,202	$7,249	$5,577
$ Change	3,953	1,672	
% Change	54.5%	30.0%	

Net income attributable to noncontrolling interests represents third-party ownership interests in the results of our Global Power Group's Martinez, California gas-fired cogeneration subsidiary and our manufacturing subsidiaries in Poland and the People's Republic of China as well as our Global E&C Group's subsidiary in South Africa. The change in net income attributable to noncontrolling interests is based upon changes in the underlying earnings of these subsidiaries and/or changes in noncontrolling interests' ownership interest in the subsidiaries.

Fiscal Year 2009 vs. Fiscal Year 2008

The increase in net income attributable to noncontrolling interests, compared to fiscal year 2008, primarily resulted from increases of $2,300 from our operations in South Africa and $800 due to increased earnings from our operations in Martinez, California.

Fiscal Year 2008 vs. Fiscal Year 2007

The increase in net income attributable to noncontrolling interests, compared to fiscal year 2007, primarily resulted from a reallocation of income between us and the noncontrolling interest partner in our operations in Martinez, California, partially offset by decreased earnings from our operations in Martinez, California mainly driven by higher natural gas pricing with an incremental benefit from increased electricity sales.

EBITDA:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$ 503,799	$686,067	$591,840
$ Change	(182,268)	94,227	
% Change	(26.6)%	15.9%	

Fiscal Year 2009 vs. Fiscal Year 2008

The decrease in EBITDA primarily resulted from decreased contract profit of $80,300, excluding foreign currency fluctuations, a net decrease in EBITDA of approximately $51,800 due to foreign currency fluctuations relative to the U.S. dollar, primarily driven by the British pound, Euro and Polish Zloty, compared to fiscal year 2008, decreased interest income of $34,200 and increased net asbestos-related provision of $19,800, increased SG&A expenses of $11,000 primarily driven by increased costs related to our U.S. pension plans, which are frozen to new entrants and additional benefit accruals. Please refer to the preceding discussion of each of these items within this "— Results of Operations" section.

Fiscal Year 2008 vs. Fiscal Year 2007

The increase in EBITDA primarily resulted from increased contract profit of $151,300, partially offset by increased SG&A expenses of $37,600, a $16,500 net loss on the settlement of transactions denominated in foreign currencies, primarily driven by the sharp decline in the British pound, and the $12,700 net impact related to a net asbestos-related provision in fiscal year 2008 compared to a net asbestos-related gain in fiscal year 2007. Please refer to the preceding discussion of each of these items within this "— Results of Operations" section.

See the individual segment explanations below for additional details.

EBITDA is a supplemental financial measure not defined in generally accepted accounting principles, or GAAP. We define EBITDA as income attributable to Foster Wheeler AG before interest expense, income taxes, depreciation and amortization. We have presented EBITDA because we believe it is an important supplemental measure of operating performance. Certain covenants under our current and prior senior credit agreements 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 current and prior senior credit agreements. We believe that the line item on the 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 us, 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 our ability to fund our 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. Our non-GAAP performance measure, EBITDA, has certain material limitations as follows:

- It does not include interest expense. Because we have borrowed money to finance some of our operations, interest is a necessary and ongoing part of our costs and has assisted us 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 our operations, any measure that excludes taxes has material limitations; and
- It does not include depreciation and amortization. Because we must utilize property, plant and equipment and intangible assets in order to generate revenues in our operations, depreciation and amortization are necessary and ongoing costs of our operations. Therefore, any measure that excludes depreciation and amortization has material limitations.

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

	Total	Global E&C Group	Global Power Group	C&F Group(1)
Fiscal Year Ended December 31, 2009				
EBITDA(2)	$503,799	$421,186	$194,027	$(111,414)
Less: Interest expense	14,122			
Less: Depreciation and amortization	45,759			
Less: Provision for income taxes	93,762			
Net income attributable to Foster Wheeler AG	$350,156			
Fiscal Year Ended December 26, 2008				
EBITDA(3)	$686,067	$535,602	$239,508	$ (89,043)
Less: Interest expense	17,621			
Less: Depreciation and amortization	44,798			
Less: Provision for income taxes	97,028			
Net income attributable to Foster Wheeler AG	$526,620			
Fiscal Year Ended December 28, 2007				
EBITDA(4)	$591,840	$505,647	$139,177	$ (52,984)
Less: Interest expense	19,855			
Less: Depreciation and amortization	41,691			
Less: Provision for income taxes	136,420			
Net income attributable to Foster Wheeler AG	$393,874			

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

(2) Includes in fiscal year 2009: increased contract profit of $69,000 from the regular revaluation of final estimated contract profit*: $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 primarily resulting from increased asbestos defense costs projected through fiscal year 2024 and our rolling 15-year asbestos liability estimate.

(3) Includes in fiscal year 2008: increased/(decreased) contract profit of $26,700 from the regular revaluation of final estimated contract profit*: $46,300 in our Global E&C Group and $(19,600) in our Global Power Group; a charge of $9,000 in our Global Power Group primarily for severance-related postemployment benefits; and a net charge of $6,600 in our C&F Group on the revaluation of our asbestos liability and related asset resulting from a charge of $42,700, primarily related to increased asbestos defense costs projected through fiscal year 2023, partially offset by a gain of $36,100 on the settlement of coverage litigation with certain asbestos insurance carriers.

(4) Includes in fiscal year 2007: increased/(decreased) contract profit of $35,100 from the regular revaluation of final estimated contract profit*: $54,500 in our Global E&C Group and $(19,400) in our Global Power Group; and a net gain of $6,100 in our C&F Group on the revaluation of our asbestos liability and related asset resulting from a gain of $13,500 on the settlement of coverage litigation with certain asbestos insurance carriers partially offset by a charge of $7,400 primarily for our rolling 15-year asbestos liability estimate.

* 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.

The accounting policies of our business segments are the same as those described in our summary of significant accounting policies. The only significant 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.

Business Segments

EBITDA, as discussed and defined above, is the primary measure of operating performance used by our chief operating decision maker.

Global E&C Group

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Operating revenues	$ 4,040,082	$5,147,227	$3,681,259
$ Change	(1,107,145)	1,465,968	
% Change	(21.5)%	39.8%	
EBITDA	$ 421,186	$ 535,602	$ 505,647
$ Change	(114,416)	29,955	
% Change	(21.4)%	5.9%	

Results

The geographic dispersion of our Global E&C Group's operating revenues for fiscal years 2009, 2008 and 2007, based upon where our projects are being executed, were as follows:

			2009 vs 2008			2008 vs 2007	
	2009	2008	$ Change	% Change	2007	$ Change	% Change
Asia	$1,301,173	$1,398,295	$ (97,122)	(7)%	$ 800,110	$ 598,185	75%
Australasia and other*	1,332,184	1,731,781	(399,597)	(23)%	704,121	1,027,660	146%
Europe	601,553	847,788	(246,235)	(29)%	851,961	(4,173)	(0)%
Middle East	393,052	857,944	(464,892)	(54)%	1,001,193	(143,249)	(14)%
North America	283,622	276,796	6,826	2%	253,952	22,844	9%
South America	128,498	34,623	93,875	271%	69,922	(35,299)	(50)%
Total	$4,040,082	$5,147,227	$(1,107,145)	(22)%	$3,681,259	$1,465,968	40%

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

Please refer to the section entitled, "— Overview of Segment" below for our view of the market outlook for Global E&C Group.

Fiscal Year 2009 vs. Fiscal Year 2008

Our Global E&C experienced a decrease in operating revenues of $1,107,100, which represented 62% of the decrease in our consolidated operating revenues. Our Global E&C Group's operating revenues in fiscal year 2009 included $2,129,100 of flow-through revenues. Flow-through revenues decreased by $785,000, representing 71% of the decrease in our Global E&C Group's operating revenues. Our Global E&C Group's operating revenues decreased approximately 6%, excluding the impact of the change in flow-through revenues and foreign currency fluctuations when compared to fiscal year 2008.

The decrease in our Global E&C Group's EBITDA resulted primarily from the net impact of the following:

- Decreased contract profit mainly attributable to the impact of the following:
  - Decreased volume of operating revenues, excluding the impact of the change in flow-through revenues as described above, while contract profit margins remained unchanged excluding the below noted severance-related postemployment benefits charge.
  - A $7,800 decrease in contract profit in fiscal year 2009 for a severance-related postemployment benefits charge, described below.
- A severance-related postemployment benefits charge of $8,700 in fiscal year 2009. The severance charge results from our efforts to right-size our Global E&C operations to match anticipated market conditions in fiscal year 2010 and to balance our workforce to match the geographic mix of our work to be performed, which included a workforce reduction in our U.K. operations, partially offset by workforce increases in our South Africa and India operations. The severance-related postemployment benefits charge in fiscal year 2009 decreased contract profit by $7,800 (noted above) and increased selling, general and administrative expenses by $900.
- A net decrease in EBITDA of approximately $44,500 due to foreign currency fluctuations relative to the U.S. dollar, primarily driven by the British pound and Euro, compared to fiscal year 2008.

These decreases were partially offset by the following:

- A $6,300 equity earnings increase in our Global E&C Group's projects in Italy compared to fiscal year 2008. Fiscal year 2009 equity earnings increased by $1,600 related to a new project which commenced operations at the end of fiscal year 2008. Fiscal year 2008 equity earnings were decreased by $4,900 related to a change in the tax rates to those projects for periods prior to fiscal year 2008.
- A net loss on the settlement of transactions denominated in foreign currencies in fiscal year 2008 of approximately $14,800, primarily driven by the sharp decline in the British pound.
- A $2,200 impairment charge in our Global E&C Group in fiscal year 2008 related to an investment in a power project development in Italy.

Fiscal Year 2008 vs. Fiscal Year 2007

Our Global E&C Group's operating revenues in fiscal year 2008 included $2,914,100 of flow-through revenues. Flow-through revenues increased by $1,377,000 compared to fiscal year 2007, representing 94% of the increase in our Global E&C Group's operating revenues.

The increase in our Global E&C Group's EBITDA compared to fiscal year 2007, resulted primarily from the net impact of the following:

- Increased contract profit mainly attributable to increased volume of operating revenues and increased contract profit margins, excluding the impact on contract profit margins of flow-through revenues.

Please refer to the section entitled "— Contract Profit" above for further discussion on contract profit and contract profit margins.

- A net loss on the settlement of transactions denominated in foreign currencies in fiscal year 2008 of approximately $14,800, primarily driven by the sharp decline in the British pound.

- A $6,600 equity earnings decrease in our Global E&C Group's projects in Italy compared to fiscal year 2007. Fiscal year 2008 equity earnings were decreased by $4,900 related to a change in the tax rates to those projects for periods prior to fiscal year 2008.

- A $2,200 impairment charge in our Global E&C Group in fiscal year 2008 related to an investment in a power project development in Italy.

Overview of Segment

Our Global E&C Group, which operates worldwide, designs, engineers and constructs onshore and offshore upstream oil and gas processing facilities, natural gas liquefaction facilities and receiving terminals, gas-to-liquids facilities, oil refining, chemical and petrochemical, pharmaceutical and biotechnology facilities and related infrastructure, including power generation and distribution facilities, and gasification facilities. Our Global E&C Group is also involved in the design of facilities in new or developing market sectors, including carbon capture and storage, solid fuel-fired integrated gasification combined-cycle power plants, coal-to-liquids, coal-to-chemicals and biofuels. Our Global E&C Group generates revenues from engineering, procurement, construction and project management activities pursuant to contracts spanning up to approximately four years in duration and from returns on its equity investments in various power production facilities.

Our Global E&C Group owns one of the leading technologies (delayed coking) used in refinery residue upgrading and a hydrogen production process used in oil refineries and petrochemical plants. The Global E&C Group also designs and supplies direct-fired furnaces, including fired heaters and waste heat recovery generators, used in a range of refinery, chemical, petrochemical, oil and gas processes, including furnaces used in its proprietary delayed coking and hydrogen production technologies. Additionally, our Global E&C Group has experience with, and is able to work with, a wide range of processes owned by others.

Although the global economy is showing signs of recovery, several of our clients are continuing to reevaluate the size, timing and scope of their capital spending plans in relation to the kinds of energy and petrochemical projects that we serve. We have seen instances of postponement or cancellation of prospects; resizing of prospective projects to make them more economically viable and intensified competition among engineering and construction contractors which has resulted in pricing pressure. These factors may continue into fiscal year 2010. In addition, the constraints on the global credit market are impacting and may continue to impact some of our clients' investment plans as these clients are affected by the availability and cost of financing, as well as their own financial strategies, which could include cash conservation. However, we continue to see projects moving forward and clients starting to re-examine previously postponed projects to review the business cases for proceeding with such projects. In addition, we believe world demand for energy and chemicals will continue to grow over the long term and that clients will continue to invest in new and upgraded capacity to meet that demand. In that regard, we were successful in booking contracts for studies and front-end engineering work in fiscal year 2009, for example FEED work at a LNG project in Australia, which is frequently the precursor to subsequent significant opportunities as projects move into the engineering, procurement and construction phase. Moreover, we have continued to be successful in booking contracts of varying types and sizes in our key end markets, including a very large award in fiscal year 2009 for the engineering, procurement and construction of a new refinery in India. Our success in this regard is a reflection of our technical expertise, our long-term relationships with clients, and our selective approach in pursuit of new prospects where we believe we have significant differentiators.

Global Power Group

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Operating revenues	$1,016,252	$1,707,063	$1,425,984
$ Change	(690,811)	281,079	
% Change	(40.5)%	19.7%	
EBITDA	$ 194,027	$ 239,508	$ 139,177
$ Change	(45,481)	100,331	
% Change	(19.0)%	72.1%	

Results

The geographic dispersion of our Global Power Group's operating revenues for fiscal years 2009, 2008 and 2007, based upon where our projects are being executed, were as follows:

	2009	2008	2009 vs 2008 $ Change	2009 vs 2008 % Change	2007	2008 vs 2007 $ Change	2008 vs 2007 % Change
Asia	$ 106,140	$ 177,088	$ (70,948)	(40)%	$ 163,896	$ 13,192	8%
Australasia and other*	4,325	13,258	(8,933)	(67)%	4,952	8,306	168%
Europe	438,626	603,882	(165,256)	(27)%	478,010	125,872	26%
Middle East	2,173	648	1,525	235%	5,094	(4,446)	(87)%
North America	371,106	779,413	(408,307)	(52)%	703,342	76,071	11%
South America	93,882	132,774	(38,892)	(29)%	70,690	62,084	88%
Total	$1,016,252	$1,707,063	$(690,811)	(40)%	$1,425,984	$281,079	20%

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

Please refer to the section entitled, "— Overview of Segment" below for our view of the market outlook for our Global Power Group.

Fiscal Year 2009 vs. Fiscal Year 2008

Our Global Power Group, which predominantly serves the power generation industry, experienced a decrease in operating revenues of $690,800 compared to fiscal year 2008, which represented 38% of the decrease in our consolidated operating revenues. Our Global Power Group's operating revenues decreased approximately 37% excluding the impact of the change in foreign currency translation rates compared to fiscal year 2008.

The decrease in our Global Power Group's EBITDA in fiscal year 2009, as compared to fiscal year 2008, resulted primarily from the following:

- Decreased contract profit mainly attributable to the impact of the following:
  - Decreased volume of operating revenues, significantly offset by increased contract profit margins. Additionally, contract profit margins increased excluding the impact of the items noted below which occurred during fiscal year 2008.
  - A $7,500 increase in contract profit in fiscal year 2008 for a commitment fee received for a contract that our Global Power Group was not awarded.
  - A $6,700 decrease in contract profit in fiscal year 2008 for a legacy project in Ireland. Please refer to Note 17 to the consolidated financial statements in this annual report on Form 10-K for further information.

  - A $6,600 decrease in contract profit in fiscal year 2008 for a severance-related postemployment benefits charge.

- A decrease in equity earnings in our Global Power Group's project in Chile of $5,300 which was primarily due to a decrease in the average electric tariff rates when compared to the average electric tariff rates in effect during fiscal year 2008.

- A net decrease in EBITDA of approximately $7,300 due to foreign currency fluctuations relative to the U.S. dollar, primarily driven by the Euro and Polish Zloty, compared to fiscal year 2008.

These decreases were partially offset by the following:

- During fiscal year 2008, our Global Power Group recorded a charge for severance-related postemployment benefits of $9,000. The severance-related postemployment benefits charge resulted from our efforts to right-size our power generation business to match anticipated market conditions. The charge in fiscal year 2008 of $9,000 decreased contract profit by $6,600 (noted above), increased selling, general and administrative expenses by $2,100 and increased other deductions, net by $300.

- A net loss on the settlement of transactions denominated in foreign currencies in fiscal year 2008 of approximately $2,200.

Fiscal Year 2008 vs. Fiscal Year 2007

The increase in our Global Power Group's EBITDA in fiscal year 2008, as compared to fiscal year 2007, resulted primarily from the following:

- Our Global Power Group experienced increased contract profit mainly attributable to increased volume of operating revenues and markedly increased contract profit margins in fiscal year 2008, as compared to fiscal year 2007, excluding the net impact of the items noted below:

  - A $7,500 increase in contract profit in fiscal year 2008 for a commitment fee received for a contract that our Global Power Group was not awarded.

  - The decreases to contract profit for charges of $6,700 and $30,000 in fiscal years 2008 and 2007, respectively, on a legacy project in Ireland. Please refer to Note 17 to the consolidated financial statements in this annual report on Form 10-K for further information.

  - A $6,600 decrease in contract profit in fiscal year 2008 for a severance-related postemployment benefits charge, as noted above.

  - A $9,600 increase in contract profit in fiscal year 2007 for a gain related to the favorable resolution of project claims in our Global Power Group.

- An increase in equity earnings in our Global Power Group's project in Chile of $4,100 which was primarily due to an increase in the average electric tariff rates when compared to the average electric tariff rates in effect during fiscal year 2007.

These increases were partially offset by the following:

- A charge of $9,000 in our Global Power Group primarily for severance-related postemployment benefits, as noted above. The $9,000 charge decreased contract profit by $6,600, increased SG&A expenses by $2,100 and increased other deductions, net by $300.

- A $2,200 net foreign exchange loss in fiscal year 2008.

- EBITDA in fiscal year 2007 includes a $14,400 gain related to the favorable resolution of project claims, which increased contract profit by $9,600 and interest income by $4,000 and reduced other deductions, net by $800.

Overview of Segment

Our Global Power Group designs, manufactures and erects steam generators for electric power generating stations, district heating plants and industrial facilities worldwide. 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. In particular, our CFB steam generators are able to burn coal grades of varying quality, as well as petroleum coke, lignite, municipal waste, waste wood, biomass, and numerous other materials. 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. Additionally, our Global Power Group designs, manufactures and erects auxiliary equipment for electric power generating stations and industrial facilities worldwide and owns and/or operates several cogeneration, independent power production and waste-to-energy facilities, as well as power generation facilities for the process and petrochemical industries.

In our Global Power Group business, new order activity has been unfavorably affected by several trends which began in fiscal year 2008, continued during fiscal year 2009 and which may continue in the future. Weakness in the global economy reduced the near-term growth in demand for electricity. In addition, political and environmental sensitivity regarding coal-fired steam generators caused a number of our Global Power Group's prospective projects to be postponed or cancelled as clients experienced difficulty in obtaining the required environmental permits or decided to wait for additional clarity regarding state and federal regulations. This environmental concern has been especially pronounced in the United States, and to a lesser extent in Europe, and is linked to the view that solid-fuel-fired steam generators contribute to global warming through the discharge of greenhouse gas emissions into the atmosphere. Credit concerns among certain clients also contributed to the slowed pace of new contract awards in fiscal year 2009. In addition, the depressed level of natural gas pricing experienced in fiscal years 2008 and 2009, increased the attractiveness of that fuel, in relation to coal, for the generation of electricity. Finally, the constraints on the global credit market are impacting and may continue to impact some of our clients' investment plans as these clients are affected by the availability and cost of financing, as well as their own financial strategies, which could include cash conservation. We believe that the impact of these factors on global demand for new solid-fuel steam generators, with the exception of political and environmental sensitivity regarding coal-fired steam generators, may decrease in fiscal year 2010 and that the global demand for new solid-fuel steam generators could begin to improve. However, the severity of the impact on new contract awards in fiscal year 2009 is likely to impact our financial performance in fiscal year 2010.

During the first fiscal quarter of 2009, our Global Power Group was notified of the termination of a previously awarded contract for the design and supply of two CFB steam generators for a U.S. power project. Our Global Power Group removed the contract from its backlog of unfilled orders in the first fiscal quarter of 2009. The amount removed from backlog represented approximately 11% of our Global Power Group's backlog as of the end of fiscal year 2008.

Longer-term, we believe that world demand for electrical energy will continue to grow and that solid-fuel-fired steam generators will continue to fill a significant portion of the incremental growth in new generating capacity. In addition, we are seeing a growing need to repower older coal plants with new clean coal plants driven by the need to improve environmental, economical, and reliability performance of mature coal plant fleets in such countries as the U.S., Poland, and Russia. The fuel-flexibility of our CFB steam generators enables them to burn a variety of fuels other than coal and to produce carbon-neutral electricity when fired by biomass. In addition, our utility steam generators can be designed to incorporate supercritical technology, which significantly improves power plant efficiency and reduces power plant emissions. We have recently received an award to carry out the detail engineering, supply, assembly and commissioning for a CFB steam generator which will be used to research CO_2 capture through oxy-fuel combustion utilizing our Flexi-Burn™ technology.

Liquidity and Capital Resources

Fiscal Year 2009 Activities

During fiscal year 2009, we generated $290,600 of cash flows from operating activities, which is net of contributions to our pension plans of $71,400, and experienced an increase in cash and cash equivalents of $19,200 due to the effect of exchange rate changes on our cash and cash equivalents, which were partially offset by capital expenditures of $45,600 and payments totaling approximately $32,600 primarily for two business acquisitions specializing in upstream oil and gas engineering services. Together, these were the primary factors resulting in a net increase in cash and cash equivalents of $224,000 during fiscal year 2009.

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

	As of			
	December 31, 2009	December 26, 2008	$ Change	% Change
Cash and cash equivalents	$ 997,158	$773,163	$223,995	29.0%
Short-term investments	—	2,448	(2,448)	(100.0)%
Restricted cash	34,905	22,737	12,168	53.5%
Total	$1,032,063	$798,348	$233,715	29.3%

Total cash and cash equivalents, short-term investments and restricted cash held by our non-U.S. entities as of December 31, 2009 and December 26, 2008 were $806,800 and $646,000, respectively.

Please refer to Note 1 to the consolidated financial statements in this annual report on Form 10-K for additional details on cash and cash equivalents, short-term investments and restricted cash balances.

Cash Flows from Operating Activities:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$ 290,615	$428,926	$428,315
$ Change	$(138,311)	$ 611	
% Change	(32.2)%	0.1%	

The net cash provided by operations in fiscal year 2009 was attributable primarily to net income of $361,400 and non-cash charges included in net income of $98,400, partially offset by cash used for working capital of $126,700, net payments for asbestos liability indemnity and defense costs in excess of proceeds from settlements with asbestos insurance carriers of $24,400, and mandatory and discretionary contributions to our U.S. and non-U.S. pension plans of $71,400, which included discretionary contributions of $30,000 and $18,300 to our U.S. and non-U.S. pension plans, respectively.

The decrease in net cash provided by operations resulted primarily from a decrease in net income of $172,500, which includes a gain and the related cash receipts of $36,100 on the settlement of coverage litigation with certain asbestos insurance carriers in fiscal year 2008, and an increase in cash used for working capital of $72,400, partially offset by an increase in non-cash charges included in net income of $29,600 and decreased mandatory and discretionary contributions to our U.S. and non-U.S. pension plans of $34,200 (payments of $71,400 and $105,600 in fiscal years 2009 and 2008, respectively, which included discretionary contributions of $48,300 and $62,500 in fiscal years 2009 and 2008, respectively).

Net cash provided by operations in fiscal year 2008 was relatively unchanged compared to fiscal year 2007 which was the net result of an increase in net income of $134,400, which includes a gain and the related cash receipts of $36,100 on the settlement of coverage litigation with certain asbestos insurance carriers in fiscal year 2008, partially offset by a net increase in cash used for mandatory and discretionary contributions to our U.S. and non-U.S. pension plans of $25,300 (payments of $105,600 and $80,300 in fiscal years 2008 and 2007, respectively, which included discretionary contributions of $62,500 and $45,000 in fiscal years 2008 and 2007, respectively) and a net reduction in cash flows of $113,600 to fund an increase in working capital (net cash outflow for working capital increase of $55,000 versus net cash inflow generated from a reduction in working capital of $58,600 in fiscal years 2008 and 2007, respectively).

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. Our Global E&C Group typically experiences a use of cash for working capital when the workload of reimbursable contracts increases since services are rendered prior to billing clients. Conversely, our Global E&C Group typically experiences cash in-flows from working capital when the workload of reimbursable contracts decreases as cash receipts from client billings exceed new services rendered. Our Global Power Group typically experiences cash receipts from working capital when their workload increases as cash typically is received prior to ordering materials and equipment and rendering of services. Whereas, our Global Power Group typically experiences a use of cash for working capital when their workload decreases as cash used for materials and equipment purchased and services rendered exceeds cash receipts from new client billings.

Cash used for working capital in fiscal year 2009, compared to fiscal year 2008, reflects an increase in cash used for working capital in our Global Power Group, partially offset by a decrease in cash used for working capital in our Global E&C Group. Our Global Power Group's cash receipts in fiscal year 2009 from client billings decreased relative to cash used for materials and equipment purchased and services rendered that were billed and collected from clients in the prior fiscal year and resulted in an increase in cash used for working capital in fiscal year 2009. Our Global E&C Group experienced a decrease in new services rendered relative to cash receipts from client billings which resulted in a decrease in cash used for working capital in fiscal year 2009.

As more fully described below in "— Outlook," we believe our existing cash balances and forecasted net cash provided from operating activities will be sufficient to fund our operations throughout the next 12 months. Our ability to increase or maintain our cash flows from operating activities in future periods will depend in large part on the demand for our products and services and our operating performance in the future. Please refer to the sections entitled "— Global E&C Group-Overview of Segment" and "— Global Power Group-Overview of Segment" above for our view of the outlook for each of our business segments.

Cash Flows from Investing Activities:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$(87,265)	$(128,584)	$(45,961)
$ Change	$ 41,319	$ (82,623)	
% Change	(32.1)%	179.8%	

The net cash used in investing activities in fiscal year 2009 was attributable primarily to capital expenditures of $45,600, which included $18,100 of expenditures in FW Power S.r.l. related to the construction of the electric power generating wind farm projects in Italy, and payments totaling approximately $32,600 primarily for two business acquisitions specializing in upstream oil and gas engineering services.

The net cash used in investing activities in fiscal year 2008 was attributable primarily to capital expenditures of $103,900 (which included $54,300 of expenditures in FW Power S.r.l. related to the construction of the electric power generating wind farm projects in Italy), $14,900 for acquisitions, a $7,600 increase in investments in and advances to unconsolidated affiliates and an increase in restricted cash of $2,800 primarily driven by an increase in debt service reserve funds for FW Power S.r.l. Please refer to Note 1 to the consolidated financial statements in this annual report on Form 10-K for additional details on cash balances.

The net cash used in investing activities in fiscal year 2007 is attributable primarily to capital expenditures of $51,300 (which included $13,800 of expenditures in FW Power S.r.l., related to the construction of the electric power generating wind farm projects in Italy), an increase in restricted cash of

$900 primarily driven by an increase in funds received from customers which are restricted for use on specific projects and an increase in debt service reserve funds for FW Power S.r.l., $1,500 for an acquisition and a $4,800 payment made related to the FW Power acquisition from 2006, partially offset by a $6,300 return of investment from our unconsolidated affiliates and proceeds from the sale of assets of $7,600.

The capital expenditures in each of the fiscal years related primarily to project construction (including the FW Power S.r.l. electric power generating wind farm projects in Italy noted above), leasehold improvements, information technology equipment and office equipment. Our capital expenditures decreased $58,300 in fiscal year 2009, as a result of decreased expenditures in our Global E&C Group, primarily driven by operating units in Asia, Italy and the U.S., and our Global Power Group, which experienced decreases at all of their operating units. For further information on capital expenditures by segment, please see Note 15 to the consolidated financial statements in this annual report on Form 10-K.

Cash Flows from Financing Activities:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Amount	$ 1,456	$(466,104)	$35,069
$ Change	$467,560	$(501,173)	
% Change	N/M	(1429.1)%	

The net cash provided by financing activities in fiscal year 2009 was attributable primarily to proceeds from issuance of short-term and long-term project debt of $13,100 and proceeds from the exercise of share purchase warrants of $2,800, partially offset by the repayment of short-term and long-term debt and capital lease obligations of $12,700 and distributions to noncontrolling interests of $2,200.

The net cash used in financing activities in fiscal year 2008 was attributable primarily to $485,600 used to repurchase and retire our shares under our share repurchase program (please see below "— Outlook" section for further details regarding our share repurchase program), distributions by us to noncontrolling interests of $9,600 and repayment of long-term debt and capital lease obligations of $28,700, which includes $19,000 of cash to acquire our 1999C Robbins Bonds (as defined in Note 6 to the consolidated financial statements in this annual report on Form 10-K), partially offset by proceeds from the issuance of short-term debt and project debt of $54,600 and cash provided from exercises of stock options of $2,800.

The net cash provided by financing activities in fiscal year 2007 is attributable primarily to cash provided from exercises of stock options and warrants and proceeds from the issuance of special-purpose limited recourse project debt by FW Power S.r.l., partially offset by the repayment of debt and capital lease obligations.

Outlook

Our liquidity forecasts cover, among other analyses, existing cash balances, cash flows from operations, cash repatriations from non-U.S. entities, changes in working capital activities, unused credit line availability and claim recoveries and proceeds from asset sales, if any. These forecasts extend over a rolling 12-month period. Based on these forecasts, we believe our existing cash balances and forecasted net cash provided by operating activities will be sufficient to fund our operations throughout the next 12 months. Based on these forecasts, our primary cash needs will be working capital, capital expenditures, asbestos liability indemnity and defense costs and acquisitions. We may also use cash to repurchase our shares under the share repurchase program that Foster Wheeler AG adopted as part of the Redomestication, as described further below, under which we are authorized to repurchase up to $264,800 of our outstanding registered shares. The majority of our cash balances are invested in short-term interest bearing accounts with maturities of less than three months. We continue to consider investing some of our cash in longer-term investment opportunities, including the acquisition of other entities or operations in the engineering and construction industry or power industry and/or the reduction of certain liabilities such as unfunded pension liabilities. We may elect to make additional discretionary contributions to our U.S. and/or U.K. pension plans during fiscal year 2010.

We continue to monitor our credit exposure in light of the global economic environment with respect to our counterparty credit exposure, in general, and specifically related to cash and cash equivalents, bonding and bank guarantees, forward currency contracts, pension assets, insurance assets and clients. We believe that we are well diversified and third-party credit exposure should not expose us to material downside risks.

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

Our U.S. operating entities do not generate sufficient cash flows to fund our obligations related to corporate overhead expenses and asbestos-related liabilities incurred in the U.S. Additionally, we are dependent on cash repatriations to cover essentially all payments and expenses of our Switzerland based corporate overhead expenses and to fund the acquisition of our shares under our share repurchase program described below. Consequently, we require cash repatriations to the U.S. and Switzerland from our entities located in other countries in the normal course of our operations to meet our Swiss and U.S. cash needs and have successfully repatriated cash for many years. We believe that we can repatriate the required amount of cash to the U.S. and Switzerland. Additionally, we continue to have access to the revolving credit portion of our U.S. senior credit facility, if needed.

During fiscal year 2009, we had net cash outflows, payments related to asbestos liability indemnity and defense costs in excess of insurance settlement proceeds, of $24,400. In fiscal year 2010, we expect net cash outflows to be approximately $23,900, which 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.

We have a senior credit agreement which provides for a facility of $450,000 and includes a provision which permits future incremental increases of up to $100,000 in total availability under the facility. We had approximately $308,000 and $273,500 of letters of credit outstanding under our U.S. senior credit agreement as of December 31, 2009 and December 26, 2008, respectively. The letter of credit fees range from 1.50% to 1.60%, excluding a fronting fee of 0.125% per annum. We do not intend to borrow under our U.S. senior revolving credit facility during fiscal year 2010. A portion of the letters of credit issued under the U.S. senior credit agreement have performance pricing that is decreased (or increased) as a result of improvements (or reductions) in the credit rating assigned to the U.S. senior credit agreement by Moody's Investors Service and/or Standard & Poor's. As a result of the improvement in our S&P credit rating in March 2007, we achieved, and continue to maintain, the lowest possible pricing under the performance pricing provisions of our U.S. senior credit agreement. This performance pricing is not expected to materially impact our liquidity or capital resources in fiscal year 2010. Our U.S. senior credit agreement expires on September 13, 2011; however, we may consider refinancing the agreement during fiscal year 2010.

On December 18, 2008, Foster Wheeler AG, Foster Wheeler Ltd., certain of Foster Wheeler Ltd.'s subsidiaries and BNP Paribas, as Administrative Agent, entered into an additional amendment of our U.S. senior credit agreement. The amendment includes a consent of the lenders under the credit agreement to the Redomestication. In addition, the amendment reflects the addition of Foster Wheeler AG as a guarantor of the obligations under the credit agreement and reflects changes relating to Foster Wheeler AG becoming the ultimate parent of Foster Wheeler Ltd. and its subsidiaries upon completion of the Redomestication. The amendment became effective upon consummation of the Redomestication on February 9, 2009.

We are not required to make any mandatory contributions to our U.S. pension plans in fiscal year 2010 based on the minimum statutory funding requirements. Based on the minimum statutory funding requirements for fiscal year 2010, we expect to make mandatory contributions totaling approximately $33,700 to our non-U.S. pension plans in fiscal year 2010.

On September 12, 2008, we announced a share repurchase program pursuant to which we were authorized to repurchase up to $750,000 of Foster Wheeler Ltd.'s outstanding common shares. In connection with the Redomestication described in Item 1, "Business — The Redomestication," Foster Wheeler AG adopted a share repurchase program pursuant to which it is authorized to repurchase up to $264,800 of its outstanding registered shares and designate the repurchased shares for cancellation. The amount authorized for repurchase of registered shares under the Foster Wheeler AG program is equal to the amount that remained available for repurchases under the Foster Wheeler Ltd. program as of February 9, 2009, the date of the completion of the Redomestication. The Foster Wheeler AG program replaces the Foster Wheeler Ltd. program, and no further repurchases will be made under the Foster Wheeler Ltd. program. Any repurchases will be made at our discretion in the open market or in privately negotiated transactions in compliance with applicable securities laws and other legal requirements and will depend on a variety of factors, including market conditions, share price and other factors. The program does not obligate us to acquire any particular number of shares. The program has no expiration date and may be suspended or discontinued at any time. Any repurchases made pursuant to the share repurchase program will be funded using our cash on hand. Cumulatively through February 25, 2010, we have repurchased, under the Foster Wheeler Ltd. and Foster Wheeler AG programs, 18,098,519 shares for an aggregate cost of approximately $485,600 (which includes commissions of $400). We have executed the repurchases in accordance with 10b5-1 repurchase plans as well as other open market purchases. The 10b5-1 repurchase plans allow us to purchase shares at times when we may not otherwise do so due to regulatory or internal restrictions. Purchases under the 10b5-1 repurchase plans are based on parameters set forth in the plans.

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 credit agreement contains limitations on cash dividend payments as well as other restricted payments.

Off-Balance Sheet Arrangements

We own several noncontrolling equity interests in power projects in Chile and Italy. Certain of the projects have third-party debt that is not consolidated in our balance sheet. We have also issued certain guarantees for the Chile-based project. Please refer to Note 5 to the consolidated financial statements in this annual report on Form 10-K for further information related to these projects.

Contractual Obligations

We have contractual obligations comprised of long-term debt, non-cancelable operating lease commitments, purchase commitments, capital lease commitments and pension funding requirements. Our expected cash flows related to contractual obligations outstanding as of December 31, 2009 are as follows:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt:					
Principal	$ 145,600	$ 35,400	$ 20,800	$ 22,500	$ 66,900
Interest	32,200	5,700	8,100	7,200	11,200
Non-cancelable operating lease commitments	373,600	56,600	85,300	65,500	166,200
Purchase commitments	2,015,400	1,986,500	26,900	2,000	—
Capital lease obligations:					
Principal	66,800	1,500	4,900	5,400	55,000
Interest	62,600	7,400	13,000	12,000	30,200
Pension funding requirements — U.S.[1]	24,700	—	4,000	20,700	—
Pension funding requirements — non-U.S.[1]	166,300	33,700	66,000	66,600	—
Other postretirement benefit plan payments	59,300	6,700	13,000	12,100	27,500
Total contractual cash obligations	$2,946,500	$2,133,500	$242,000	$214,000	$357,000

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

The table above does not include payments of our asbestos-related liabilities as we cannot reasonably predict the timing of the net cash outflows associated with this liability beyond 2010. We expect to fund $23,900 of our asbestos liability indemnity and defense costs from our cash flows in fiscal year 2010 net of the cash expected to be received from existing insurance settlements. Please refer to Note 17 to the consolidated financial statements in this annual report on Form 10-K for more information.

The table above does not include payments relating to our uncertain tax positions as we cannot reasonably predict the timing of the net cash outflows associated with this liability beyond 2010. We expect to pay $6,100 relating to our uncertain tax provisions (including interest and penalties) from our cash flows in fiscal year 2010. Our total liability (including accrued interest and penalties) is $80,000 as of December 31, 2009. Please refer to Note 14 to the consolidated financial statements in this annual report on Form 10-K for more information.

In certain instances in the normal course of business, we have provided security for contract performance consisting of standby letters of credit, bank guarantees and surety bonds. As of December 31, 2009, such commitments and their period of expiration are as follows:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Bank issued letters of credit and guarantees	$804,600	$289,600	$342,900	$114,200	$57,900
Surety bonds	138,500	19,900	42,400	35,900	40,300
Total commitments	$943,100	$309,500	$385,300	$150,100	$98,200

Please refer to Note 8 to the consolidated financial statements in this annual report on Form 10-K for a discussion of guarantees.

Backlog and New Orders

New orders are recorded and added to the backlog of unfilled orders based on signed contracts as well as agreed letters of intent, which we have determined are legally binding and likely to proceed. Although backlog represents only business that is considered likely to be performed, cancellations or scope adjustments may and do occur. The elapsed time from the award of a contract to completion of performance may be up to approximately four years. The dollar amount of backlog is not necessarily indicative of our future earnings related to the performance of such work due to factors outside our control, such as changes in project schedules, scope adjustments or project cancellations. We cannot predict with certainty the portion of backlog to be performed in a given year. Backlog is adjusted quarterly to reflect project cancellations, deferrals, revised project scope and cost and sales of subsidiaries, if any.

Backlog measured in Foster Wheeler scope reflects the dollar value of backlog excluding third-party costs incurred by us on a reimbursable basis as agent or principal, which we refer to as flow-through costs. Foster Wheeler scope measures the component of backlog with profit potential and corresponds to our services plus fees for reimbursable contracts and total selling price for fixed-price or lump-sum contracts.

	Global E&C Group	Global Power Group	Total
NEW ORDERS (FUTURE REVENUES) BY PROJECT LOCATION			
Fiscal Year Ended December 31, 2009			
North America	$ 544,000	$ 217,800	$ 761,800
South America	180,400	15,700	196,100
Europe	388,000	237,900	625,900
Asia	900,500	109,600	1,010,100
Middle East	262,900	29,400	292,300
Australasia and other*	594,900	600	595,500
Total	$2,870,700	$ 611,000	$3,481,700
Fiscal Year Ended December 26, 2008			
North America	$ 352,500	$ 571,000	$ 923,500
South America	153,200	134,300	287,500
Europe	981,000	512,800	1,493,800
Asia	665,100	117,500	782,600
Middle East	216,400	100	216,500
Australasia and other*	339,300	12,800	352,100
Total	$2,707,500	$1,348,500	$4,056,000
Fiscal Year Ended December 28, 2007			
North America	$ 212,300	$1,028,500	$1,240,800
South America	30,100	144,100	174,200
Europe	845,400	649,600	1,495,000
Asia	1,468,500	172,800	1,641,300
Middle East	437,700	5,300	443,000
Australasia and other*	3,880,600	7,900	3,888,500
Total	$6,874,600	$2,008,200	$8,882,800

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

	Global E&C Group	Global Power Group	Total
NEW ORDERS (FUTURE REVENUES) BY INDUSTRY			
Fiscal Year Ended December 31, 2009			
Power generation	$ 33,600	$ 512,200	$ 545,800
Oil refining	1,533,300	—	1,533,300
Pharmaceutical	55,100	—	55,100
Oil and gas	786,500	—	786,500
Chemical/petrochemical	439,300	—	439,300
Power plant operation and maintenance	—	98,800	98,800
Environmental	17,300	—	17,300
Other, net of eliminations	5,600	—	5,600
Total	$2,870,700	$ 611,000	$3,481,700
Fiscal Year Ended December 26, 2008			
Power generation	$ 43,500	$1,212,100	$1,255,600
Oil refining	1,523,300	—	1,523,300
Pharmaceutical	110,400	—	110,400
Oil and gas	457,200	—	457,200
Chemical/petrochemical	516,100	—	516,100
Power plant operation and maintenance	—	136,400	136,400
Environmental	24,000	—	24,000
Other, net of eliminations	33,000	—	33,000
Total	$2,707,500	$1,348,500	$4,056,000
Fiscal Year Ended December 28, 2007			
Power generation	$ 96,000	$1,883,500	$1,979,500
Oil refining	1,218,400	—	1,218,400
Pharmaceutical	81,800	—	81,800
Oil and gas	4,082,100	—	4,082,100
Chemical/petrochemical	1,356,000	—	1,356,000
Power plant operation and maintenance	—	124,700	124,700
Environmental	15,000	—	15,000
Other, net of eliminations	25,300	—	25,300
Total	$6,874,600	$2,008,200	$8,882,800

	Global E&C Group	Global Power Group	Total
BACKLOG (FUTURE REVENUES) BY CONTRACT TYPE			
As of December 31, 2009			
Lump-sum turnkey	$ 100	$ 169,300	$ 169,400
Other fixed-price	215,800	306,300	522,100
Reimbursable	3,297,700	128,700	3,426,400
Eliminations	(900)	(4,200)	(5,100)
Total	$3,512,700	$ 600,100	$4,112,800
As of December 26, 2008			
Lump-sum turnkey	$ 10,100	$ 260,900	$ 271,000
Other fixed-price	338,400	772,000	1,110,400
Reimbursable	3,981,200	153,600	4,134,800
Eliminations	(2,900)	(8,900)	(11,800)
Total	$4,326,800	$1,177,600	$5,504,400
As of December 28, 2007			
Lump-sum turnkey	$ 66,500	$ 434,700	$ 501,200
Other fixed-price	470,900	978,300	1,449,200
Reimbursable	7,289,700	191,200	7,480,900
Eliminations	(5,100)	(5,800)	(10,900)
Total	$7,822,000	$1,598,400	$9,420,400

	Global E&C Group	Global Power Group	Total
BACKLOG (FUTURE REVENUES) BY PROJECT LOCATION			
As of December 31, 2009			
North America	$ 472,700	$ 198,900	$ 671,600
South America	185,300	52,700	238,000
Europe	432,800	228,500	661,300
Asia	728,400	93,200	821,600
Middle East	226,000	27,800	253,800
Australasia and other*	1,467,500	(1,000)	1,466,500
Total	$3,512,700	$ 600,100	$4,112,800
As of December 26, 2008			
North America	$ 212,600	$ 518,800	$ 731,400
South America	139,900	130,500	270,400
Europe	672,100	436,900	1,109,000
Asia	1,140,000	87,400	1,227,400
Middle East	341,900	100	342,000
Australasia and other*	1,820,300	3,900	1,824,200
Total	$4,326,800	$1,177,600	$5,504,400
As of December 28, 2007			
North America	$ 150,900	$ 742,900	$ 893,800
South America	26,200	132,800	159,000
Europe	610,700	580,000	1,190,700
Asia	2,014,200	137,700	2,151,900
Middle East	1,051,900	600	1,052,500
Australasia and other*	3,968,100	4,400	3,972,500
Total	$7,822,000	$1,598,400	$9,420,400

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

	Global E&C Group	Global Power Group	Total
BACKLOG (FUTURE REVENUES) BY INDUSTRY			
As of December 31, 2009			
Power generation	$ 18,900	$ 482,100	$ 501,000
Oil refining	1,597,900	—	1,597,900
Pharmaceutical	21,300	—	21,300
Oil and gas	1,559,400	—	1,559,400
Chemical/petrochemical	299,800	—	299,800
Power plant operation and maintenance	—	118,000	118,000
Environmental	8,200	—	8,200
Other, net of eliminations	7,200	—	7,200
Total	$3,512,700	$ 600,100	$4,112,800
Backlog, measured in terms of Foster Wheeler Scope			
Total	$1,480,100	$ 588,500	$2,068,600
E&C Man-hours in Backlog (in thousands)			
Total	12,700		12,700
As of December 26, 2008			
Power generation	$ 30,500	$1,049,500	$1,080,000
Oil refining	1,497,100	—	1,497,100
Pharmaceutical	50,400	—	50,400
Oil and gas	1,872,700	—	1,872,700
Chemical/petrochemical	856,400	—	856,400
Power plant operation and maintenance	—	128,100	128,100
Environmental	7,200	—	7,200
Other, net of eliminations	12,500	—	12,500
Total	$4,326,800	$1,177,600	$5,504,400
Backlog, measured in terms of Foster Wheeler Scope			
Total	$1,374,500	$1,164,800	$2,539,300
E&C Man-hours in Backlog (in thousands)			
Total	12,600		12,600
As of December 28, 2007			
Power generation	$ 56,400	$1,476,600	$1,533,000
Oil refining	1,633,100	—	1,633,100
Pharmaceutical	41,400	—	41,400
Oil and gas	4,078,600	—	4,078,600
Chemical/petrochemical	1,988,000	—	1,988,000
Power plant operation and maintenance	—	121,800	121,800
Environmental	12,700	—	12,700
Other, net of eliminations	11,800	—	11,800
Total	$7,822,000	$1,598,400	$9,420,400
Backlog, measured in terms of Foster Wheeler Scope			
Total	$1,709,100	$1,585,500	$3,294,600
E&C Man-hours in Backlog (in thousands)			
Total	13,400		13,400

The foreign currency translation impact on backlog and Foster Wheeler scope backlog resulted in increases of $262,700 and $85,600, respectively, as of December 31, 2009 as compared to December 26, 2008.

The foreign currency translation impact on backlog and Foster Wheeler scope backlog resulted in decreases of $1,002,200 and $202,400, respectively, as of December 26, 2008 as compared to December 28, 2007.

Inflation

The effect of inflation on our financial results is minimal. Although a majority of our revenues are realized under long-term contracts, the selling prices of such contracts, established for deliveries in the future, generally reflect estimated costs to complete the projects in these future periods. In addition, many of our projects are reimbursable at actual cost plus a fee, while some of the fixed-price contracts provide for price adjustments through escalation clauses.

Application of Critical Accounting Estimates

Our consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Management and the Audit Committee of our Board of Directors approve the critical accounting policies.

Highlighted below are the accounting policies that we consider significant to the understanding and operations of our business as well as key estimates that are used in implementing the policies.

Revenue Recognition

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

Progress towards completion on fixed 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 incurred to total estimated contract costs (the cost-to-cost method).

Progress towards completion on cost-reimbursable contracts is measured based on the ratio of quantities expended to total forecasted quantities, typically man-hours. Incentives are also recognized on a percentage-of-completion basis when the realization of an incentive is assessed as probable. We include flow-through costs consisting of materials, equipment or subcontractor services as both operating revenues and cost of operating revenues on cost-reimbursable contracts when we have overall responsibility as the contractor for the engineering specifications and procurement or procurement services for such costs. There is no contract profit impact of flow-through costs as they are included in both operating revenues and cost of operating revenues.

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

At any point, we have numerous contracts in progress, all of which are at various stages of completion. Accounting for revenues and profits on long-term contracts requires estimates of total estimated contract costs and estimates of progress toward completion to determine the extent of revenue and profit recognition. We rely extensively on estimates to forecast quantities of labor (man-hours), materials and equipment, the costs for those quantities (including exchange rates), and the schedule to execute the scope of work including allowances for weather, labor and civil unrest. Many of these estimates cannot be based on historical data, as most contracts are unique, specifically designed facilities. In determining the revenues, we must estimate the percentage-of-completion, the likelihood that the client will pay for the work performed, and the cash to be received net of any taxes ultimately due or withheld in the country where the work is performed. Projects are reviewed on an individual basis and the estimates used are tailored to the specific circumstances. In establishing these estimates, we exercise significant judgment, and all possible risks cannot be specifically quantified.

The percentage-of-completion method requires that adjustments or re-evaluations to estimated project revenues and costs, including estimated claim recoveries, be recognized on a project-to-date cumulative basis, as changes to the estimates are identified. Revisions to project estimates are made as additional information becomes known, including information that becomes available subsequent to the date of the consolidated financial statements up through the date such consolidated financial statements are filed with the SEC. If the final estimated profit to complete a long-term contract indicates a loss, provision is made immediately for the total loss anticipated. Profits are accrued throughout the life of the project based on the percentage-of-completion. The project life cycle, including project-specific warranty commitments, can be up to approximately six years in duration.

The actual project results can be significantly different from the estimated results. When adjustments are identified near or at the end of a project, the full impact of the change in estimate is recognized as a change in the profit on the contract in that period. This can result in a material impact on our results for a single reporting period. We review all of our material contracts on a monthly basis and revise our estimates as appropriate for developments such as earning project incentive bonuses, incurring or expecting to incur contractual liquidated damages for performance or schedule issues, providing services and purchasing third-party materials and equipment at costs differing from those previously estimated and testing completed facilities, which, in turn, eliminates or confirms completion and warranty-related costs. Project incentives are recognized when it is probable they will be earned. Project incentives are frequently tied to cost, schedule and/or safety targets and, therefore, tend to be earned late in a project's life cycle.

Changes in estimated final contract revenues and costs can either increase or decrease the final estimated contract profit. In the period in which a change in estimate is recognized, the cumulative impact of that change is recorded based on progress achieved through the period of change. There were 43, 33 and 38 separate projects that had final estimated contract profit revisions whose impact on contract profit exceeded $1,000 in fiscal years 2009, 2008 and 2007, respectively. The changes in final estimated contract profit resulted in a net increase of $69,000, $26,700 and $35,100 to reported contract profit for fiscal years 2009, 2008 and 2007, respectively, relating to the revaluation of work performed on contracts in prior periods. The changes in fiscal year 2009 included $24,300 for positive settlements on two projects in our Global E&C Group, of which $14,800 was associated with the receipt of a payment on a long outstanding arbitration award. The impact on contract profit is measured as of the beginning of each fiscal year and represents the incremental contract profit or loss that would have been recorded in prior periods had we been able to recognize in those periods the impact of the current period changes in final estimated profits.

Asbestos

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

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

United States

As of December 31, 2009, we had recorded total liabilities of $376,500 comprised of an estimated liability of $141,600 relating to open (outstanding) claims being valued and an estimated liability of $234,900 relating to future unasserted claims through fiscal year 2024. Of the total, $59,800 is recorded in accrued expenses and $316,700 is recorded in asbestos-related liability on the consolidated balance sheet.

Since year-end 2004, we have worked with Analysis Research Planning Corporation, or ARPC, nationally recognized consultants in the United States with respect to projecting asbestos liabilities, to estimate the amount of asbestos-related indemnity and defense costs at year-end for the next 15 years. Based on its review of fiscal year 2009 activity, ARPC recommended that the assumptions used to estimate our future asbestos liability be updated as of fiscal year-end 2009. Accordingly, we developed a revised estimate of our aggregate indemnity and defense costs through fiscal year 2024 considering the advice of ARPC. In fiscal year 2009, we revalued our liability for asbestos indemnity and defense costs through fiscal year 2024 to $376,500, which brought our liability to a level consistent with ARPC's reasonable best estimate. In connection with updating our estimated asbestos liability and related asset, we recorded a charge of $26,400 in fiscal year 2009 resulting primarily from increased asbestos defense costs projected through fiscal year 2024.

Our liability estimate is based upon the following information and/or assumptions: number of open claims, forecasted number of future claims, estimated average cost per claim by disease type - mesothelioma, lung cancer, and non-malignancies — and the breakdown of known and future claims into disease type — mesothelioma, lung cancer or non-malignancies. The total estimated liability, which has not been discounted for the time value of money, includes both the estimate of forecasted indemnity amounts and forecasted defense costs. Total defense costs and indemnity liability payments are estimated to be incurred through fiscal year 2024, during which period the incidence of new claims is forecasted to decrease each year. We believe that it is likely that there will be new claims filed after fiscal year 2024, but in light of uncertainties inherent in long-term forecasts, we do not believe that we can reasonably estimate the indemnity and defense costs that might be incurred after fiscal year 2024. Historically, defense costs have represented approximately 31% of total defense and indemnity costs. Through December 31, 2009, cumulative indemnity costs paid, prior to insurance recoveries, were approximately $692,300 and total defense costs paid were approximately $315,600.

As of December 31, 2009, we had recorded assets of $274,000, which represents our best estimate of actual and probable insurance recoveries relating to our liability for pending and estimated future asbestos claims through fiscal year 2024; $65,600 of this asset is recorded within accounts and notes receivable-other, and $208,400 is recorded as asbestos-related insurance recovery receivable on the consolidated balance sheet. The asbestos-related asset recorded within accounts and notes receivable-other as of December 31, 2009 reflects amounts due in the next 12 months under executed settlement agreements with insurers and includes an estimate for a future settlement. The recorded asbestos-related insurance recovery receivable includes an estimate of recoveries from insurers in the unsettled insurance coverage litigation (referred to below) based upon the application of New Jersey law to certain insurance coverage issues and assumptions relating to cost allocation and other factors as well as an estimate of the amount of recoveries under existing settlements with other insurers. Such amounts have not been discounted for the time value of money.

Since fiscal year-end 2005, we have worked with Peterson Risk Consulting LLC, nationally recognized experts in the United States with respect to the estimation of insurance recoveries, to review our estimate of the value of the settled insurance asset and assist in the estimation of our unsettled asbestos insurance asset. Based on insurance policy data, historical claim data, future liability estimates including the expected timing of payments and allocation methodology assumptions we provided them, Peterson Risk Consulting LLC provided an analysis of the unsettled insurance asset as of December 31, 2009. We utilized that analysis to determine our estimate of the value of the unsettled insurance asset as of December 31, 2009.

As of December 31, 2009, we estimated the value of our unsettled asbestos insurance asset related to ongoing litigation in New York state court with our subsidiaries' insurers at $43,500. The litigation relates to the amounts of insurance coverage available for asbestos-related claims and the proper allocation of the coverage among our subsidiaries' various insurers and our subsidiaries as self-insurers. We believe that any amounts that our subsidiaries might be allocated as self-insurer would be immaterial.

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

We have considered the asbestos litigation and the financial viability and legal obligations of our subsidiaries' insurance carriers and believe that the insurers or their guarantors will continue to reimburse a significant portion of claims and defense costs relating to asbestos litigation. We write off receivables from insurers that have become insolvent; there have been no such write-offs during fiscal years 2009, 2008 and 2007. The overall historic average combined indemnity and defense cost per resolved claim through December 31, 2009 has been approximately $2.8. The average cost per resolved claim is increasing and we believe it will continue to increase in the future.

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

The following chart reflects the sensitivities in the fiscal year 2009 consolidated financial statements associated with a change in certain estimates used in relation to the U.S. asbestos-related liabilities.

Changes (Increase or Decrease) in Assumption:	Approximate Change in Liability
One-percentage point change in the inflation rate related to the indemnity and defense costs	$21,800
Twenty-five percent change in average indemnity settlement amount	57,500
Twenty-five percent change in forecasted number of new claims	58,700

Based on the fiscal year-end 2009 liability estimate, an increase of 25% in the average per claim indemnity settlement amount would increase the liability by $57,500 as described above and the impact on expense would be dependent upon available additional insurance recoveries. Assuming no change to the assumptions currently used to estimate our insurance asset, this increase would result in a charge in the statement of operations in the range of approximately 70% to 80% of the increase in the liability. Long-term cash flows would ultimately change by the same amount. Should there be an increase in the estimated liability in excess of this 25%, the percentage of that increase that would be expected to be funded by additional insurance recoveries would decline.

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

United Kingdom

As of December 31, 2009, we had recorded total liabilities of $39,300 comprised of an estimated liability relating to open (outstanding) claims of $10,300 and an estimated liability relating to future unasserted claims through fiscal year 2024 of $29,000. Of the total, $3,500 was recorded in accrued expenses and $35,800 was recorded in asbestos-related liability on the consolidated balance sheet. An asset in an equal amount was recorded for the expected U.K. asbestos-related insurance recoveries, of which $3,500 was recorded in accounts and notes receivable-other and $35,800 was recorded as asbestos-related insurance recovery receivable on the consolidated balance sheet. The liability estimates are based on a U.K. House of Lords judgment that pleural plaque claims do not amount to a compensable injury and accordingly, we have reduced our liability assessment. If this ruling was reversed by legislation, the asbestos liability and related asset recorded in the U.K. would be approximately $57,900.

Defined Benefit Pension and Other Postretirement Benefit Plans

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

Our defined benefit pension and other postretirement benefit plans are accounted for in accordance with FASB ASC 715 (formerly SFAS No. 87, Employers' Accounting for Pensions, SFAS No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, SFAS No. 132R, Employers' Disclosures about Pensions and Other Postretirement Benefits, and SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Post Retirement Benefits). FASB ASC 715 requires us to recognize the funded status of each of our defined benefit pension and other postretirement benefit plans on the consolidated balance sheet. FASB ASC 715 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 7 of the consolidated financial statements in this annual report on Form 10-K for more information.

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

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

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

The following table summarizes the estimates used for our defined benefit pension plans for fiscal years 2009, 2008 and 2007:

	Fiscal Years Ended								
	December 31, 2009			December 26, 2008			December 28, 2007		
	United States	United Kingdom	Other	United States	United Kingdom	Other	United States	United Kingdom	Other
Weighted-average assumptions — net periodic benefit cost:									
Discount rate	6.23%	6.22%	6.44%	6.31%	5.74%	5.24%	5.81%	5.14%	4.50%
Long-term rate of return	8.25%	6.32%	7.00%	7.90%	6.86%	7.00%	8.00%	6.94%	7.50%
Salary growth	N/A	3.53%	2.80%	N/A	4.28%	3.10%	N/A	3.83%	2.35%
Weighted-average assumptions — projected benefit obligations:									
Discount rate	5.67%	5.75%	5.20%	6.23%	6.21%	6.39%			
Salary growth	N/A	4.09%	3.24%	N/A	3.53%	3.17%			

N/A — Not applicable as plan is frozen and future salary levels do not affect benefits payable.

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

The expected long-term rate of return on plan assets is developed using a weighted-average methodology, blending the expected returns on each class of investment in the plans' portfolio. The expected returns by asset class are developed considering both past performance and future considerations. We annually review and adjust, as required, the long-term rate of return for our pension plans. The weighted-average expected long-term rate of return on plan assets has ranged from 6.9% to 7.3% over the past three years.

The following tables reflect the sensitivities in the consolidated financial statements associated with a change in certain estimates used in relation to the United States and the United Kingdom defined benefit pension plans. Each of the sensitivities below reflects an evaluation of the change based solely on a change in that particular estimate.

	Approximate Increase (Decrease)	
	Impact on Liabilities	Impact on 2010 Benefit Cost
U.S. Pension Plans:		
One-tenth of a percentage point increase in the discount rate	$ (3,500)	$ 2
One-tenth of a percentage point decrease in the discount rate	3,563	(4)
One-tenth of a percentage point increase in the expected return on plan assets	—	(275)
One-tenth of a percentage point decrease in the expected return on plan assets	—	275
U.K. Pension Plans:		
One-tenth of a percentage point increase in the discount rate	$(12,007)	$(1,267)
One-tenth of a percentage point decrease in the discount rate	12,494	1,193
One-tenth of a percentage point increase in the expected return on plan assets	—	(622)
One-tenth of a percentage point decrease in the expected return on plan assets	—	625

The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are $23,100 and $300, respectively. Net actuarial losses reflect differences between expected and actual plan experience, including returns on plan assets, and changes in actuarial assumptions, all of which occurred over time. These net actuarial losses, to the extent not offset by future actuarial gains, will result in increases in our future pension costs depending on several factors, including whether such losses exceed the corridor in which losses are not amortized. The net actuarial losses outside the corridor are amortized over the expected remaining service periods of active participants for the non-U.S. plans (approximately 11 years for the U.K. plans, approximately 11 years for the Canadian plan and approximately 19 years for the Finnish plan) and average life expectancy of participants for the U.S. plans (approximately 25 years) since benefits are frozen. Prior service credits/costs are amortized over schedules established at the date of each plan change (approximately 9 years for the U.K. plans and approximately 4 years for the Canadian plan).

A one-tenth of a percentage point decrease in the funding rates, used for calculating future funding requirements to the U.S. plans through 2014, would increase aggregate contributions over the next five years by approximately $3,000, while an increase by one-tenth of a percentage point would decrease aggregate contributions by approximately $3,000.

A one-tenth of a percentage point decrease in the funding rates, used for calculating future funding requirements to the U.K. plans through 2014, would increase aggregate contributions over the next five years by approximately $5,900, while an increase by one-tenth of a percentage point would decrease aggregate contributions by approximately $4,700.

The following table summarizes the estimates used for our other postretirement benefit plans for fiscal years 2009, 2008 and 2007:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Weighted-average discount rate assumptions:			
Net periodic postretirement benefit cost	6.26%	6.23%	5.73%
Accumulated postretirement benefit obligation	5.45%	6.28%	

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

The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive loss into net periodic postretirement benefit cost over the next fiscal year are $200 and $4,000, respectively. The net actuarial losses outside the corridor are amortized over the average life expectancy of inactive participants (approximately 21 years) because benefits are frozen. The prior service credits are amortized over schedules established at the date of each plan change (approximately 8 years).

Please refer to Note 7 to the consolidated financial statements in this annual report on Form 10-K for further discussion of our defined benefit pension and other postretirement benefit plans.

Share-Based Compensation Plans

Our share-based compensation plans include both restricted awards and stock option 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.

Compensation cost for our share-based plans of $22,800, $15,800 and $7,100 was charged against income for fiscal years 2009, 2008 and 2007, respectively. The related income tax benefit recognized in the consolidated statement of operations was $400, $300 and $200 for fiscal years 2009, 2008 and 2007, respectively. We received $500, $2,800 and $18,100 in cash from option exercises under our share-based compensation plans for fiscal years 2009, 2008 and 2007, respectively.

As of December 31, 2009, there was $18,300 and $17,500 of total unrecognized compensation cost related to stock options and restricted awards, respectively. Those costs are expected to be recognized over a weighted-average period of approximately 26 months.

We estimate the fair value of each option award on the date of grant using the Black-Scholes option valuation model, which incorporates assumptions regarding a number of complex and subjective variables. We then recognize the fair value of each option as compensation cost ratably using the straight-line attribution method over the service period (generally the vesting period). The Black-Scholes model incorporates the following assumptions:

- Expected volatility — we estimate the volatility of our share price at the date of grant using historical volatility adjusted for periods of unusual stock price activity.
- Expected term — we estimate the expected term using the "simplified" method, as outlined in Staff Accounting Bulletin No. 107, "Share-Based Payment."
- Risk-free interest rate — we estimate the risk-free interest rate using the U.S. Treasury yield curve for periods equal to the expected term of the options in effect at the time of grant.
- Dividends — we use an expected dividend yield of zero because we have not declared or paid a cash dividend since July 2001 and we do not have any plans to declare or pay any cash dividends.

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

If factors change and we employ different assumptions in the application of FASB ASC 718-10, in future periods, the compensation expense that we record for future awards may differ significantly from what we have recorded in the current period. There is a high degree of subjectivity involved in selecting the option pricing model assumptions used to estimate share-based compensation expense. Option pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions, are fully transferable and do not cause dilution. Because our share-based payments have characteristics significantly different from those of freely traded options, and because changes in the subjective input assumptions can materially affect our estimates of fair value, existing valuation models may not provide reliable measures of the fair value of our share-based compensation. Consequently, there is a risk that our estimates of the fair value of our share-based compensation awards on the grant dates may bear little resemblance to the actual value realized upon the exercise, expiration or forfeiture of those share-based payments in the future. Stock options may expire worthless or otherwise result in zero intrinsic value compared to the fair value originally estimated on the grant date and reported in the consolidated financial statements. Alternatively, value may be realized from these instruments that are significantly in excess of the fair value originally estimated on the grant date and reported in the consolidated financial statements.

There are significant differences among valuation models. This may result in a lack of comparability with other companies that use different models, methods and assumptions. There is also a possibility that we will adopt different valuation models in the future. This may result in a lack of consistency in future periods and may materially affect the fair value estimate of share-based payments.

Please refer to Note 11 to the consolidated financial statements in this annual report on Form 10-K for further discussion of our share-based compensation plans.

Goodwill and Intangible Assets

At least annually, we evaluate goodwill for potential impairment. We test for impairment at the reporting unit level as defined in FASB ASC 350-20. Our reporting units are defined as the components one level below our operating segments, as these components constitute businesses for which discrete financial information is available and segment management regularly reviews the operating results of those components. Presently, goodwill exists in two of our reporting units — one within our Global Power Group business segment and one within our Global E&C Group business segment.

The goodwill impairment test is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. In the fourth quarter of each fiscal year, we evaluate goodwill at each reporting unit to assess recoverability, and impairments, if any, are recognized in earnings. An impairment loss would be recognized in an amount equal to the excess of the carrying amount of the goodwill over the implied fair value of the goodwill. Intangible assets with determinable useful lives are amortized over their respective estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

We determined that both the income and market valuation approaches provide inputs into the estimate of the fair value of our reporting units, which would be considered by market participants. Under the income valuation approach, we employed a discounted cash flow model to estimate the fair value of each reporting unit. This model requires the use of significant estimates and assumptions regarding future revenues, costs, margins, capital expenditures, changes in working capital, terminal year growth rate and cost of capital. Our cash flow models are based on our forecasted results for the applicable reporting units. The models also assume a 3% growth rate in the terminal year. Actual results could differ from our projections.

Under the market valuation approach, we employed the guideline publicly traded company method, which indicates the fair value of the equity of each reporting unit by comparing it to publicly traded companies in similar lines of business. After identifying and selecting guideline companies, we analyzed their business and financial profiles for relative similarity. Factors such as size, growth, risk and profitability were analyzed and compared to each of our reporting units.

We noted that the indicated fair value of each of the income approach and the market approach was above the carrying value of each reporting unit.

In April 2009, we acquired substantially all of the assets of the offshore engineering division of OPE Holdings Ltd. In conjunction with the acquisition, we recorded $6,400 of goodwill and $2,500 of identifiable intangible assets. In October 2009, we acquired substantially all of the assets of the Houston operations of Atlas Engineering, Inc. In conjunction with the acquisition, we recorded $15,900 of goodwill and $14,400 of identifiable intangible assets. Please see Note 2 to the consolidated financial statements in this annual report on Form 10-K for further information related to these acquisitions.

Goodwill of $52,300 and intangible assets of $11,600 relate to our Global Power Group's European reporting unit which has experienced a number of performance related issues in prior years; however, the performance of this reporting unit has improved in recent years. Our calculation of the estimated fair value of the reporting unit was sufficiently in excess of its carrying value even after conducting various sensitivity analyses on key assumptions, such that no adjustment to the carrying value of goodwill was required. However, should the performance of this unit deteriorate in the future, its carrying value could exceed its fair value in future periods, which could lead to an impairment of goodwill.

Our calculation of the estimated fair value of our Global E&C Group's reporting unit was significantly in excess of its carrying value even after conducting various sensitivity analyses on key assumptions.

Income Taxes

Deferred tax assets/liabilities are established for the difference between the financial reporting and income tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. In evaluating our ability to realize our deferred tax assets within the various tax jurisdictions in which they arise, we consider all available positive and negative evidence, including scheduled reversals of taxable temporary differences, projected future taxable income, tax planning strategies and recent financial performance. Projecting future taxable income requires significant assumptions about future operating results, as well as the timing and character of taxable income in numerous jurisdictions. For statutory purposes, the majority of the deferred tax assets for which a valuation allowance is provided as of December 31, 2009 do not begin to expire until 2025 or later, based on the current tax laws. We have a valuation allowance of $332,840 recorded as of December 31, 2009.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

Our subsidiaries file income tax returns in numerous tax jurisdictions, including the United States, several U.S. states and numerous non-U.S. jurisdictions around the world. Tax returns are also filed in jurisdictions where our subsidiaries execute project-related work. The statute of limitations varies by jurisdiction. Because of the number of jurisdictions in which we file tax returns, in any given year the statute of limitations in a number of jurisdictions may expire within 12 months from the balance sheet date. As a result, we expect recurring changes in unrecognized tax benefits due to the expiration of the statute of limitations, none of which are expected to be individually significant. With few exceptions, we are no longer subject to U.S. (including federal, state and local) or non-U.S. income tax examinations by tax authorities for years before fiscal year 2005.

During fiscal year 2008, we settled a tax audit in the Asia Pacific region which resulted in a $3,200 reduction of unrecognized tax benefits and a corresponding reduction in the provision for income taxes. A number of tax years are under audit by the relevant state and non-U.S. tax authorities. We anticipate that several of these audits may be concluded in the foreseeable future, including in fiscal year 2010. Based on the status of these audits, it is reasonably possible that the conclusion of the audits may result in a reduction of unrecognized tax benefits. However, it is not possible to estimate the magnitude of any such reduction at this time.

As of December 31, 2009, we had $58,800 of unrecognized tax benefits, of which $58,300 would, if recognized, affect our effective tax rate before existing valuation allowance considerations.

We recognize interest accrued on the unrecognized tax benefits in interest expense and penalties on the unrecognized tax benefits in other deductions, net on our consolidated statement of operations. During the fiscal year 2009, we recorded a net reduction of interest expense of $3,000, which included $5,100 of previously accrued interest expense that was ultimately not assessed and net penalties on unrecognized tax benefits of $2,500 which included $2,700 of previously accrued tax penalties that were ultimately not assessed.

During the fiscal year 2008, we recorded interest expense on unrecognized tax benefits of $1,200 and a net reduction in penalties on unrecognized tax benefits of $2,400, which were net of previously accrued tax penalties that were ultimately not assessed of $5,000.

Please refer to Note 14 to the consolidated financial statements in this annual report on Form 10-K for further discussion of our income taxes.

Accounting Developments

In June 2009, authoritative guidance was issued which requires an enterprise to qualitatively assess the determination of the primary beneficiary (or "consolidator") of a variable interest entity ("VIE") based on whether the entity (1) has the power to direct matters that most significantly impact the activities of the VIE, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The guidance changes the consideration of kick-out rights, which are the ability to remove the enterprise with the power to direct the activities of a VIE, in determining if an entity is a VIE, which may cause certain additional entities to now be considered VIEs. In contrast to prior authoritative guidance, the new guidance requires an ongoing reconsideration of the primary beneficiary and also amends the events that trigger a reassessment of whether an entity is a VIE. The guidance is effective for financial statements issued for fiscal years beginning after November 15, 2009. We are currently assessing the impact that the guidance may have on our consolidated financial statements and disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (amounts in thousands of dollars)

Interest Rate Risk — We are exposed to changes in interest rates should we need to borrow under our U.S. senior credit agreement (there were no such borrowings as of December 31, 2009 and, based on current operating plans and cash flow forecasts, none are expected in fiscal year 2010) and, to a limited extent, under our variable rate special-purpose limited recourse project debt for any portion of the debt for which we have not entered into a fixed rate swap agreement. If average market rates are 100-basis points higher in the next twelve months, our interest expense for such period of time would increase, and our income before income taxes would decrease, by approximately $200. This amount has been determined by considering the impact of the hypothetical interest rates on our variable rate borrowings as of December 31, 2009 and does not reflect the impact of interest rate changes on outstanding debt held by certain of our equity interests since such debt is not consolidated on our balance sheet.

Foreign Currency Risk — We operate on a worldwide basis with substantial operations in Europe that subject us to translation risk on the British pound, Euro and Polish Zloty. As part of our policies we do not hedge foreign currency translation exposure. The activities of our operating subsidiaries are recorded in their respective functional currencies, which in most cases, is the local currency in the country of domicile of the subsidiary. While this mitigates the potential impact of earnings fluctuations as a result of changes in foreign currency exchange rates, our affiliates do enter into transactions through the normal course of operations in currencies other than their functional currency. We seek to minimize the resulting exposure to foreign currency fluctuations by attempting to match the currency of the revenues and expenses for our long-term contracts.

We further mitigate these foreign currency exposures through the use of foreign currency forward exchange contracts to hedge the exposed item, such as anticipated purchases or revenues, back to their functional currency. We utilize all such financial instruments solely for hedging, and our company policy prohibits the speculative use of such instruments. However, for financial reporting purposes, these contracts are generally not accounted for as hedges. Please refer to Note 9 to the consolidated financial statements in this annual report on Form 10-K for further information. If the counterparties to these contracts fail to perform under the settlement terms of the financial instruments, we could be subject to foreign currency exposure. To minimize this risk, we enter into these financial instruments with financial institutions that are primarily rated "BBB+" or better by Standard & Poor's (or the equivalent by other recognized credit rating agencies).

As of December 31, 2009, our primary foreign currency forward exchange contracts were as follows:

Functional Currency	Currency Hedged (bought or sold forward)	Hedged Foreign Currency Exposure (in equivalent U.S. dollars)	Notional Amount of Forward Buy Contracts (in equivalent U.S. dollars)	Notional Amount of Forward Sell Contracts (in equivalent U.S. dollars)
British pound	Euro	$ 8,145	$ —	$ 8,145
	Australian dollar	18,395	8,929	9,466
	South African rand	2,316	—	2,316
	U.S. dollar	30,791	4,062	26,729
Australian dollar	British pound	810	—	810
Chilean peso	U.S. dollar	100	100	—
Chinese renminbi	Euro	2,366	—	2,366
	U.S. dollar	33,869	10,460	23,409
Euro	Swedish kroner	148	148	—
	U.S. dollar	36,985	15,631	21,354
Polish zloty	Euro	18,444	—	18,444
South African rand	British pound	859	859	—
U.S. dollar	Canadian dollar	1,151	1,151	—
	Euro	335	335	—
	British pound	289	289	—
	Singapore dollar	52	52	—
	Total	$155,055	$42,016	$113,039

The notional amount provides one measure of the transaction volume outstanding as of the balance sheet date. Amounts ultimately realized upon final settlement of these financial instruments, along with the gains and losses on the underlying exposures within our long-term contracts, will depend on actual market exchange rates during the remaining life of the instruments. The contracts mature between fiscal years 2010 and 2011.

Please refer to Note 9 to the consolidated financial statements in this annual report on Form 10-K for further information on our primary foreign currency forward exchange contracts.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

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, 2009 and December 26, 2008, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 31, 2009 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, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A of the Company's Form 10-K. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 14 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions in fiscal year 2007.

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Florham Park, New Jersey
February 25, 2010

FOSTER WHEELER AG AND SUBSIDIARIES

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

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Operating revenues	$5,056,334	$6,854,290	$5,107,243
Cost of operating revenues	4,297,687	5,958,644	4,362,922
Contract profit	758,647	895,646	744,321
Selling, general and administrative expenses	294,907	283,883	246,237
Other income, net	(52,263)	(53,001)	(61,410)
Other deductions, net	30,931	54,382	45,540
Interest income	(10,535)	(44,743)	(35,627)
Interest expense	14,122	17,621	19,855
Net asbestos-related provision/(gain)	26,365	6,607	(6,145)
Income before income taxes	455,120	630,897	535,871
Provision for income taxes	93,762	97,028	136,420
Net income	361,358	533,869	399,451
Less: Net income attributable to noncontrolling interests	11,202	7,249	5,577
Net income attributable to Foster Wheeler AG	$ 350,156	$ 526,620	$ 393,874
Earnings per share (see Note 1):			
Basic	$ 2.77	$ 3.73	$ 2.78
Diluted	$ 2.75	$ 3.68	$ 2.72

See notes to consolidated financial statements.

FOSTER WHEELER AG AND SUBSIDIARIES

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

	December 31, 2009	December 26, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 997,158	$ 773,163
Short-term investments	—	2,448
Accounts and notes receivable, net:		
Trade	526,525	608,994
Other	117,718	95,633
Contracts in process	219,774	241,135
Prepaid, deferred and refundable income taxes	46,478	31,667
Other current assets	33,902	37,146
Total current assets	1,941,555	1,790,186
Land, buildings and equipment, net	398,132	383,209
Restricted cash	34,905	22,737
Notes and accounts receivable — long-term	1,571	1,788
Investments in and advances to unconsolidated affiliates	228,030	210,776
Goodwill	88,702	62,165
Other intangible assets, net	73,029	59,874
Asbestos-related insurance recovery receivable	244,265	281,540
Other assets	87,781	82,223
Deferred tax assets	89,768	116,756
TOTAL ASSETS	$3,187,738	$3,011,254
LIABILITIES, TEMPORARY EQUITY AND EQUITY		
Current Liabilities:		
Current installments on long-term debt	$ 36,930	$ 24,375
Accounts payable	303,436	365,347
Accrued expenses	280,861	303,813
Billings in excess of costs and estimated earnings on uncompleted contracts	600,725	750,233
Income taxes payable	60,052	44,846
Total current liabilities	1,282,004	1,488,614
Long-term debt	175,510	192,989
Deferred tax liabilities	62,956	66,114
Pension, postretirement and other employee benefits	270,269	320,959
Asbestos-related liability	352,537	355,779
Other long-term liabilities	171,405	157,933
Commitments and contingencies		
TOTAL LIABILITIES	2,314,681	2,582,388
Temporary Equity:		
Non-vested share-based compensation awards subject to redemption	2,570	7,586
TOTAL TEMPORARY EQUITY	2,570	7,586
Equity:		
Preferred shares:		
$0.01 par value; authorized: December 31, 2009 — 0 shares and December 26, 2008 — 901,135 shares; issued and outstanding: December 31, 2009 — 0 shares and December 26, 2008 — 1,079 shares	—	—
Common shares:		
$0.01 par value; authorized: December 31, 2009 — 0 shares and December 26, 2008 — 296,007,818 shares; issued and outstanding: December 31, 2009 — 0 shares and December 26, 2008 — 126,177,611 shares	—	1,262
Registered shares:		
CHF 3.00 par value; authorized: December 31, 2009 — 190,649,900 shares; conditionally authorized: December 31, 2009 — 62,181,928 shares; issued and outstanding: December 31, 2009 — 127,441,943 shares	329,402	—
Paid-in capital	617,938	914,063
Retained earnings/(accumulated deficit)	322,181	(27,975)
Accumulated other comprehensive loss	(438,004)	(494,788)
TOTAL FOSTER WHEELER AG SHAREHOLDERS' EQUITY	831,517	392,562
Noncontrolling interests	38,970	28,718
TOTAL EQUITY	870,487	421,280
TOTAL LIABILITIES, TEMPORARY EQUITY AND EQUITY	$3,187,738	$3,011,254

See notes to consolidated financial statements.

FOSTER WHEELER AG AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands of dollars, except share data)

	Preferred Shares	Common Shares	Registered Shares	Preferred Shares Value	Common Shares Value	Registered Shares Value	Paid-in Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Foster Wheeler AG Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 29, 2006	3,658	138,182,948	—	$—	$ 1,382	$ —	$1,348,800	$(944,113)	$(343,342)	$ 62,727	$29,923	$ 92,650
Cumulative effect of adoption of accounting for uncertainty in income taxes	—	—	—	—	—	—	—	(4,356)	—	(4,356)	—	(4,356)
Net income	—	—	—	—	—	—	—	393,874	—	393,874	5,577	399,451
Other comprehensive income, net of tax:												
Foreign currency translation	—	—	—	—	—	—	—	—	31,939	31,939	1,452	33,391
Cash flow hedges	—	—	—	—	—	—	—	—	1,331	1,331	—	1,331
Pension and other postretirement benefits	—	—	—	—	—	—	—	—	48,958	48,958	—	48,958
Comprehensive Income										476,102	7,029	483,131
Issuance of common shares upon conversion of preferred shares	(1,771)	230,220	—	—	2	—	(2)	—	—	—	—	—
Issuance of common shares upon exercise of share purchase warrants	—	1,801,798	—	—	18	—	8,430	—	—	8,448	—	8,448
Issuance of common shares upon exercise of stock options	—	2,976,020	—	—	30	—	18,046	—	—	18,076	—	18,076
Issuance of common shares upon vesting of restricted awards	—	686,818	—	—	7	—	(7)	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(5,179)	(5,179)
Share-based compensation expense-stock options and restricted awards	—	—	—	—	—	—	5,350	—	—	5,350	—	5,350
Excess tax benefit related to share-based compensation	—	—	—	—	—	—	4,694	—	—	4,694	—	4,694
Balance at December 28, 2007	1,887	143,877,804	—	$—	$ 1,439	$ —	$1,385,311	$(554,595)	$(261,114)	$ 571,041	$31,773	$ 602,814
Net income	—	—	—	—	—	—	—	526,620	—	526,620	7,249	533,869
Other comprehensive income, net of tax:												
Foreign currency translation	—	—	—	—	—	—	—	—	(68,747)	(68,747)	(679)	(69,426)
Cash flow hedges	—	—	—	—	—	—	—	—	(8,645)	(8,645)	—	(8,645)
Pension and other postretirement benefits	—	—	—	—	—	—	—	—	(156,282)	(156,282)	—	(156,282)
Comprehensive Income										292,946	6,570	299,516
Repurchase and retirement of shares	—	(18,098,519)	—	—	(181)	—	(485,408)	—	—	(485,589)	—	(485,589)
Issuance of common shares upon conversion of preferred shares	(808)	105,040	—	—	1	—	(1)	—	—	—	—	—
Issuance of common shares upon exercise of share purchase warrants	—	88,762	—	—	1	—	413	—	—	414	—	414
Issuance of common shares upon exercise of stock options	—	142,038	—	—	1	—	2,790	—	—	2,791	—	2,791
Issuance of common shares upon vesting of restricted awards	—	62,486	—	—	1	—	(1)	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(9,625)	(9,625)
Share-based compensation expense-stock options and restricted awards	—	—	—	—	—	—	10,909	—	—	10,909	—	10,909
Excess tax benefit related to share-based compensation	—	—	—	—	—	—	50	—	—	50	—	50
Balance at December 26, 2008	1,079	126,177,611	—	$—	$ 1,262	$ —	$ 914,063	$ (27,975)	$(494,788)	$ 392,562	$28,718	$ 421,280
Net income	—	—	—	—	—	—	—	350,156	—	350,156	11,202	361,358
Other comprehensive income, net of tax:												
Foreign currency translation	—	—	—	—	—	—	—	—	29,287	29,287	1,181	30,468
Cash flow hedges	—	—	—	—	—	—	—	—	(1,524)	(1,524)	—	(1,524)
Pension and other postretirement benefits	—	—	—	—	—	—	—	—	29,021	29,021	40	29,061
Comprehensive Income										406,940	12,423	419,363
Issuance of common shares upon conversion of preferred shares	(4)	520	—	—	—	—	—	—	—	—	—	—
Issuance of common shares upon exercise of share purchase warrants	—	2,021	—	—	—	—	9	—	—	9	—	9
Issuance of common shares upon vesting of restricted awards	—	97,535	—	—	1	—	(1)	—	—	—	—	—
Repurchase and retirement of shares	—	(1,575)	—	—	—	—	(28)	—	—	(28)	—	(28)
Cancellation of common shares and issuance of registered shares	—	(126,276,112)	126,276,112	—	(1,263)	326,070	(324,807)	—	—	—	—	—
Issuance of registered shares upon conversion of preferred shares	(1,075)	—	139,802	—	—	361	(361)	—	—	—	—	—
Issuance of registered shares upon exercise of share purchase warrants	—	—	594,280	—	—	1,711	1,076	—	—	2,787	—	2,787
Issuance of registered shares upon exercise of stock options	—	—	65,026	—	—	189	1,322	—	—	1,511	—	1,511
Issuance of registered shares upon vesting of restricted awards	—	—	366,723	—	—	1,071	(1,071)	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(2,171)	(2,171)
Share-based compensation expense-stock options and restricted awards	—	—	—	—	—	—	27,797	—	—	27,797	—	27,797
Excess tax shortfall related to share-based compensation	—	—	—	—	—	—	(61)	—	—	(61)	—	(61)
Balance at December 31, 2009	—	—	127,441,943	$—	$ —	$329,402	$ 617,938	$ 322,181	$(438,004)	$ 831,517	$38,970	$ 870,487

See notes to consolidated financial statements.

FOSTER WHEELER AG AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of dollars)

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 361,358	$ 533,869	$ 399,451
Adjustments to reconcile net income to cash flows from operating activities:			
Depreciation and amortization	45,759	44,798	41,691
Net asbestos-related provision	27,615	42,727	7,374
Share-based compensation expense-stock options and restricted awards	22,781	15,766	7,095
Excess tax shortfall/(benefit) related to share-based compensation	61	(50)	(4,694)
Deferred income taxes/(credits)	19,681	(22,883)	18,651
Loss/(gain) on sale of assets	822	1,107	(7,657)
Equity in the net earnings of partially-owned affiliates, net of dividends	(8,429)	(10,352)	(18,897)
Other noncash items	(9,909)	(2,302)	(669)
Changes in assets and liabilities:			
Decrease/(increase) in receivables	111,558	(105,591)	(83,930)
Net change in contracts in process and billings in excess of costs and estimated earnings on uncompleted contracts	(133,058)	15,817	25,833
(Decrease)/increase in accounts payable and accrued expenses	(105,193)	35,509	123,968
Decrease in pension, postretirement and other employee benefits	(33,031)	(89,364)	(48,403)
Net change in asbestos-related assets and liabilities	(25,639)	(19,362)	(32,559)
Net change in other assets and liabilities	16,239	(10,763)	1,061
Net cash provided by operating activities	290,615	428,926	428,315
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of businesses, net of cash acquired	(32,619)	(14,856)	(6,319)
Change in restricted cash	(11,892)	(2,800)	(856)
Capital expenditures	(45,623)	(103,965)	(51,295)
Proceeds from sale of assets	1,117	831	7,567
Investments in and advances to unconsolidated affiliates	(911)	(7,620)	(1,382)
Return of investment from unconsolidated affiliates	—	2,330	6,324
Decrease/(increase) in short-term investments	2,663	(2,504)	—
Net cash used in investing activities	(87,265)	(128,584)	(45,961)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase and retirement of shares	(28)	(485,589)	—
Distributions to noncontrolling interests	(2,171)	(9,625)	(5,179)
Proceeds from share purchase warrants exercised	2,796	414	8,448
Proceeds from stock options exercised	546	2,791	18,076
Excess tax (shortfall)/benefit related to share-based compensation	(61)	50	4,694
Proceeds from issuance of short-term debt	5,852	3,658	—
Repayment of short-term debt	(6,583)	—	—
Proceeds from issuance of long-term debt	7,238	50,939	15,628
Repayment of long-term debt and capital lease obligations	(6,133)	(28,742)	(6,598)
Net cash provided by/(used in) financing activities	1,456	(466,104)	35,069
Effect of exchange rate changes on cash and cash equivalents	19,189	(109,619)	20,234
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	223,995	(275,381)	437,657
Cash and cash equivalents at beginning of year	773,163	1,048,544	610,887
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 997,158	$ 773,163	$1,048,544
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 14,856	$ 13,436	$ 13,384
Income taxes	$ 86,685	$ 130,147	$ 111,279

See notes to consolidated financial statements.

FOSTER WHEELER AG AND SUBSIDIARIES

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

1. Summary of Significant Accounting Policies

Basis of Presentation — At a special court-ordered meeting of common shareholders held on January 27, 2009, the common shareholders of Foster Wheeler Ltd. approved a scheme of arrangement under Bermuda law. On February 9, 2009, after receipt of the approval of the scheme of arrangement by the Supreme Court of Bermuda and the satisfaction of certain other conditions, the transactions contemplated by the scheme of arrangement were effected. Pursuant to the scheme of arrangement, among other things, all previously outstanding whole common shares of Foster Wheeler Ltd. were cancelled and the common shareholders of Foster Wheeler Ltd. became common shareholders of Foster Wheeler AG, a Swiss corporation, 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. The steps of the scheme of arrangement together with certain related transactions, which are collectively referred to throughout the Notes to the consolidated financial statements as the "Redomestication," effectively changed our place of incorporation from Bermuda to the Canton of Zug, Switzerland. Please see Note 19 for further information related to the Redomestication.

The fiscal year of Foster Wheeler AG ends on December 31 of each calendar year. Foster Wheeler AG's fiscal quarters end on the last day of March, June and September. The fiscal year of Foster Wheeler Ltd., the parent company prior to the Redomestication, was the 52- or 53-week annual accounting period ending the last Friday in December for our U.S. operations and December 31 for non-U.S. operations and ended on December 26, 2008 for fiscal year 2008.

Foster Wheeler AG consolidated financial results represent the period from December 27, 2008 through December 31, 2009, December 29, 2007 through December 26, 2008, and December 30, 2006 through December 28, 2007 in fiscal years 2009, 2008 and 2007, respectively. The consolidated financial results include our U.S. operations, which have a fiscal year that is the 52- or 53-week annual accounting period ending the last Friday in December, and our non-U.S. operations, which have a fiscal year ending on December 31. Although the fiscal year for our parent company is now December 31, the fiscal year and fiscal quarter ending dates for both our U.S. and non-U.S. operations were not impacted by the Redomestication.

We have evaluated all subsequent events for adjustment to or disclosure in these consolidated financial statements through the issuance of these consolidated financial statements on February 25, 2010.

In July 2009, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Codification™ ("FASB ASC") 105-10, "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162." FASB ASC 105-10, which is effective for financial statements issued for interim and annual periods ended after September 15, 2009, established the FASB ASC as the sole source of authoritative U.S. generally accepted accounting principles ("U.S. GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. The FASB ASC supersedes all non-SEC accounting and reporting standards. We have amended the references to U.S. GAAP in our disclosures accordingly in our consolidated financial statements included in this annual report on Form 10-K.

Certain prior period amounts have been reclassified to conform to the current year presentation.

Principles of Consolidation — The consolidated financial statements include the accounts of Foster Wheeler AG and all significant U.S. and non-U.S. subsidiaries as well as certain entities in which we have a controlling interest. Intercompany transactions and balances have been eliminated.

We adopted Statement of Financial Accounting Standards ("SFAS") No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51" (codified in FASB ASC 810-10-65), as of the beginning of fiscal year 2009. FASB ASC 810-10-65 amends the accounting and reporting standards for

1. Summary of Significant Accounting Policies — *(Continued)*

the noncontrolling interest in a subsidiary (formerly referred to as a "minority interest") and for the deconsolidation of a subsidiary. Under FASB ASC 810-10-65, the noncontrolling interest in a subsidiary is reported as equity in the parent company's consolidated financial statements. FASB ASC 810-10-65 also requires that the parent company's consolidated statement of operations include both the parent and noncontrolling interest share of the subsidiary's statement of operations. Formerly, the noncontrolling interest share was shown as a reduction of income on the parent's consolidated statement of operations. FASB ASC 810-10-65 was applied prospectively as of the beginning of the fiscal year; however, presentation and disclosure requirements are applied retrospectively for all periods presented. Upon our adoption of FASB ASC 810-10-65, we (i) reclassified our minority interest liability to a separate section entitled "noncontrolling interests" within total equity on our consolidated balance sheet, which increased total equity by $28,718 as of December 26, 2008; (ii) removed minority interest expense from the determination of total net income on our consolidated statement of operations, which increased total net income by $7,249 and $5,577 for the fiscal years ended December 26, 2008 and December 28, 2007, respectively; and (iii) included a reduction for net income attributable to noncontrolling interests in the determination of net income attributable to Foster Wheeler AG (as successor to Foster Wheeler Ltd. — please see Note 19 for further information related to Redomestication) and earnings per share on the consolidated statement of operations, which correspond to the net income and earnings per share figures previously reported.

Capital Alterations — See above "— *Basis of Presentation"* and Note 19 for further information related to the Redomestication.

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

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

Revenue Recognition on Long-Term Contracts — Revenues and profits on long-term contracts are recorded under the percentage-of-completion method.

Progress towards completion on fixed-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 incurred to total estimated contract costs (the cost-to-cost method).

1. Summary of Significant Accounting Policies — *(Continued)*

Progress towards completion on cost-reimbursable contracts is measured based on the ratio of quantities expended to total forecasted quantities, typically man-hours. Incentives are also recognized on a percentage-of-completion basis when the realization of an incentive is assessed as probable. We include flow-through costs consisting of materials, equipment or subcontractor services as both operating revenues and cost of operating revenues on cost-reimbursable contracts when we have overall responsibility as the contractor for the engineering specifications and procurement or procurement services for such costs. There is no contract profit impact of flow-through costs as they are included in both operating revenues and cost of operating revenues.

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

At any point, we have numerous contracts in progress, all of which are at various stages of completion. Accounting for revenues and profits on long-term contracts requires estimates of total estimated contract costs and estimates of progress toward completion to determine the extent of revenue and profit recognition. These estimates may be revised as additional information becomes available or as specific project circumstances change. We review all of our material contracts on a monthly basis and revise our estimates as appropriate for developments such as earning project incentive bonuses, incurring or expecting to incur contractual liquidated damages for performance or schedule issues, providing services and purchasing third-party materials and equipment at costs differing from those previously estimated and testing completed facilities, which, in turn, eliminates or confirms completion and warranty-related costs. Project incentives are recognized when it is probable they will be earned. Project incentives are frequently tied to cost, schedule and/or safety targets and, therefore, tend to be earned late in a project's life cycle.

Changes in estimated final contract revenues and costs can either increase or decrease the final estimated contract profit. In the period in which a change in estimate is recognized, the cumulative impact of that change is recorded based on progress achieved through the period of change. There were 43, 33, and 38 separate projects that had final estimated contract profit revisions whose impact on contract profit exceeded $1,000 in fiscal years 2009, 2008 and 2007, respectively. The changes in final estimated contract profit resulted in a net increase of $69,010, $26,720 and $35,150 to reported contract profit for fiscal years 2009, 2008 and 2007, respectively, relating to the revaluation of work performed on contracts in prior periods. The changes in fiscal year 2009 included $24,300 for positive settlements on two projects in our Global Engineering and Construction Group ("Global E&C Group"), of which $14,800 was associated with the receipt of a payment on a long outstanding arbitration award. Please see Note 15 for further information related to changes in final estimated contract profit and the impact on business segment results.

Claims are amounts in excess of the agreed contract price (or amounts not included in the original contract price) that we seek to collect from customers or others for delays, errors in specifications and designs, contract terminations, disputed or unapproved change orders as to both scope and price or other causes of unanticipated additional costs. We record claims as additional contract revenue if it is probable that the claims will result in additional contract revenue and if the amount can be reliably estimated. These two requirements are satisfied by the existence of all of the following conditions: the contract or other evidence provides a legal basis for the claim; additional costs are caused by circumstances that were unforeseen at the contract date and are not the result of deficiencies in our performance; costs associated with the claim are identifiable or otherwise determinable and are reasonable in view of the work performed; and the evidence supporting the claim is objective and verifiable. If such requirements are met, revenue from a claim may be recorded only to the extent that contract costs relating to the claim have been incurred. Costs attributable to claims are treated as costs of contract performance as incurred and are recorded in contracts in process. As of December 31, 2009, our consolidated financial statements assumed recovery of commercial claims of $18,700, of which

1. Summary of Significant Accounting Policies — *(Continued)*

$1,200 has yet to be expended. As of December 26, 2008, our consolidated financial statements assumed recovery of commercial claims of $11,200, all of which was expended.

In certain circumstances, we may defer pre-contract costs when it is probable that these costs will be recovered under a future contract. Such deferred costs would then be included in contract costs upon execution of the anticipated contract. We had $1,200 of deferred pre-contract costs as of December 31, 2009 and no deferred pre-contract costs as of December 26, 2008.

Certain special-purpose subsidiaries in our global power business group are reimbursed by customers for their costs, including amounts related to principal repayments of non-recourse project debt, for building and operating certain facilities over the lives of the corresponding service contracts.

Cash and Cash Equivalents — Cash and cash equivalents include highly liquid short-term investments with original maturities of three months or less at the date of acquisition. Cash and cash equivalents of $772,565 and $622,907 were maintained by our non-U.S. entities as of December 31, 2009 and December 26, 2008, respectively. These entities require a portion of these funds to support their liquidity and working capital needs, as well as to comply with required minimum capitalization and contractual restrictions. Accordingly, a portion of these funds may not be readily available for repatriation to U.S. entities.

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.

Trade Accounts Receivable — Trade accounts receivable represent amounts billed to customers. In accordance with terms under our long-term contracts, our customers may withhold certain percentages of such billings until completion and acceptance of the work performed. Final payments of all such amounts withheld might not be received within a one-year period. In conformity with industry practice, however, the full amount of accounts receivable, including such amounts withheld, are included in current assets on the consolidated balance sheet.

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

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 current assets and current liabilities, respectively on the consolidated balance sheet.

Inventories — Inventories, principally materials and supplies, are stated at the lower of cost or market, determined primarily on the average-cost method. We had inventories of $9,636 and $15,142 as of December 31, 2009 and December 26, 2008, respectively. Such amounts are recorded within other current assets on the consolidated balance sheet.

Land, Buildings and Equipment — Depreciation is computed on a straight-line basis using estimated lives ranging from 10 to 50 years for buildings and from 3 to 35 years for equipment. Expenditures for maintenance and repairs are charged to expense as incurred. Renewals and betterments are capitalized. Upon retirement or other disposition of fixed assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses, if any, are reflected in earnings.

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

1. Summary of Significant Accounting Policies — *(Continued)*

Restricted Cash — The following table details the restricted cash held:

	December 31, 2009			December 26, 2008		
	Non-U.S.	U.S.	Total	Non-U.S.	U.S.	Total
Held by special-purpose entities and restricted for debt service payments	$15,613	$267	$15,880	$14,493	$ 286	$14,779
Held to collateralize letters of credit and bank guarantees	5,280	—	5,280	670	—	670
Client dedicated accounts	13,340	405	13,745	5,531	1,757	7,288
Total	$34,233	$672	$34,905	$20,694	$2,043	$22,737

Investments in and Advances to Unconsolidated Affiliates — We use the equity method of accounting for affiliates in which our investment ownership ranges from 20% to 50% unless significant economic or governance considerations indicate that we are unable to exert significant influence in which case the cost method is used. The equity method is also used for affiliates in which our investment ownership is greater than 50% but we do not have a controlling interest. Currently, all of our investments in affiliates in which our investment ownership is 20% or greater and that are not consolidated are recorded using the equity method. Affiliates in which our investment ownership is less than 20% are carried at cost.

Intangible Assets — Intangible assets consist principally of goodwill, trademarks and patents. Goodwill is allocated to our reporting units on a relative fair value basis at the time of the original purchase price allocation. Patents and trademarks are amortized on a straight-line basis over periods of 3 to 40 years. Customer relationships, pipeline and backlog are amortized on a straight-line basis over periods of 1 to 13 years.

The following table provides the rollforward of our goodwill balances:

	December 31, 2009			December 26, 2008		
	Gross Carrying Amount	Accumulated Impairment Losses	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment Losses	Net Carrying Amount
Global E&C Group:						
Balance at beginning of year	$ 11,325	$ (36)	$11,289	$ 36	$ (36)	$ —
Goodwill acquired during the year	24,400	—	24,400	12,133	—	12,133
Foreign currency translation adjustment	759	—	759	(844)	—	(844)
Balance at end of year	$ 36,484	$ (36)	$36,448	$ 11,325	$ (36)	$11,289
Global Power Group:						
Balance at beginning of year	$155,026	$(104,150)	$50,876	$157,495	$(104,150)	$53,345
Goodwill acquired during the year	—	—	—	—	—	—
Foreign currency translation adjustment	1,378	—	1,378	(2,469)	—	(2,469)
Balance at end of year	$156,404	$(104,150)	$52,254	$155,026	$(104,150)	$50,876
Total:						
Balance at beginning of year	$166,351	$(104,186)	$62,165	$157,531	$(104,186)	$53,345
Goodwill acquired during the year	24,400	—	24,400	12,133	—	12,133
Foreign currency translation adjustment	2,137	—	2,137	(3,313)	—	(3,313)
Balance at end of year	$192,888	$(104,186)	$88,702	$166,351	$(104,186)	$62,165

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

1. Summary of Significant Accounting Policies — *(Continued)*

The following table provides our net carrying amount of goodwill by geographic region in which our reporting units are located:

	Global E&C Group		Global Power Group	
	December 31, 2009	December 26, 2008	December 31, 2009	December 26, 2008
Goodwill Net Carrying Amount:				
U.S.	$35,436	$10,317	$ —	$ —
Asia	1,012	972	—	—
Europe	—	—	52,254	50,876
Balance at end of year	$36,448	$11,289	$52,254	$50,876

We test goodwill for impairment at the reporting unit level, which is defined as the components one level below our operating segments, as these components constitute businesses for which discrete financial information is available and segment management regularly reviews the operating results of those components. Presently, goodwill exists in two of our reporting units — one within our Global Power Group business segment and one within our Global E&C Group business segment.

The goodwill impairment test is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. In the fourth quarter of each fiscal year, we evaluate goodwill at each reporting unit to assess recoverability, and impairments, if any, are recognized in earnings. An impairment loss would be recognized in an amount equal to the excess of the carrying amount of the goodwill over the implied fair value of the goodwill. We have tracked accumulated goodwill impairments since December 29, 2001, the first day of fiscal year 2002 and our date of adoption of SFAS No. 142, "Goodwill and Other Intangible Assets" (codified in FASB ASC 350-20). As of December 31, 2009 and December 26, 2008, the estimated fair value of each of the reporting units was sufficiently in excess of its carrying values even after conducting various sensitivity analyses on key assumptions, such that no adjustment to the carrying values of goodwill was required.

In April 2009, we acquired substantially all of the assets of the offshore engineering division of OPE Holdings Ltd. In conjunction with the acquisition, we recorded $6,433 of goodwill and $2,450 of identifiable intangible assets. In October 2009, we acquired substantially all of the assets of the Houston operations of Atlas Engineering, Inc. In conjunction with the acquisition, we recorded $15,872 of goodwill and $14,446 of identifiable intangible assets. In July 2008, we acquired the majority of the assets and work force of an engineering design company that has an engineering center in Kolkata, India. In conjunction with the acquisition, we recorded $6,610 of goodwill and $330 of identifiable intangible assets. In February 2008, we acquired a biopharmaceutical engineering company that is based in Philadelphia, Pennsylvania. In conjunction with the acquisition, we recorded $5,523 of goodwill and $3,600 of identifiable intangible assets. Please see Note 2 for further information related to these acquisitions.

Intangible assets with determinable useful lives 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.

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

1. Summary of Significant Accounting Policies — *(Continued)*

We had net unamortized identifiable intangible assets of $73,029 and $59,874 as of December 31, 2009 and December 26, 2008, respectively. Of the $73,029 of identifiable intangible assets as of December 31, 2009, $53,265 is related to our Global Power Group and $19,764 is related to our Global E&C Group. The following table details amounts relating to our identifiable intangible assets:

	December 31, 2009			December 26, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	$ 39,304	$(24,983)	$14,321	$ 39,180	$(23,024)	$16,156
Trademarks	63,676	(24,487)	39,189	63,347	(22,543)	40,804
Customer relationships, pipeline and backlog	21,934	(2,415)	19,519	3,592	(678)	2,914
Total	$124,914	$(51,885)	$73,029	$106,119	$(46,245)	$59,874

Amortization expense related to identifiable intangible assets, which is recorded within cost of operating revenues on the consolidated statement of operations, totaled $5,640, $4,716, and $3,649 for fiscal years 2009, 2008 and 2007, respectively. The following table shows the approximate amortization expense for the next five years:

Fiscal Years:	Approximate Amortization Expense
2010	$6,700
2011	6,500
2012	6,300
2013	5,600
2014	5,300

Income Taxes — Deferred tax assets/liabilities are established for the difference between the financial reporting and income tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. In evaluating our ability to realize our deferred tax assets within the various tax jurisdictions in which they arise, we consider all available positive and negative evidence, including scheduled reversals of taxable temporary differences, projected future taxable income, tax planning strategies and recent financial performance. Projecting future taxable income requires significant assumptions about future operating results, as well as the timing and character of taxable income in numerous jurisdictions.

We do not make a provision for incremental income taxes on subsidiary earnings, which have been retained in the subsidiary's country of domicile, if we expect such earnings to be indefinitely reinvested in that jurisdiction. Unremitted earnings of our subsidiaries, that have been, or are intended to be, permanently reinvested (and for which no incremental income tax has been provided) aggregated $296,154 as of December 31, 2009. It is not practicable to estimate the additional tax that would be incurred, if any, if these amounts were repatriated.

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

1. Summary of Significant Accounting Policies — *(Continued)*

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

We recognize interest accrued on the potential tax liability related to unrecognized tax benefits in interest expense, and we recognize any potential penalties in other deductions, net on our consolidated statement of operations.

Foreign Currency — The functional currency of our non-U.S. operations is typically the local currency of their country of domicile. Assets and liabilities of our non-U.S. subsidiaries are translated into U.S. dollars at period-end exchange rates with the resulting translation adjustment recorded as a separate component within accumulated other comprehensive loss. Income and expense accounts and cash flows are translated at weighted-average exchange rates for the period. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other deductions, net on our consolidated statement of operations. The net balance of our foreign currency transaction gains and losses for fiscal years 2009, 2008 and 2007 were as follows:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Net foreign currency transaction gains/(losses)	$979	$(16,543)	$(2,640)
Net foreign currency transaction gains/(losses), net of tax	$780	$(10,753)	$(1,716)

Fair Value Measurements — During fiscal year 2008, we adopted SFAS No. 157 (codified in FASB ASC 820-10), "Fair Value Measurements and Disclosures", except for non-financial assets and liabilities recognized or disclosed at fair value on a non-recurring basis for which the date of adoption was the beginning of the first fiscal quarter of 2009. FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. Fair value is defined 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. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The 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 financial assets and liabilities that are recorded at fair value on a recurring basis consist primarily of the assets or liabilities arising from derivative financial instruments and defined benefit pension plan assets. We value our derivative financial instruments using broker quotations, or market transactions in either the listed or over-the-counter markets, resulting in fair value measurements using level 2 inputs as defined under the fair value hierarchy. See Note 9 for further information regarding our derivative financial instruments.

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

Financial instruments valued independent of the fair value hierarchy:

- Cash, Cash Equivalents and Restricted Cash — The 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.

1. Summary of Significant Accounting Policies — *(Continued)*

Financial instruments valued within level 2 of 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 offered for debt of the same remaining maturities.
- Foreign Currency Forward Contracts — We estimate the fair value of foreign currency forward contracts by obtaining quotes from financial institutions or market transactions in either the listed or over-the-counter markets, which we further corroborate with observable market data.
- Interest Rate Swaps — We estimate the fair value of our interest rate swaps based on quotes obtained from financial institutions, which we further corroborate with observable market data.
- Defined Benefit Pension Plan Assets — We estimate the fair value of our defined benefit pension plan assets based on quotes obtained from financial institutions, which we further corroborate with observable market data.

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 see Note 17 for further information related to our accounting for asbestos defense costs). We incurred external legal fees, excluding asbestos defense costs, of $16,400, $23,100, and $20,504 for fiscal years 2009, 2008 and 2007, 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 credit agreement contains limitations on cash dividend payments.

Retirement of Registered Shares under Registered Share Repurchase Program — On September 12, 2008, we announced a share repurchase program pursuant to which Foster Wheeler Ltd.'s Board of Directors authorized the repurchase of up to $750,000 of Foster Wheeler Ltd.'s outstanding common shares. In connection with the Redomestication, Foster Wheeler AG adopted a share repurchase program pursuant to which it is authorized to repurchase up to $264,800 of its outstanding registered shares and designate the repurchased shares for cancellation. The amount authorized for repurchase of registered shares under the Foster Wheeler AG program is equal to the amount that remained available for repurchases under the Foster Wheeler Ltd. program as of February 9, 2009, the date of the completion of the Redomestication. The Foster Wheeler AG program replaces the Foster Wheeler Ltd. program, and no further repurchases will be made under the Foster Wheeler Ltd. program. Any repurchases will be made at our discretion in the open market or in privately negotiated transactions in compliance with applicable securities laws and other legal requirements and will depend on a variety of factors, including market conditions, share price and other factors. The program does not obligate us to acquire any particular number of registered shares. The program has no expiration date and may be suspended or discontinued at any time.

All registered shares acquired under our registered share repurchase program are immediately retired upon purchase. The registered share value, on the consolidated balance sheet, is reduced for the par value of the retired registered shares. Paid-in capital, on the consolidated balance sheet, is reduced for the excess of fair value and related fees paid above par value for the registered shares acquired.

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

1. Summary of Significant Accounting Policies — *(Continued)*

Registered shares retired under the registered share repurchase program reduce the weighted-average number of registered shares outstanding during the reporting period when calculating earnings per share, as described below.

Earnings per Share — Basic earnings per share is computed by dividing net income attributable to Foster Wheeler AG by the weighted-average number of shares outstanding during the reporting period, excluding non-vested restricted shares. There were no non-vested restricted shares as of December 31, 2009, and 82,980 and 165,960 as of December 26, 2008 and December 28, 2007, respectively. Restricted shares and restricted share units (collectively, "restricted awards") are included in the weighted-average number of shares outstanding when such restricted awards vest.

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

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

The computations of basic and diluted earnings per share were as follows:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Basic earnings per share:			
Net income attributable to Foster Wheeler AG	$ 350,156	$ 526,620	$ 393,874
Weighted-average number of shares outstanding for basic earnings per share	126,541,962	141,149,590	141,661,046
Basic earnings per share	$ 2.77	$ 3.73	$ 2.78
Diluted earnings per share:			
Net income attributable to Foster Wheeler AG	$ 350,156	$ 526,620	$ 393,874
Weighted-average number of shares outstanding for basic earnings per share	126,541,962	141,149,590	141,661,046
Effect of dilutive securities:			
Options to purchase shares	124,602	1,228,170	1,082,254
Warrants to purchase shares	355,472	574,591	1,790,072
Non-vested portion of restricted awards	152,575	151,679	214,850
Weighted-average number of shares outstanding for diluted earnings per share	127,174,611	143,104,030	144,748,222
Diluted earnings per share	$ 2.75	$ 3.68	$ 2.72

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

1. Summary of Significant Accounting Policies — *(Continued)*

The following table summarizes the share equivalent of potentially dilutive securities that have been excluded from the denominator used in the calculation of diluted earnings per share due to their antidilutive effect:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Shares issuable under outstanding options not included in the computation of diluted earnings per share because the assumed proceeds were greater than the average share price for the period	2,802,193	522,566	347,698

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

- Expected volatility — we estimate the volatility of our share price at the date of grant using historical volatility adjusted for periods of unusual stock price activity.
- Expected term — we estimate the expected term using the "simplified" method, as outlined in Staff Accounting Bulletin No. 107, "Share-Based Payment."
- Risk-free interest rate — we estimate the risk-free interest rate using the U.S. Treasury yield curve for periods equal to the expected term of the options in effect at the time of grant.
- Dividends — we use an expected dividend yield of zero because we have not declared or paid a cash dividend since July 2001 and we do not have any plans to declare or pay any cash dividends.

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

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Expected volatility	70%	57%	44%
Expected term	3.6 years	3.6 years	3.5 years
Risk-free interest rate	1.60%	1.88%	3.63%
Expected dividend yield	0%	0%	0%

We estimate the fair value of restricted awards using the market price of our shares on the date of grant. We then recognize the fair value of each restricted award as compensation cost ratably using the straight-line attribution method over the service period (generally the vesting period).

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

Recent Accounting Developments — In June 2009, the FASB issued authoritative guidance which requires an enterprise to qualitatively assess the determination of the primary beneficiary (or "consolidator") of a variable interest entity ("VIE") based on whether the entity (1) has the power to direct matters that most

1. Summary of Significant Accounting Policies — *(Continued)*

significantly impact the activities of the VIE, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The guidance changes the consideration of kick-out rights, which are the ability to remove the enterprise with the power to direct the activities of a VIE, in determining if an entity is a VIE, which may cause certain additional entities to now be considered VIEs. In contrast to prior authoritative guidance, the new guidance requires an ongoing reconsideration of the primary beneficiary and also amends the events that trigger a reassessment of whether an entity is a VIE. The guidance is effective for financial statements issued for fiscal years beginning after November 15, 2009. We are currently assessing the impact that the guidance may have on our consolidated financial statements and disclosures.

2. Business Combinations

In October 2009, we acquired substantially all of the assets of the Houston operations of Atlas Engineering, Inc., a privately held company, for a purchase price of approximately $21,000. The purchase price may be increased by an estimated $12,000 for contingent consideration depending on the acquired company's EBITDA over the first three years after the closing date. We have recorded a liability of $9,318 on the consolidated balance sheet for the estimated fair value of the contingent consideration. The acquired company is active in upstream oil and gas engineering services. The purchase price allocation and pro forma information for this acquisition were not material to our consolidated financial statements. This company's financial results are included within our Global E&C Group business segment.

In April 2009, we acquired substantially all of the assets of the offshore engineering division of OPE Holdings Ltd., a Canadian company that is listed on the TSX Venture Exchange and which we refer to as OPE, for a purchase price of approximately $8,900. The purchase price may be increased by $500 if the acquired company meets certain performance targets during the first year after the closing date. The acquired company is active in upstream oil and gas engineering services. The purchase price allocation and pro forma information for this acquisition were not material to our consolidated financial statements. This company's financial results are included within our Global E&C Group business segment.

In July 2008, we acquired the majority of the assets and work force of an engineering design company for $6,500, plus up to $1,500 to be paid if certain performance milestones are met over the following two years. This company, which has an engineering center in Kolkata, India, provides engineering services to the petrochemical, refining, upstream oil and gas and power industries. The purchase price allocation and pro forma information for this acquisition were not material to our consolidated financial statements. This company's financial results are included within our Global E&C Group business segment.

In February 2008, we acquired all of the outstanding capital stock of a biopharmaceutical engineering company, based in Philadelphia, Pennsylvania, for $8,545 plus up to $3,638 to be paid over the following three years if certain conditions are met, plus up to an additional $8,700 to be paid if certain performance milestones are met over the following three years. This company provides design, engineering, manufacture, installation, validation and startup/commissioning services to the life sciences industry. The purchase price allocation and pro forma information for this acquisition were not material to our consolidated financial statements. This company's financial results are included within our Global E&C Group business segment.

In February 2007, we purchased the stock of a Finnish company that owns patented coal flow measuring technology. The purchase price, net of cash acquired was €1,112 (approximately $1,473 at the exchange rate in effect at the time of the acquisition). The purchase price allocation and pro forma financial information for this acquisition were not material to our consolidated financial statements. This company's financial results are included within our Global Power Group business segment.

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

3. Accounts and Notes Receivable

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

	December 31, 2009	December 26, 2008
From long-term contracts:		
Amounts billed due within one year	$492,391	$539,423
Billed retention:		
Estimated to be due in:		
2009	—	60,204
2010	33,857	13,140
2011	10,957	8,902
Total billed retention	44,814	82,246
Total receivables from long-term contracts	537,205	621,669
Other trade accounts and notes receivable	169	1,169
Trade accounts and notes receivable, gross	537,374	622,838
Less: Allowance for doubtful accounts	(10,849)	(13,844)
Trade accounts and notes receivable, net	$526,525	$608,994

The following table shows the components of other accounts and notes receivable, net:

	December 31, 2009	December 26, 2008
Asbestos insurance receivable	$ 69,007	$41,012
Foreign refundable value-added tax	23,397	30,412
Other	25,314	24,209
Other accounts and notes receivable, net	$117,718	$95,633

4. Land, Buildings and Equipment

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

	December 31, 2009	December 26, 2008
Land and land improvements	$ 27,522	$ 27,842
Buildings	160,660	153,689
Furniture, fixtures and equipment	620,372	528,095
Construction in progress	19,301	64,064
Land, buildings and equipment, gross	827,855	773,690
Less: Accumulated depreciation	(429,723)	(390,481)
Land, buildings and equipment, net	$ 398,132	$ 383,209

Depreciation expense for fiscal years 2009, 2008 and 2007 was $39,357, $39,271, and $34,576, respectively.

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

4. Land, Buildings and Equipment — *(Continued)*

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

5. Equity Interests

We own a noncontrolling equity 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 equity interest in a project based in Italy which generates earnings from royalty payments linked to the price of natural gas. The two electric power generation projects in Italy are each 42% owned by us, the waste-to-energy project is 39% owned by us and the wind farm project is 50% owned by us. The project in Chile is 85% owned by us; however, we do not have a controlling interest in the project as a result of participating rights held by the minority shareholder. We account for these investments in Italy and Chile under the equity method. The following is summarized financial information for these entities (each as a whole) in which we have an equity interest:

	December 31, 2009		December 26, 2008	
	Italy Based Projects	Chile Based Project	Italy Based Projects	Chile Based Project
Balance Sheet Data:				
Current assets	$325,688	$ 46,311	$288,387	$ 66,991
Other assets (primarily buildings and equipment)	644,344	127,393	618,083	137,007
Current liabilities	99,111	34,982	63,227	26,319
Other liabilities (primarily long-term debt)	515,424	63,109	535,954	70,950
Net assets	355,497	75,613	307,289	106,729

	Fiscal Years Ended					
	December 31, 2009		December 26, 2008		December 28, 2007	
	Italy Based Projects	Chile Based Project	Italy Based Projects	Chile Based Project	Italy Based Projects	Chile Based Project
Income Statement Data:						
Total revenues	$361,797	$63,330	$439,455	$88,586	$319,611	$70,427
Gross profit	90,228	37,412	95,492	53,161	75,549	42,234
Income before income taxes	74,430	32,129	69,208	47,445	56,917	35,391
Net earnings	44,234	26,667	29,028	39,379	45,684	30,258

Our equity in the net earnings of these partially-owned affiliates, which is recorded within other income, net on the consolidated statement of operations, totaled $34,953, $33,905, and $36,445 for fiscal years 2009, 2008 and 2007, respectively.

Our investment in these equity affiliates, which is recorded within investments in and advances to unconsolidated affiliates on the consolidated balance sheet, totaled $215,280 and $200,352 as of December 31, 2009 and December 26, 2008, respectively. Distributions of $25,486, $24,452 and $23,784 were received during fiscal years 2009, 2008 and 2007, respectively.

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

5. Equity Interests — *(Continued)*

We have guaranteed certain performance obligations of the Chile based project. We have a contingent obligation, which is measured annually based on the operating results of the Chile based project for the preceding year. We did not have a current payment obligation under this guarantee as of December 31, 2009.

We also have guaranteed the obligations of our subsidiary under the Chile based project's operations and maintenance agreement. The guarantee is limited to $20,000 over the life of the operations and maintenance agreement, which extends through 2016. No amounts have ever been paid under the guarantee.

In addition, we have provided a $10,000 debt service reserve letter of credit to cover debt service payments in the event that the Chile based project does not generate sufficient cash flows to make such payments. We are required to maintain the debt service reserve letter of credit during the term of the Chile based project's debt, which matures in 2014. As of December 31, 2009, no amounts have been drawn under this letter of credit.

Under the Chile based project's operations and maintenance agreement, our subsidiary provides services for the management, operation and maintenance of the refinery/electric power generation facility. Our fees for these services were $8,464, $9,312 and $8,309 for fiscal years 2009, 2008 and 2007, respectively, and were recorded in operating revenues on our consolidated statement of operations. We had a receivable from our partially-owned affiliate in Chile of $4,916 and $12,615 recorded in trade accounts and notes receivable, net on the consolidated balance sheet as of December 31, 2009 and December 26, 2008, respectively.

Our share of the undistributed retained earnings of our equity investees amounted to $122,337 and $107,271 as of December 31, 2009 and December 26, 2008, respectively.

6. Long-term Debt

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

	December 31, 2009			December 26, 2008		
	Current	Long-term	Total	Current	Long-term	Total
Capital Lease Obligations	$ 1,492	$ 65,327	$ 66,819	$ 1,147	$ 64,641	$ 65,788
Special-Purpose Limited Recourse Project Debt:						
Camden County Energy Recovery Associates	21,865	—	21,865	9,914	21,865	31,779
FW Power S.r.l.	7,428	95,661	103,089	4,562	88,750	93,312
Energia Holdings, LLC	3,187	13,239	16,426	4,675	16,426	21,101
Subordinated Robbins Facility Exit Funding Obligations:						
1999C Bonds at 7.25% interest, due October 15, 2009	—	—	—	19	—	19
1999C Bonds at 7.25% interest, due October 15, 2024	—	1,283	1,283	—	1,283	1,283
1999D Accretion Bonds at 7% interest, due October 15, 2009	—	—	—	307	—	307
Term Loan in China at 4.374% interest, due January 8, 2010	2,930	—	2,930	—	—	—
Term Loan in China at 6.57% interest, due December 29, 2008	—	—	—	3,654	—	3,654
Other	28	—	28	97	24	121
Total	$36,930	$175,510	$212,440	$24,375	$192,989	$217,364

6. Long-term Debt — *(Continued)*

U.S. Senior Credit Agreement — In October 2006, we executed a five-year U.S. senior credit agreement to be used for our U.S. and non-U.S. operations. The senior credit agreement, as amended in May 2007, provides for a facility of $450,000, and includes a provision which permits future incremental increases of up to $100,000 in total availability under the facility. We can issue up to $450,000 under the letter of credit facility. A portion of the letters of credit issued under the U.S. senior credit agreement have performance pricing that is decreased (or increased) as a result of improvements (or reductions) in the credit rating of the U.S. senior credit agreement as reported by Moody's Investors Service and/or Standard & Poor's ("S&P"). We also have the option to use up to $100,000 of the $450,000 for revolving borrowings at a rate equal to adjusted LIBOR plus 1.50%, subject also to the performance pricing noted above. As a result of the improvement in our S&P credit rating in March 2007, we achieved, and continue to maintain, the lowest possible pricing under the performance pricing provisions of our U.S. senior credit agreement.

On December 18, 2008, Foster Wheeler AG, Foster Wheeler Ltd., certain of Foster Wheeler Ltd.'s subsidiaries and BNP Paribas, as Administrative Agent, entered into an additional amendment of our U.S. senior credit agreement. The amendment includes a consent of the lenders under the credit agreement to the Redomestication. In addition, the amendment reflects the addition of Foster Wheeler AG as a guarantor of the obligations under the credit agreement and reflects changes relating to Foster Wheeler AG becoming the ultimate parent of Foster Wheeler Ltd. and its subsidiaries upon completion of the Redomestication. The amendment became effective upon consummation of the Redomestication on February 9, 2009.

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

In addition, our U.S. senior credit agreement contains financial covenants requiring us not to exceed a total leverage ratio, which compares total indebtedness to EBITDA, and to maintain a minimum interest coverage ratio, which compares EBITDA to interest expense. All such terms are defined in our U.S. senior credit agreement. We must be in compliance with the total leverage ratio at all times, while the interest coverage ratio is measured quarterly. We are in compliance with all financial covenants and other provisions of our U.S. senior credit agreement.

We had approximately $308,000 and $273,500 of letters of credit outstanding under this agreement as of December 31, 2009 and December 26, 2008, respectively. The letter of credit fees ranged from 1.50% to 1.60% of the outstanding amount, excluding a fronting fee of 0.125% per annum. There were no funded borrowings under this agreement as of December 31, 2009 and December 26, 2008.

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

6. Long-term Debt — *(Continued)*

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

	December 31, 2009	December 26, 2008
Buildings and improvements	$ 48,299	$ 46,258
Less: Accumulated amortization	(14,924)	(12,807)
Net assets under capital lease obligations	$ 33,375	$ 33,451

The following are the minimum lease payments to be made in each of the years indicated for our capital lease obligations as of December 31, 2009:

Fiscal years:	
2010	$ 8,844
2011	9,151
2012	8,760
2013	8,577
2014	8,802
Thereafter	85,194
Less: Interest	(62,509)
Net minimum lease payments under capital lease obligations	66,819
Less: Current portion of net minimum lease payments	(1,492)
Long-term portion of net minimum lease payments	$ 65,327

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

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

FW Power S.r.l., which is the owner of certain electric power generating wind farms in Italy, had project financing for a wind farm project under a base facility and a value-added tax ("VAT") facility. The base facility had a variable interest rate based upon the 6-month Euribor plus 1.5% and was repayable semi-annually based upon a pre-defined payment schedule through June 30, 2015. The VAT facility had a variable interest rate based upon the 6-month Euribor plus 0.9% and was repayable semi-annually based upon actual VAT received during commercial operation through December 31, 2010.

In December 2007, FW Power S.r.l. refinanced the original base and VAT facilities with new base and VAT facilities, and also secured new base and VAT facilities for a second wind farm project. The new base facilities bear interest at variable rates based upon 6-month Euribor plus a spread varying from 0.8% to 1.1% throughout the life of the debt and are repayable semi-annually based upon a pre-defined payment schedule

6. Long-term Debt — *(Continued)*

through December 31, 2019. The new 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 June 30, 2010 and December 31, 2013.

The 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 $108,500 at the exchange rate as of December 31, 2009).

We have executed interest rate swap contracts that effectively convert approximately 90% of the base facilities to a weighted-average fixed interest rate of 4.48%. The swap contracts are in place through the life of the facilities. See Note 9, "Derivative Financial Instruments — Interest Rate Risk," for our accounting policy related to these interest rate swap contracts. The interest rates on the VAT facilities and the portion of the base facilities not subject to the interest rate swap contracts were 1.493% and 1.893%, respectively, as of December 31, 2009.

The Energia Holdings, LLC debt bears interest at 11.443%, due annually, and matures on April 15, 2015. The notes are collateralized by certain revenues and assets of a special-purpose subsidiary, which is the indirect owner of our refinery/electric power generation project in Chile.

Subordinated Robbins Facility Exit Funding Obligations ("Robbins bonds") — In connection with the restructuring of debt incurred to finance construction of a waste-to-energy facility in the Village of Robbins, Illinois in the U.S., we assumed certain subordinated obligations. The subordinated obligations included 1999C Bonds due October 15, 2009 (the "1999C bonds due 2009"), 1999C Bonds due October 15, 2024 (the "1999C bonds due 2024") and 1999D Accretion Bonds due October 15, 2009 (the "1999D bonds"). Both the 1999C bonds due 2009 and the 1999D bonds were paid off in full at their scheduled maturity dates.

The 1999C bonds due 2024 bear interest at 7.25% and are subject to mandatory sinking fund reduction prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. On October 3, 2008, we acquired $19,208 of our 1999C bonds due 2024 for $19,016 of cash, plus accrued and unpaid interest to date.

Term Loans in China — In fiscal year 2008, one of our China based subsidiaries entered into a term loan with an interest rate of 6.57% and a maturity date of December 29, 2008. During fiscal year 2009, the term loan was repaid at the scheduled maturity date. Also during fiscal year 2009, the same China based subsidiary entered into a new term loan for 20 million Chinese yuan, or renminbi, (approximately $2,926 at the exchange rate in effect at the inception of the term loan) with an interest rate of 4.374%. The new term loan matured on January 8, 2010 and our China based subsidiary did not enter into a new term loan.

Estimated Fair Values — The estimated fair values of our long-term debt were $222,165 and $227,866 as of December 31, 2009 and December 26, 2008, respectively. We estimate the fair value of our long-term debt (including current installments) based on the quoted market prices for the same or similar issues or on the current rates offered for debt of the same remaining maturities.

Interest Costs — Interest costs incurred in fiscal years 2009, 2008 and 2007 were $17,167, $16,462, and $18,603, respectively.

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

6. Long-term Debt — *(Continued)*

Aggregate Maturities — Aggregate principal repayments and sinking fund requirements of long-term debt, excluding payments on capital lease obligations, over the next five years are as follows:

	Fiscal Years						
	2010	2011	2012	2013	2014	Thereafter	Total
Special-Purpose Limited Recourse Project Debt:							
Camden County Energy Recovery Associates	$21,865	$ —	$ —	$ —	$ —	$ —	$ 21,865
FW Power S.r.l.	7,428	7,976	8,888	9,305	9,217	60,275	103,089
Energia Holdings, LLC	3,187	2,019	1,913	1,913	2,040	5,354	16,426
Subordinated Robbins Facility Exit Funding Obligations:							
1999C Bonds at 7.25% interest, due October 15, 2024	—	—	—	—	—	1,283	1,283
Term Loan in China at 4.374% interest, due January 8, 2010	2,930	—	—	—	—	—	2,930
Other	28	—	—	—	—	—	28
Total	$35,438	$9,995	$10,801	$11,218	$11,257	$66,912	$145,621

7. Pensions and Other Postretirement Benefits

We have defined benefit pension plans in the United States, the United Kingdom, France, Canada and Finland, and we have other postretirement benefit plans for health care and life insurance benefits in the United States and Canada. We also have defined contribution plans in the United States and the United Kingdom. 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 other postretirement benefit plans on our consolidated balance sheet. We 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. We record net actuarial losses, prior service cost/(credits) and net transition obligations/(assets) within accumulated other comprehensive loss on the consolidated balance sheet.

Defined Benefit Pension Plans — Our defined benefit pension plans cover certain full-time employees. Under the plans, retirement benefits are primarily a function of both years of service and level of compensation. The U.S. pension plans, which are frozen to new entrants and additional benefit accruals, and the Canadian, Finnish and French plans are non-contributory. The U.K. plan, which is closed to new entrants, is contributory.

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

Defined benefit pension obligations and funded status:

	Fiscal Year Ended December 31, 2009				Fiscal Year Ended December 26, 2008			
	United States	United Kingdom	Other	Total	United States	United Kingdom	Other	Total
Change in projected benefit obligations:								
Projected benefit obligations at beginning of year	$329,599	$ 629,351	$ 28,464	$ 987,414	$326,811	$ 903,535	$ 39,280	$1,269,626
Service cost	—	5,663	647	6,310	—	10,451	691	11,142
Interest cost	19,796	41,461	1,819	63,076	19,962	47,683	1,882	69,527
Plan participants' contributions	—	5,427	—	5,427	—	7,067	—	7,067
Plan amendments	—	(51,654)	—	(51,654)	—	40,103	—	40,103
Actuarial loss/(gain)	20,596	99,089	1,693	121,378	5,645	(113,437)	(2,534)	(110,326)
Benefits paid	(23,161)	(34,257)	(2,931)	(60,349)	(22,819)	(32,938)	(3,518)	(59,275)
Special termination benefits/other	—	187	(996)	(809)	—	2,247	(1,818)	429
Foreign currency exchange rate changes	—	74,604	3,382	77,986	—	(235,360)	(5,519)	(240,879)
Projected benefit obligations at end of year	346,830	769,871	32,078	1,148,779	329,599	629,351	28,464	987,414
Change in plan assets:								
Fair value of plan assets at beginning of year	229,631	522,481	16,306	768,418	330,238	736,628	25,687	1,092,553
Actual return on plan assets	49,806	66,159	2,121	118,086	(97,808)	(77,216)	(3,107)	(178,131)
Employer contributions	30,000	39,124	2,300	71,424	20,020	82,153	3,433	105,606
Plan participants' contributions	—	5,427	—	5,427	—	7,067	—	7,067
Benefits paid	(23,161)	(34,257)	(2,931)	(60,349)	(22,819)	(32,938)	(3,518)	(59,275)
Other	—	180	(954)	(774)	—	1,616	(1,818)	(202)
Foreign currency exchange rate changes	—	63,355	2,693	66,048	—	(194,829)	(4,371)	(199,200)
Fair value of plan assets at end of year	286,276	662,469	19,535	968,280	229,631	522,481	16,306	768,418
Funded status at end of year	$ (60,554)	$(107,402)	$(12,543)	$ (180,499)	$ (99,968)	$(106,870)	$(12,158)	$ (218,996)

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

	December 31, 2009	December 26, 2008
Current liabilities	$ 942	$ 589
Non-current liabilities	179,557	218,407
Funded status at end of year	$180,499	$218,996

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

We recognized the following amounts in our consolidated balance sheet:

	December 31, 2009	December 26, 2008
Net actuarial loss	$501,608	$467,660
Prior service cost	8,972	68,452
Net transition asset	(116)	(151)
Gross amounts	510,464	535,961
Net tax benefit	102,827	104,395
Net amounts	407,637	431,566
Less: Attributable to noncontrolling interests	(40)	—
Total included in accumulated other comprehensive loss	$407,597	$431,566

The estimated net actuarial loss, prior service credit and net transition obligation that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are approximately $23,100, $300 and $100, respectively.

Accumulated benefit obligation:

The aggregated accumulated benefit obligation of our defined benefit pension plans was $1,016,944 and $886,259 at December 31, 2009 and December 26, 2008, respectively.

Information for defined benefit pension plans with an accumulated benefit obligation in excess of plan assets:

	December 31, 2009(1)	December 26, 2008(2)
Projected benefit obligation	$380,183	$980,644
Accumulated benefit obligation	377,284	883,010
Fair value of plan assets	306,119	760,251

(1) Balances for the fiscal year ended December 31, 2009 do not include information for two of the United Kingdom plans since the plan assets of those plans exceeded the accumulated benefit obligation.

(2) Balances for the fiscal year ended December 26, 2008 do not include information for one of the United Kingdom plans since the plan assets of that plan exceeded the accumulated benefit obligation.

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

Components of net periodic benefit cost/(income) and other changes recognized in comprehensive income:

	Fiscal Years Ended											
	December 31, 2009				December 26, 2008				December 28, 2007			
	United States	United Kingdom	Other	Total	United States	United Kingdom	Other	Total	United States	United Kingdom	Other	Total
Net periodic benefit cost/(credit):												
Service cost	$ —	$ 5,663	$ 647	$ 6,310	$ —	$ 10,451	$ 691	$ 11,142	$ —	$ 14,073	$ 620	$ 14,693
Interest cost	19,796	41,461	1,819	63,076	19,962	47,683	1,882	69,527	19,031	45,348	1,671	66,050
Expected return on plan assets	(17,118)	(33,767)	(1,221)	(52,106)	(24,142)	(46,788)	(1,594)	(72,524)	(22,064)	(48,200)	(1,762)	(72,026)
Amortization of transition (asset)/obligation	—	(51)	87	36	—	(54)	93	39	—	(66)	93	27
Amortization of prior service cost	—	7,810	91	7,901	—	4,807	19	4,826	—	5,195	19	5,214
Amortization of net actuarial loss	7,838	12,874	484	21,196	2,787	16,289	400	19,476	3,285	17,530	479	21,294
Net periodic benefit cost/(credit)	10,516	33,990	1,907	46,413	(1,393)	32,388	1,491	32,486	252	33,880	1,120	35,252
Settlement charges*	—	(52)	295	243	—	242	644	886	—	—	—	—
Total net periodic benefit cost/(credit)	$ 10,516	$ 33,938	$ 2,202	$ 46,656	$ (1,393)	$ 32,630	$ 2,135	$ 33,372	$ 252	$ 33,880	$ 1,120	$ 35,252
Changes recognized in comprehensive income:												
Net actuarial (gain)/loss	$(12,092)	$ 66,682	$ 554	$ 55,144	$127,595	$ 10,674	$ 1,287	$139,556	$ (8,008)	$(19,435)	$ 1,927	$(25,516)
Plan amendment	—	(51,653)	74	(51,579)	—	39,861	—	39,861	—	—	—	—
Settlement charge recognized on the remeasurement of transitional asset	—	71	—	71	—	—	—	—	—	—	—	—
Amortization of transition asset/(obligation)	—	51	(87)	(36)	—	54	(93)	(39)	—	66	(93)	(27)
Amortization of prior service cost	—	(7,810)	(91)	(7,901)	—	(4,807)	(19)	(4,826)	—	(5,195)	(19)	(5,214)
Amortization of net actuarial loss	(7,838)	(12,874)	(484)	(21,196)	(2,787)	(16,289)	(400)	(19,476)	(3,285)	(17,530)	(479)	(21,294)
Total recognized in comprehensive income	$(19,930)	$ (5,533)	$ (34)	$(25,497)	$124,808	$ 29,493	$ 775	$155,076	$(11,293)	$(42,094)	$ 1,336	$(52,051)
Weighted-average assumptions-net periodic benefit cost:												
Discount rate	6.23%	6.22%	6.44%		6.31%	5.74%	5.24%		5.81%	5.14%	4.50%	
Long-term rate of return	8.25%	6.32%	7.00%		7.90%	6.86%	7.00%		8.00%	6.94%	7.50%	
Salary growth	N/A	3.53%	2.80%		N/A	4.28%	3.10%		N/A	3.83%	2.35%	
Weighted-average assumptions-projected benefit obligations:												
Discount rate	5.67%	5.75%	5.20%		6.23%	6.21%	6.39%					
Salary growth	N/A	4.09%	3.24%		N/A	3.53%	3.17%					

N/A — Not applicable as the plan is frozen and future salary levels do not affect benefits payable.

* Charges/(gains) were recorded related to the settlement of pension obligations to former employees in fiscal year 2009 in the United Kingdom, Canada and Finland totaling a net charge of $243 and in fiscal year 2008 in the United Kingdom and Canada totaling a charge of $886.

Long-term rate of return assumptions:

The expected long-term rate of return on plan assets is developed using a weighted-average methodology, blending the expected returns on each class of investment in the plans' portfolio. The expected returns by asset class are developed considering both past performance and future considerations. We annually review and adjust, as required, the long-term rate of return for our pension plans. The weighted-average expected long-term rate of return on plan assets has ranged from 6.9% to 7.3% over the past three years.

Plan Assets:

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

The investment policy of the U.S. plans allocates assets in accordance with the policy guidelines. These guidelines identify target, maximum and minimum allocations by asset class. The current investment policy of the U.S. plan includes an allocation among asset classes as follows: 60% equities, 40% fixed income, and 0% cash and cash equivalents, each subject to a range of +/- 10% and with the exception of plan contributions temporarily awaiting longer-term investment.

The investment policy of the U.K. plans is designed to respond to changes in funding levels. Currently, the asset mix is 60% bonds and 40% equities with a target of 50% bonds and 50% equities, depending on the timing of plan contributions.

The investment policy of the Canadian plan uses a balanced approach and allocates investments in pooled funds in accordance with the policy's asset mix guidelines. These guidelines identify target, maximum and minimum allocations by asset class. The target allocation is 50% equities, 45% bonds and 5% cash. The minimum and maximum allocations are: 40% to 60% equities, 40% to 50% bonds and 0% to 10% cash.

Investments are exposed to various risks, such as interest rate and 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 affect the fair value of our defined benefit plan assets, which in turn, would result in a change to our net pension benefit liability on our consolidated balance sheet. Accordingly, the valuation of investments at each fiscal 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 plans which take these risks into account and we continually review the investment policies to ensure that the investment strategy is aligned with plan liabilities and projected plan benefit payments. Based on our current holdings, we believe that our individual pension plans are not exposed to a significant concentration of risk in any particular sector or asset class.

Our 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 plan assets measured within the fair value framework consist of comingled funds and equity securities. 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. Comingled funds are valued at the net asset value for their underlying securities, which are valued at quoted prices in active markets or using observable prices for market transactions involving identical or comparable securities.

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

The fair values of our defined benefit pension plan assets as of December 31, 2009 by asset category are as follows:

	Fair Value Measurements as of December 31, 2009			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Pension Plan Assets:				
U.S. Equity Commingled Funds(1)	$ —	$115,690	$—	$115,690
Global Equity Commingled Fund(2)	—	38,213	—	38,213
Corporate Fixed Income Commingled Funds(3)	—	76,015	—	76,015
Government Fixed Income Commingled Funds(4)	—	24,613	—	24,613
Cash equivalents	—	30,000	—	30,000
Subtotal	$ —	$284,531	$—	$284,531
Plan receivables				1,745
Total plan assets				$286,276
U.K. Pension Plan Assets:				
Equity Securities(5)	$171,528	$ —	$—	$171,528
U.K. Equity Commingled Fund(6)	—	18,154	—	18,154
Global Equity Commingled Fund(2)	—	83,371	—	83,371
U.S. Equity Commingled Fund(7)	—	33,910	—	33,910
Corporate Fixed Income Commingled Fund(8)	—	118,505	—	118,505
Government Fixed Income 5 year plus maturities Commingled Fund(9)	—	84,560	—	84,560
Government Fixed Income 15 year plus maturities Commingled Fund(10)	—	130,867	—	130,867
Money Market Commingled Fund(11)	—	10,196	—	10,196
Cash equivalents	—	2,470	—	2,470
Subtotal	$171,528	$482,033	$—	$653,561
Cash and cash equivalents				8,908
Total plan assets				$662,469
Canada Pension Plan Assets:				
Canadian Equity Commingled Fund(12)	$ —	$ 3,781	$—	$ 3,781
U.S. Equity Commingled Fund(1)	—	3,377	—	3,377
Global Equity Commingled Fund(2)	—	2,721	—	2,721
Government Fixed Income Commingled Fund(13)	—	4,357	—	4,357
Government Fixed Income Commingled Fund(14)	—	4,329	—	4,329
Money Market Commingled Fund(11)	—	957	—	957
Subtotal	$ —	$ 19,522	$—	$ 19,522
Cash and cash equivalents				13
Total plan assets				$ 19,535

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

(1) Primarily U.S. equity securities with a focus on long-term returns.

(2) Primarily global 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 U.S. government investment-grade fixed-income securities with focus on current income and capital preservation.

(5) Publicly traded U.K. based equity securities.

(6) Primarily U.K. equity securities with a focus on long-term returns.

(7) Primarily U.S. equity securities with a focus on tax efficient returns.

(8) Primarily investment-grade corporate bonds with a focus on maturities of 15 years or longer.

(9) Primarily U.K. government fixed income securities with a focus on maturities of five years or longer.

(10) Primarily U.K. government fixed income securities with a focus on maturities of 15 years or longer.

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

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

(13) Primarily Canadian government investment-grade fixed-income securities with a focus on current income and the capital preservation.

(14) Primarily Canadian government and corporate fixed income securities and investments in other comingled bond funds with a focus on current income.

Contributions:

Based on the minimum statutory funding requirements for fiscal year 2010, we are not required to make mandatory contributions to our U.S. pension plans. Based on the minimum statutory funding requirements for fiscal year 2010, we expect to contribute total mandatory contributions of approximately $33,700 to our non-U.S. pension plans.

Estimated future benefit payments:

We expect to make the following benefit payments from our defined benefit pension plans:

	United States	United Kingdom	Other	Total
2010	$ 23,600	$ 35,500	$ 3,100	$ 62,200
2011	23,800	35,800	3,000	62,600
2012	24,200	36,200	2,700	63,100
2013	24,000	36,500	3,700	64,200
2014	24,100	36,800	3,300	64,200
2015-2019	125,900	188,800	14,200	328,900

Other Postretirement Benefit Plans — Certain employees in the United States and Canada may become eligible for health care and life insurance benefits ("other postretirement benefits") if they qualify for and commence normal or early retirement pension benefits as defined in the U.S. and Canadian pension plans while working for us.

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

Additionally, one of our subsidiaries in the United States also has a benefit plan, referred to as the Survivor Income Plan ("SIP"), which provides coverage for an employee's beneficiary upon the death of the employee. This plan has been closed to new entrants since 1988. Total liabilities under the SIP, which were $15,904 and $14,590 as of December 31, 2009 and December 26, 2008, respectively, are reflected in the other postretirement benefit obligation and funded status information below. The assets held to fund the benefits provided by the SIP, which reflect the cash surrender value of insurance polices purchased to cover obligations under the SIP, totaled $5,201 and $5,633 as of December 31, 2009 and December 26, 2008, respectively. The assets are recorded in other assets on the consolidated balance sheet and are not reflected in the other postretirement benefit obligation and funded status information below.

Other postretirement benefit obligation and funded status:

	Fiscal Years Ended	
	December 31, 2009	December 26, 2008
Change in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation at beginning of year	$ 82,464	$ 80,160
Service cost	134	142
Interest cost	4,845	4,623
Plan participants' contributions	1,869	2,180
Plan amendment	—	1,609
Actuarial (gain)/loss	(8,916)	3,680
Benefits paid	(8,132)	(9,994)
Medicare Part D reimbursement	—	220
Other	91	(156)
Accumulated postretirement benefit obligation at end of year	72,355	82,464
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Plan participants' contributions	1,869	2,180
Employer contributions	6,263	7,594
Medicare Part D reimbursement	—	220
Benefits paid	(8,132)	(9,994)
Fair value of plan assets at end of year	—	—
Funded status at end of year	$(72,355)	$(82,464)

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

	December 31, 2009	December 26, 2008
Current liabilities	$ 6,597	$ 6,475
Non-current liabilities	65,758	75,989
Funded status at end of year	$72,355	$82,464

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

We recognized the following amounts in accumulated other comprehensive loss:

	December 31, 2009	December 26, 2008
Net actuarial loss	$ 4,401	$ 14,162
Prior service credit	(32,647)	(37,276)
Total	$(28,246)	$(23,114)

The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive loss into net periodic postretirement benefit cost over the next fiscal year are approximately $200 and $4,000, respectively.

Components of net periodic postretirement benefit cost and changes recognized in comprehensive income:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Net periodic postretirement benefit cost:			
Service cost	$ 134	$ 142	$ 139
Interest cost	4,845	4,623	4,765
Amortization of prior service credit	(4,629)	(4,662)	(4,762)
Amortization of net actuarial loss	845	466	952
Net periodic postretirement benefit cost	$ 1,195	$ 569	$ 1,094
Changes recognized in comprehensive income:			
Net actuarial (gain)/loss	$(8,916)	$ 3,679	$(13,352)
Plan amendment	—	1,609	—
Amortization of prior service credit	4,629	4,662	4,762
Amortization of net actuarial loss	(845)	(466)	(952)
Total recognized in comprehensive income	$(5,132)	$ 9,484	$ (9,542)
Weighted-average discount rate assumptions:			
Net periodic postretirement benefit cost	6.26%	6.23%	5.73%
Accumulated postretirement benefit obligation	5.45%	6.28%	

	Pre-Medicare Eligible	Medicare Eligible
Health-care cost trend:		
2009	8.70%	24.65%
2010	8.30%	20.47%
Decline to 2024	5.60%	5.70%

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

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

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost components	$ 200	$ (200)
Effect on accumulated postretirement benefit obligation	$2,100	$(1,900)

Contributions:

We expect to contribute a total of approximately $6,700 to our other postretirement benefit plans in fiscal year 2010.

Estimated future other postretirement benefit payments:

We expect to make the following other postretirement benefit payments:

	Benefit Payments
2010	$ 6,700
2011	6,600
2012	6,400
2013	6,100
2014	6,000
2015-2019	27,500

Defined Contribution Plans — Our U.S. subsidiaries have a 401(k) plan for salaried employees. In fiscal years 2009 and 2008, we matched 100% of employee contributions on the first 6% of eligible base pay, subject to the annual limit on eligible earnings under the Internal Revenue Code. In fiscal year 2007, we matched 100% of the first 3% and 50% of the next 3% of base pay of employee contributions, subject to the annual Internal Revenue Code limit. In fiscal year 2007 and prior, the 401(k) plan also provided for a discretionary employer contribution, equal to 50% of the second 3% of an employee's contribution or a maximum of 1.5% of base salary. The discretionary employer contribution was tied to meeting our performance targets for an entire calendar year and having the contribution approved by our Board of Directors. The discretionary employer 401(k) contribution was paid in fiscal year 2007. The discretionary employer contribution was discontinued in fiscal year 2008 in connection with the adoption of our new contribution match and eligible base pay limits, described above.

In total, our U.S. subsidiaries contributed approximately $7,800, $9,000, and $5,600 to the 401(k) plan in fiscal years 2009, 2008 and 2007, respectively. Beginning in fiscal year 2008, our U.S. subsidiaries also have a Roth 401(k) plan for salaried employees.

Effective April 1, 2003, our U.K. subsidiaries commenced a defined contribution plan for salaried employees. Under the defined contribution plan, amounts are credited as a percentage of earnings which percentage can be increased within prescribed limits after five years of membership in the fund if matched by the employee. At termination (up to two years' service only), an employee may receive the balance in the account. Otherwise, at termination or at retirement, an employee receives an annuity or a combination of lump-sum and annuity. Our U.K. subsidiaries contributed approximately $4,900, $3,400, and $2,600 in fiscal years 2009, 2008 and 2007, respectively, to the defined contribution plan.

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

7. Pensions and Other Postretirement Benefits — *(Continued)*

Other Benefits — Certain of our non-U.S. subsidiaries participate in government-mandated indemnity and postretirement programs for their employees. Liabilities of $24,954 and $26,563 were recorded within pension, postretirement and other employee benefits on the consolidated balance sheet at December 31, 2009 and December 26, 2008, respectively, related to such benefits.

8. Guarantees and Warranties

We have agreed to indemnify certain third parties relating to businesses and/or assets that we previously owned and sold to such third parties. Such indemnifications relate primarily to potential environmental and tax exposures for activities conducted by us prior to the sale of such businesses and/or assets. It is not possible to predict the maximum potential amount of future payments under these or similar indemnifications due to the conditional nature of the obligations and the unique facts and circumstances involved in each particular indemnification.

	Maximum Potential Payment	Carrying Amount of Liability	
		December 31, 2009	December 26, 2008
Environmental indemnifications	No limit	$8,800	$8,900
Tax indemnifications	No limit	$ —	$ —

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

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Warranty Liability:			
Balance at beginning of year	$ 99,400	$ 87,800	$ 69,900
Accruals	32,600	36,000	35,800
Settlements	(6,600)	(7,300)	(5,700)
Adjustments to provisions	(14,600)	(17,100)	(12,200)
Balance at end of year	$110,800	$ 99,400	$ 87,800

We are contingently liable under standby letters of credit, bank guarantees and surety bonds, totaling $943,100 and $914,500 as of December 31, 2009 and December 26, 2008, respectively, primarily for performance guarantees. These balances include the standby letters of credit issued under the U.S. senior credit agreement discussed in Note 6 and from other facilities worldwide. No material claims have been made against these guarantees, and based on our experience and current expectations, we do not anticipate any material claims.

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

9. Derivative Financial Instruments

We are exposed to certain risks relating to our ongoing business operations. The risks managed by using derivative financial instruments relate primarily to foreign currency exchange rate risk and, to a significantly

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

9. Derivative Financial Instruments — *(Continued)*

lesser extent, interest rate risk. Derivative financial instruments are recognized as assets or liabilities at fair value in our consolidated balance sheet.

Fair Values of Derivative Financial Instruments

	Asset Derivatives			Liability Derivatives		
	Location within Consolidated Balance Sheet	December 31, 2009	December 26, 2008	Location within Consolidated Balance Sheet	December 31, 2009	December 26, 2008
Derivatives designated as hedging instruments						
Interest rate swap contracts	Other assets	$ —	$ —	Other long-term liabilities	$ 6,554	$ 5,658
Derivatives not designated as hedging instruments						
Foreign currency forward contracts	Contracts in process or billings in excess of costs and estimated earnings on uncompleted contracts	1,174	3,883	Contracts in process or billings in excess of costs and estimated earnings on uncompleted contracts	4,934	21,260
Foreign currency forward contracts	Other accounts receivable	470	—	Accounts payable	246	451
Total derivatives		$1,644	$3,883		$11,734	$27,369

Foreign Currency Exchange Rate Risk

We operate on a worldwide basis with substantial operations in Europe that subject us to U.S. dollar translation risk mainly relative to the Euro and British pound. Under our risk management policies we do not hedge translation risk exposure. All activities of our non-U.S. affiliates are recorded in their functional currency, which is typically the local currency in the country of domicile of the affiliate. In the ordinary course of business, our affiliates do enter into transactions in currencies other than their respective functional currencies. We seek to minimize the resulting foreign currency transaction risk by contracting for the procurement of goods and services in the same currency as the sales value of the related long-term contract.

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

9. Derivative Financial Instruments — *(Continued)*

Functional Currency	Currency Hedged (bought or sold forward)	Hedged Foreign Currency Exposure (in equivalent U.S. dollars)	Notional Amount of Forward Buy Contracts (in equivalent U.S. dollars)	Notional Amount of Forward Sell Contracts (in equivalent U.S. dollars)
British pound	Euro	$ 8,145	$ —	$ 8,145
	Australian dollar	18,395	8,929	9,466
	South African rand	2,316	—	2,316
	U.S. dollar	30,791	4,062	26,729
Australian dollar	British pound	810	—	810
Chilean peso	U.S. dollar	100	100	—
Chinese renminbi	Euro	2,366	—	2,366
	U.S. dollar	33,869	10,460	23,409
Euro	Swedish kroner	148	148	—
	U.S. dollar	36,985	15,631	21,354
Polish zloty	Euro	18,444	—	18,444
South African rand	British pound	859	859	—
U.S. dollar	Canadian dollar	1,151	1,151	—
	Euro	335	335	—
	British pound	289	289	—
	Singapore dollar	52	52	—
	Total	$155,055	$42,016	$113,039

The notional amount provides one measure of the transaction volume outstanding as of the balance sheet date. Amounts ultimately realized upon final settlement of these financial instruments, along with the gains and losses on the underlying exposures within our long-term contracts, will depend on actual market exchange rates during the remaining life of the instruments. The contracts mature between fiscal years 2010 and 2011.

We are exposed to credit loss in the event of non-performance by the counterparties. These counterparties are commercial banks that are primarily rated "BBB+" or better by Standard & Poor's (or the equivalent by other recognized credit rating agencies).

Increases in the fair value of the currencies sold forward result in losses while increases in the fair value of the currencies bought forward result in gains. The gain or loss from the portion of the mark-to-market adjustment related to the completed portion of the underlying contract is included in cost of operating revenues at the same time as the underlying foreign currency exposure occurs. The gain or loss from the remaining portion of the mark-to-market adjustment, specifically the portion relating to the uncompleted portion of the underlying contract is reflected directly in cost of operating revenues in the period in which the

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

9. Derivative Financial Instruments — *(Continued)*

mark-to-market adjustment occurs. The incremental gain or loss from the remaining uncompleted portion of our contracts was as follows:

Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Recognized in Income on Derivatives — Fiscal Years Ended December 31, 2009	December 26, 2008	December 28, 2007
Foreign currency forward contracts	Cost of operating revenues	$7,021	$(11,473)	$ 465
Foreign currency forward contracts	Other deductions, net	756	(390)	(141)
Total		$7,777	$(11,863)	$ 324

The mark-to-market adjustments on foreign currency forward exchange contracts for these unrealized gains or losses are primarily recorded in either contracts in process or billings in excess of costs and estimated earnings on uncompleted contracts on the consolidated balance sheet.

In fiscal years 2009, 2008, and 2007, we included net cash (outflows)/inflows on the settlement of derivatives of $(10,600), $(8,410), and $5,253, respectively, within the "net change in contracts in process and billings in excess of costs and estimated earnings on uncompleted contracts," a component of cash flows from operating activities in the consolidated statement of cash flows.

Interest Rate Risk

We use interest rate swap contracts to manage interest rate risk associated with some of our variable rate special-purpose limited recourse project debt. The aggregate notional amount of the receive-variable/pay-fixed interest rate swaps was $85,100 as of December 31, 2009.

Upon entering into the swap contracts, we designate the interest rate swaps as cash flow hedges. We assess at inception, and on an ongoing basis, whether the interest rate swaps are highly effective in offsetting changes in the cash flows of the project debt. Consequently, we record the fair value of interest rate swap contracts in our consolidated balance sheet at each balance sheet date. Changes in the fair value of the interest rate swap contracts are recorded as a component of other comprehensive income.

Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) Recognized in Other Comprehensive Income	Location of Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Loss	Amount of Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Loss
Fiscal Year Ended December 31, 2009			
Interest rate swap contracts	$ (896)	Interest expense	$—
Fiscal Year Ended December 26, 2008			
Interest rate swap contracts	$(5,938)	Interest expense	$—
Fiscal Year Ended December 28, 2007			
Interest rate swap contracts	$ 1	Interest expense	$—

See Note 13 for the related tax benefits on cash flow hedges that are recognized in other comprehensive income for the fiscal years ended December 31, 2009, December 26, 2008 and December 28, 2007.

10. Preferred Shares

We issued 599,944 preferred shares in connection with our 2004 equity-for-debt exchange which were convertible at the holder's option into 130 common shares of Foster Wheeler Ltd.

In connection with the Redomestication, on February 9, 2009 the holders of the preferred shares received the number of registered shares of Foster Wheeler AG that such holders would have been entitled to receive had they converted their preferred shares into common shares of Foster Wheeler Ltd. immediately prior to the effectiveness of the scheme of arrangement (with Foster Wheeler Ltd. paying cash in lieu of any fractional shares otherwise issuable). See Note 19 for further information related to the Redomestication.

11. Share-Based Compensation Plans

Our share-based compensation plans include both restricted awards and stock option awards. Compensation cost for our share-based plans of $22,781, $15,766, and $7,095, was charged against income for fiscal years 2009, 2008 and 2007, respectively. The related income tax benefit recognized in the consolidated statement of operations was $448, $332, and $246 for fiscal years 2009, 2008 and 2007, respectively. We received $546, $2,791, and $18,076 in cash from option exercises under our share-based compensation plans for fiscal years 2009, 2008 and 2007, respectively.

As of December 31, 2009, we had $18,344 and $17,451 of total unrecognized compensation cost related to stock options and restricted awards, respectively. Those costs are expected to be recognized as expense over a weighted-average period of approximately 26 months.

Omnibus Incentive Plan:

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

The Omnibus Plan includes a "change in control" provision, which provides for cash redemption of equity awards issued under the Omnibus Plan in certain limited circumstances. In accordance with Securities and Exchange Commission Accounting Series Release No. 268, "Presentation in Financial Statements of Redeemable Preferred Stocks," we present the redemption amount of these equity awards as temporary equity on the consolidated balance sheet as the equity award is amortized during the vesting period. The redemption amount represents the intrinsic value of the equity award on the grant date. In accordance with FASB ASC 480-10-S99-3A (formerly EITF Topic D-98, "Classification and Measurement of Redeemable Securities"), we do not adjust the redemption amount each reporting period unless and until it becomes probable that the equity awards will become redeemable (upon a change in control event). Upon vesting of the equity awards, we reclassify the intrinsic value of the equity awards, as determined on the grant date, to permanent equity. A

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

11. Share-Based Compensation Plans — *(Continued)*

reconciliation of temporary equity for the fiscal years ended December 31, 2009 and December 26, 2008 are as follows:

	December 31, 2009	December 26, 2008
Balance at beginning of year	$ 7,586	$ 2,728
Compensation cost during the period for those equity awards with intrinsic value on the grant date	11,615	8,306
Intrinsic value of equity awards vested during the period for those equity awards with intrinsic value on the grant date	(16,631)	(3,448)
Balance at end of year	$ 2,570	$ 7,586

Our articles of association provide for conditional capital of 63,207,957 registered shares for the issuance of registered shares under our share-based compensation plans, outstanding share purchase warrants and other convertible securities we may issue in the future. Conditional capital decreases upon issuance of registered shares in connection with the exercise of outstanding stock options or vesting of restricted stock units, with an offsetting increase to our issued share capital. As of December 31, 2009, our remaining available conditional capital was 62,181,928 shares.

Prior Share-Based Compensation Plans:

In connection with the Redomestication, Foster Wheeler AG assumed Foster Wheeler Ltd.'s obligations under Foster Wheeler Ltd.'s share-based incentive award programs and similar employee share-based awards. See Note 19 for further information related to the Redomestication.

In September 2004, our Board of Directors adopted the 2004 Stock Option Plan (the "2004 Plan"), which reserved 7,334,730 shares for issuance. The 2004 Plan provided that shares issued come from our authorized but unissued shares. The Board of Directors determined the price of the options granted pursuant to the 2004 Plan. The options granted under the 2004 Plan expire up to a maximum of three years from the date granted. As noted above, no further awards will be granted under the 2004 Plan.

In October 2001, we granted 130,000 inducement options at an exercise price of $49.85 per share to our chief executive officer in connection with his employment agreement. The options vested 20% each year over the term of his agreement. The price of the options granted pursuant to these agreements was the fair market value on the date of the grant. The options granted under this agreement expire ten years from the date granted.

In April 1995, our shareholders approved the 1995 Stock Option Plan (the "1995 Plan"). The 1995 Plan, as amended in April 1999 and May 2002, reserved 530,000 shares for issuance. The 1995 Plan provided that shares issued come from our authorized but unissued or reacquired shares. The price of the options granted pursuant to this plan could not be less than 100% of the fair market value of the shares on the date of grant. The options granted pursuant to the 1995 Plan could not be exercised within one year from the date of grant and no option can be exercised after ten years from the date granted. As noted above, no further awards will be granted under the 1995 Plan.

In April 1990, our shareholders approved a Stock Option Plan for Directors of Foster Wheeler (the "Directors Plan"). On April 29, 1997, our shareholders approved an amendment of the Directors Plan, which authorized the granting of options to purchase 40,000 shares to non-employee directors of Foster Wheeler. The Directors Plan provided that shares issued come from our authorized but unissued or reacquired shares. The price of the options granted pursuant to this plan could not be less than 100% of the fair market value of the

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

11. Share-Based Compensation Plans — *(Continued)*

shares on the date of grant. The options granted pursuant to the Directors Plan could not be exercised within one year from the date of grant and no option can be exercised after ten years from the date granted. As noted above, no further awards will be granted under the Directors Plan.

Stock Option Awards:

A summary of stock option activity for fiscal years 2009, 2008 and 2007 is presented below:

	Fiscal Years Ended					
	December 31, 2009		December 26, 2008		December 28, 2007	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Options outstanding at beginning of year	3,077,046	$ 32.59	1,502,476	$ 44.45	4,411,930	$ 20.19
Options exercised	(65,026)	$ 23.23	(142,038)	$ 19.65	(2,976,020)	$ 6.07
Options granted	580,576	$ 30.15	1,761,246	$ 26.99	193,326	$ 62.98
Options cancelled or expired	(75,574)	$117.58	(44,638)	$251.94	(126,760)	$129.20
Options outstanding at end of year	3,517,022	$ 30.53	3,077,046	$ 32.59	1,502,476	$ 44.45
Options available for grant at end of year	4,836,596		5,582,611		8,066,938	
Weighted-average grant date fair value of options granted during the year	$ 15.25		$ 11.21		$ 23.03	

The following table summarizes our outstanding stock options as of December 31, 2009:

Range of Exercise Prices			Stock Options Outstanding			
			Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value
$14.52	to	$ 19.92	77,531	3.53 years	$14.97	$ 1,121,804
21.43	to	22.86	2,087,710	3.30 years	21.53	16,520,172
25.05	to	33.73	758,265	3.95 years	29.91	1,065,230
46.90	to	56.88	181,663	1.69 years	51.19	—
65.62	to	81.57	367,353	3.06 years	68.19	—
90.00	to	116.00	44,500	0.22 years	95.64	—
$14.52	to	$116.00	3,517,022	3.30 years	$30.53	$18,707,206

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

11. Share-Based Compensation Plans — *(Continued)*

The following table summarizes our exercisable stock options as of December 31, 2009:

Range of Exercise Prices			Stock Options Exercisable: Number Exercisable	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value
$14.52	to	$ 19.92	38,931	3.07 years	$15.42	$ 545,892
21.43	to	22.86	1,109,920	2.76 years	21.59	8,708,899
25.05	to	33.73	287,971	2.25 years	25.99	1,065,230
46.90	to	56.88	180,324	1.68 years	51.22	—
65.62	to	81.57	222,866	3.02 years	68.77	—
90.00	to	116.00	44,500	0.22 years	95.64	—
$14.52	to	$116.00	1,884,512	2.55 years	$32.30	$10,320,021

We calculated intrinsic value for those options that had an exercise price lower than the market price of our shares as of December 31, 2009. The aggregate intrinsic value of outstanding options and exercisable options as of December 31, 2009 was calculated as the difference between the market price of our shares and the exercise price of the underlying options for the options that had an exercise price lower than the market price of our shares at that date. The total intrinsic value of the options exercised during fiscal years 2009, 2008 and 2007 was $483, $7,320 and $88,828, respectively, determined as of the date of exercise.

As of December 31, 2009, there was $18,334 of total unrecognized compensation cost related to stock options. That cost is expected to be recognized as expense over a weighted-average period of approximately 27 months.

Restricted Awards:

Restricted awards consist of restricted shares and restricted share units.

A summary of restricted share activity for fiscal years 2009, 2008 and 2007 is presented below:

	Fiscal Years Ended: December 31, 2009		December 26, 2008		December 28, 2007	
	Shares	Weighted-Average Grant Price	Shares	Weighted-Average Grant Price	Shares	Weighted-Average Grant Price
Non-vested at beginning of year	82,980	$21.47	165,960	$21.47	659,262	$11.32
Granted	—	$ —	—	$ —	—	$ —
Vested	(82,980)	$21.47	(82,980)	$21.47	(493,302)	$ 7.91
Cancelled or forfeited	—	$ —	—	$ —	—	$ —
Non-vested at end of year	—	$ —	82,980	$21.47	165,960	$21.47

As of December 31, 2009, there were no restricted shares outstanding.

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

11. Share-Based Compensation Plans — *(Continued)*

A summary of restricted share unit activity for fiscal years 2009, 2008 and 2007 is presented below:

	Fiscal Years Ended					
	December 31, 2009		December 26, 2008		December 28, 2007	
	Units	Weighted-Average Grant Price	Units	Weighted-Average Grant Price	Units	Weighted-Average Grant Price
Non-vested at beginning of year	931,915	$29.63	227,430	$38.79	868,968	$ 9.30
Granted	245,949	$30.15	768,255	$26.68	82,258	$62.94
Vested	(464,258)	$31.94	(62,486)	$26.31	(686,818)	$ 5.12
Cancelled or forfeited	(5,683)	$32.14	(1,284)	$44.10	(36,978)	$25.05
Non-vested at end of year	707,923	$28.28	931,915	$29.63	227,430	$38.79

As of December 31, 2009, there was $17,451 of total unrecognized compensation cost related to the restricted awards. That cost is expected to be recognized over a weighted-average period of approximately 26 months. The total fair value of restricted awards vested during fiscal years 2009, 2008 and 2007 was $16,043, $8,946 and $33,408, respectively.

12. Share Purchase Warrants

In connection with the equity-for-debt exchange consummated in 2004, Foster Wheeler Ltd. issued 4,152,914 Class A common share purchase warrants and 40,771,560 Class B common share purchase warrants. In connection with the Redomestication, Foster Wheeler AG assumed Foster Wheeler Ltd.'s obligations under the related warrant agreement and agreed to issue registered shares of Foster Wheeler AG upon exercise of outstanding warrants in accordance with their stated terms. See Note 19 for further information related to the Redomestication. Each Class A warrant entitled its owner to purchase 3.3682 registered shares at an exercise price of $4.689 per registered share thereunder, subject to the terms of the warrant agreement between the warrant agent and us. In connection with the Redomestication and in accordance with the terms of the warrant agreement, we extended the expiration date of our Class A warrants from September 24, 2009 to October 2, 2009 (the "extended maturity date") as a result of the periods from January 27, 2009 until January 30, 2009 and February 3, 2009 until February 6, 2009 when the warrants were not exercisable. Each Class B warrant entitled its owner to purchase 0.1446 common shares at an exercise price of $4.689 per common share thereunder, subject to the terms and conditions of the warrant agreement between the warrant agent and Foster Wheeler Ltd.

The remaining outstanding Class A warrants expired on the extended maturity date and Class B warrants expired on September 24, 2007. Cumulatively through December 31, 2009, 4,148,983 Class A warrants and 38,730,407 Class B warrants were exercised for 20,324,595 shares.

Also in connection with the equity-for-debt exchange consummated in 2004, we entered into a registration rights agreement with certain selling security holders in which we agreed to file a registration statement to cover resales of our securities held by them immediately following the exchange offer. We filed a registration statement in accordance with this agreement on October 29, 2004. This registration statement initially became effective on December 23, 2004. Subject to the selling security holders providing us with necessary information in accordance with the registration rights agreement, we were required to keep effective a registration statement covering resales by such security holders until December 23, 2009 unless certain events occurred to terminate our obligations under the registration rights agreement prior to that date. If we failed to maintain the registration statement as required or it became unavailable for more than two 45-day periods in

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

12. Share Purchase Warrants — *(Continued)*

any consecutive 12-month period, we were required to pay damages at a rate of $13.7 per day for each day that the registration statement was not effective. We did not incur any damages under the registration rights agreement.

13. Other Comprehensive Income

Below are the adjustments included in total comprehensive income for foreign currency translation, net gain/(loss) on cash flow hedges and pension and other postretirement benefits and their related tax provision/(benefit) and balances attributable to noncontrolling interests and Foster Wheeler AG:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Foreign currency translation	$30,468	$ (69,426)	$33,391
Less: Attributable to noncontrolling interests	(1,181)	679	(1,452)
Attributable to Foster Wheeler AG	$29,287	$ (68,747)	$31,939
Net (loss)/gain on cash flow hedges	$ (2,102)	$ (11,925)	$ 1,763
Tax (benefit)/provision	(578)	(3,280)	432
Attributable to Foster Wheeler AG	$ (1,524)	$ (8,645)	$ 1,331
Pension and other postretirement benefits	$30,629	$(164,560)	$61,593
Tax provision/(benefit)	1,568	(8,278)	12,635
Pension and other postretirement benefits, net of tax	29,061	(156,282)	48,958
Less: Attributable to noncontrolling interests	(40)	—	—
Attributable to Foster Wheeler AG	$29,021	$(156,282)	$48,958

No tax is currently provided on foreign currency translation adjustments in comprehensive income as they relate to earnings that are indefinitely reinvested in each subsidiary's country of domicile.

Below are the components of accumulated other comprehensive loss:

	Accumulated Other Comprehensive Loss			
	Accumulated Foreign Currency Translation	Pension and Other Postretirement Benefits	Net Gains/(Losses) on Cash Flow Hedges	Total Accumulated Other Comprehensive Loss
Balance as of December 29, 2006	$(42,556)	$(301,128)	$ 342	$(343,342)
Other comprehensive income	31,939	48,958	1,331	82,228
Balance as of December 28, 2007	(10,617)	(252,170)	1,673	(261,114)
Other comprehensive loss	(68,747)	(156,282)	(8,645)	(233,674)
Balance as of December 26, 2008	(79,364)	(408,452)	(6,972)	(494,788)
Other comprehensive income	29,287	29,021	(1,524)	56,784
Balance as of December 31, 2009	$(50,077)	$(379,431)	$(8,496)	$(438,004)

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

14. Income Taxes

Below are the components of income/(loss) before income taxes for fiscal years 2009, 2008 and 2007 and under the following tax jurisdictions:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
U.S.	$ (724)	$ 28,290	$ 26,384
Non-U.S.	455,844	602,607	509,487
Total	$455,120	$630,897	$535,871

The provision for income taxes was as follows:

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Current tax expense:			
U.S.	$ 4,741	$ 4,370	$ 2,831
Non-U.S.	69,340	115,541	114,938
Total current	74,081	119,911	117,769
Deferred tax expense/(benefit):			
U.S.	—	(8,758)	2,248
Non-U.S.	19,681	(14,125)	16,403
Total deferred	19,681	(22,883)	18,651
Total provision for income taxes	$93,762	$ 97,028	$136,420

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

14. Income Taxes — *(Continued)*

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

	December 31, 2009	December 26, 2008
Deferred tax assets:		
Pensions	$ 62,643	$ 81,985
Accrued costs on long-term contracts	27,893	25,943
Deferred income	10,001	23,525
Accrued expenses	41,114	39,749
Postretirement benefits other than pensions	23,723	28,602
Asbestos claims	43,560	42,720
Net operating loss carryforwards and other tax attributes	231,686	203,978
Asset impairments and other reserves	779	2,568
Other	10,216	5,778
Total gross deferred tax assets	451,615	454,848
Valuation allowance	(332,840)	(318,722)
Total deferred tax assets	118,775	136,126
Deferred tax liabilities:		
Property, plant and equipment	(30,145)	(30,449)
Goodwill and other intangible assets	(11,825)	(7,301)
Investments	(20,986)	(20,364)
Unremitted earnings of foreign subsidiaries	—	(8,000)
Total gross deferred tax liabilities	(62,956)	(66,114)
Net deferred tax assets	$ 55,819	$ 70,012

Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of the various attributes. We believe that it is more likely than not that the remaining net deferred tax assets (after consideration of the valuation allowance) will be realized through future earnings and/or tax planning strategies. The amount of the deferred tax assets considered realizable, however, could change in the near future if estimates of future taxable income during the carryforward period are changed. We have reduced our U.S. and certain non-U.S. tax benefits by a valuation allowance based on a consideration of all available evidence, which indicates that it is more likely than not that some or all of the deferred tax assets will not be realized. During fiscal year 2009, the valuation allowance increased by $14,118, primarily as a result of an increase in the tax rates in various jurisdictions, particularly several states within the U.S., resulting in an increase in the deferred assets for which a full valuation allowance is provided. This increase was partially offset by a net valuation allowance reduction due to increased earnings in jurisdictions where a full valuation allowance was previously recorded. During fiscal year 2008, we reversed the valuation allowance that we had previously established for one of our non-U.S. operating units due to improved operational performance and positive evidence that indicates that it is more likely than not that the deferred tax assets in that jurisdiction will be realized. This valuation allowance reduction was offset by the need to increase the valuation allowance related to deferred tax assets in certain jurisdictions.

For statutory purposes, the majority of deferred tax assets for which a valuation allowance is provided do not begin expiring until fiscal year 2025 or later, based on the current tax laws.

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

14. Income Taxes — *(Continued)*

Our subsidiaries file income tax returns in numerous tax jurisdictions, including the United States, several U.S. states and numerous non-U.S. jurisdictions around the world. Tax returns are also filed in jurisdictions where our subsidiaries execute project-related work. The statute of limitations varies by jurisdiction. Because of the number of jurisdictions in which we file tax returns, in any given year the statute of limitations in a number of jurisdictions may expire within 12 months from the balance sheet date. As a result, we expect recurring changes in unrecognized tax benefits due to the expiration of the statute of limitations, none of which are expected to be individually significant. With few exceptions, we are no longer subject to U.S. (including federal, state and local) or non-U.S. income tax examinations by tax authorities for years before fiscal year 2005.

During fiscal year 2008, we settled a tax audit in the Asia Pacific region which resulted in a $3,200 reduction of unrecognized tax benefits and a corresponding reduction in the provision for income taxes. A number of tax years are under audit by the relevant state and non-U.S. tax authorities. We anticipate that several of these audits may be concluded in the foreseeable future, including in fiscal year 2010. Based on the status of these audits, it is reasonably possible that the conclusion of the audits may result in a reduction of unrecognized tax benefits. However, it is not possible to estimate the magnitude of any such reduction at this time.

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

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

	December 31, 2009	December 26, 2008	December 28, 2007
Balance at beginning of year	$48,742	$52,175	$44,786
Additions based on tax positions related to the current year	12,680	7,859	6,218
Additions for tax positions of prior years	10,644	—	8,910
Reductions for tax positions for prior years	(3,336)	(5,668)	(1,663)
Settlements	(507)	—	(2,744)
Reductions for lapse of statute of limitations	(9,377)	(5,624)	(3,332)
Balance at end of year	$58,846	$48,742	$52,175

As of December 31, 2009, we had $58,846 of unrecognized tax benefits, of which $58,267 would, if recognized, affect our effective tax rate before existing valuation allowance considerations.

We recognize interest accrued on the unrecognized tax benefits in interest expense and penalties on the unrecognized tax benefits in other deductions, net on our consolidated statement of operations. During the fiscal year 2009 we recorded a net reduction of interest expense of $3,046, which included $5,060 of previously accrued interest expense that was ultimately not assessed and net penalties on unrecognized tax benefits of $2,481 which included $2,706 of previously accrued tax penalties that were ultimately not assessed.

During the fiscal year 2008, we recorded interest expense on unrecognized tax benefits of $1,158 and a net reduction in penalties on unrecognized tax benefits of $2,351, which were net of previously accrued tax penalties that were ultimately not assessed of $5,000.

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

14. Income Taxes — *(Continued)*

During the fiscal year 2007, we recorded interest expense on unrecognized tax benefits of $1,252 and penalties on unrecognized tax benefits of $1,485, which were net of previously accrued tax penalties that were ultimately not assessed of $5,000.

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

	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Tax provision at U.S. statutory rate	35.0%	35.0%	35.0%
State income taxes, net of Federal income tax benefit	0.0%	0.5%	0.1%
Valuation allowance	(0.8)%	(6.4)%	(1.9)%
Non-U.S. tax rates different than the statutory rate	(14.7)%	(13.8)%	(10.5)%
Impact of changes in tax rate on deferred taxes	0.2%	0.3%	1.3%
Nondeductible loss / nontaxable income	1.9%	(0.2)%	1.6%
Other	(1.0)%	0.0%	(0.1)%
Total	20.6%	15.4%	25.5%

15. 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 offshore upstream oil and gas processing facilities, natural gas liquefaction facilities and receiving terminals, gas-to-liquids facilities, oil refining, chemical and petrochemical, pharmaceutical and biotechnology facilities and related infrastructure, including power generation and distribution facilities, and gasification facilities. Our Global E&C Group is also involved in the design of facilities in new or developing market sectors, including carbon capture and storage, solid fuel-fired integrated gasification combined-cycle power plants, coal-to-liquids, coal-to-chemicals and biofuels. Our Global E&C Group generates revenues from engineering, procurement and construction and project management activities pursuant to contracts spanning up to approximately four years in duration and from returns on its equity investments in various power production facilities.

Our Global E&C Group provides the following services:

- Design, engineering, project management, construction and construction management services, including the procurement of equipment, materials and services from third-party suppliers and contractors.
- Environmental remediation services, together with related technical, engineering, design and regulatory services.
- Development, engineering, procurement, construction, ownership and operation of power generation facilities, from conventional and renewable sources, and waste-to-energy facilities in Europe.
- Design and supply of direct-fired furnaces used in a wide range of refining, petrochemical, chemical, oil and gas processes, including fired heaters and waste heat recovery units. In addition, our Global E&C Group also designs and supplies the fired heaters which form an integral part of its proprietary delayed coking and hydrogen production technologies.

15. Business Segments — *(Continued)*

Global Power Group

Our Global Power Group designs, manufactures and erects steam generating and auxiliary equipment for electric power generating stations and industrial facilities worldwide and owns and/or operates several cogeneration, independent power production and waste-to-energy facilities, as well as power generation facilities for the process and petrochemical industries. Our Global Power Group generates revenues from engineering activities, equipment supply, construction contracts, operating and maintenance agreements, royalties from licensing its technology, and from returns on its investments in several power production facilities.

Our Global Power Group's steam generating equipment includes a full range of technologies, offering independent power producers, utilities and industrial clients high-value technology solutions for converting a wide range of fuels, such as coal, lignite, petroleum coke, oil, gas, solar, biomass and municipal solid waste, into steam, which can be used for power generation, district heating or for industrial processes.

Our Global Power Group offers several other products and services related to steam generators:

- Designs, manufactures and installs auxiliary and replacement equipment for utility power and industrial facilities, including surface condensers, feed water heaters, coal pulverizers, steam generator coils and panels, biomass gasifiers, and replacement parts for steam generators.

- Nitrogen-oxide ("NO_x") reduction systems and components for pulverized coal steam generators such as, selective catalytic reduction systems, low NO_x combustion systems, low NO_x burners, primary combustion and overfire air systems and components, fuel and combustion air measuring and control systems and components.

- A broad range of site services including construction and erection services, maintenance engineering, steam generator upgrading and life extension, and plant repowering.

- Research and development in the areas of combustion, fluid and gas dynamics, heat transfer, materials and solid mechanics.

- Technology licenses to other steam generator suppliers in select countries.

Corporate and Finance Group

In addition to these two business groups, which also represent 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 ("C&F Group"), which we also treat as an operating segment for financial reporting purposes.

We conduct our business on a global basis. Our Global E&C Group has accounted for the largest portion of our operating revenues over the last ten years. In fiscal year 2009, our Global E&C Group accounted for 80% of our total operating revenues, while our Global Power Group accounted for 20% of our total operating revenues.

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

15. Business Segments — *(Continued)*

The geographic dispersion of our operating revenues for fiscal year 2009, based upon where the project is being executed, was as follows:

	Global E&C Group		Global Power Group		Total	
	Third-Party Revenues	Percentage of Third-Party Revenues	Third-Party Revenues	Percentage of Third-Party Revenues	Third-Party Revenues	Percentage of Third-Party Revenues
Asia	$1,301,173	32.2%	$ 106,140	10.5%	$1,407,313	27.8%
Australasia and other*	1,332,184	33.0%	4,325	0.4%	1,336,509	26.4%
Europe	601,553	14.9%	438,626	43.2%	1,040,179	20.6%
Middle East	393,052	9.7%	2,173	0.2%	395,225	7.8%
North America	283,622	7.0%	371,106	36.5%	654,728	13.0%
South America	128,498	3.2%	93,882	9.2%	222,380	4.4%
Total	$4,040,082	100.0%	$1,016,252	100.0%	$5,056,334	100.0%

* Australasia and other primarily represents Australia, South Africa, New Zealand and the Pacific islands.

One client accounted for approximately 24%, 24%, and 12% of our consolidated operating revenues (inclusive of flow-through revenues) in fiscal years 2009, 2008, and 2007, respectively; however, the associated flow-through revenues included in these percentages accounted for approximately 22%, 20%, and 9% of our consolidated operating revenues in fiscal years 2009, 2008, and 2007, respectively. No other single client accounted for ten percent or more of our consolidated revenues in fiscal years 2009, 2008 or 2007.

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

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

15. Business Segments — *(Continued)*

EBITDA is the primary measure of operating performance used by our chief operating decision maker. We define EBITDA as net income attributable to Foster Wheeler AG before interest expense, income taxes, depreciation and amortization.

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

	Total	Global E&C Group	Global Power Group	C&F Group(1)
Fiscal Year Ended December 31, 2009				
Operating revenues (third-party)	$5,056,334	$4,040,082	$1,016,252	$ —
EBITDA(2)	$ 503,799	$ 421,186	$ 194,027	$(111,414)
Add: Net income attributable to noncontrolling interests	$ 11,202			
Less: Interest expense	14,122			
Less: Depreciation and amortization	45,759			
Income before income taxes	455,120			
Less: Provision for income taxes	93,762			
Net income	361,358			
Less: Net income attributable to noncontrolling interests	11,202			
Net income attributable to Foster Wheeler AG	$ 350,156			
Total assets	$3,187,738	$1,626,027	$ 941,966	$ 619,745
Capital expenditures	$ 45,623	$ 34,711	$ 7,840	$ 3,072
Fiscal Year Ended December 26, 2008				
Operating revenues (third-party)	$6,854,290	$5,147,227	$1,707,063	$ —
EBITDA(3)	$ 686,067	$ 535,602	$ 239,508	$ (89,043)
Add: Net income attributable to noncontrolling interests	$ 7,249			
Less: Interest expense	17,621			
Less: Depreciation and amortization	44,798			
Income before income taxes	630,897			
Less: Provision for income taxes	97,028			
Net income	533,869			
Less: Net income attributable to noncontrolling interests	7,249			
Net income attributable to Foster Wheeler AG	$ 526,620			
Total assets	$3,011,254	$1,351,620	$1,028,184	$ 631,450
Capital expenditures	$ 103,965	$ 90,228	$ 11,625	$ 2,112

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

15. Business Segments — *(Continued)*

	Total	Global E&C Group	Global Power Group	C&F Group(1)
Fiscal Year Ended December 28, 2007				
Operating revenues (third-party)	$5,107,243	$3,681,259	$1,425,984	$ —
EBITDA(4)	$ 591,840	$ 505,647	$ 139,177	$(52,984)
Add: Net income attributable to noncontrolling interests	5,577			
Less: Interest expense	19,855			
Less: Depreciation and amortization	41,691			
Income before income taxes	535,871			
Less: Provision for income taxes	136,420			
Net income	399,451			
Less: Net income attributable to noncontrolling interests	5,577			
Net income attributable to Foster Wheeler AG	$ 393,874			
Capital expenditures	$ 51,295	$ 42,965	$ 8,055	$ 275

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

(2) Includes in fiscal year 2009: increased contract profit of $69,010 from the regular revaluation of final estimated contract profit*: $66,700 in our Global E&C Group and $2,310 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 $26,365 in our C&F Group on the revaluation of our asbestos liability and related asset primarily resulting from increased asbestos defense costs projected through fiscal year 2024 and our rolling 15-year asbestos liability estimate.

(3) Includes in fiscal year 2008: increased/(decreased) contract profit of $26,720 from the regular revaluation of final estimated contract profit*: $46,260 in our Global E&C Group and $(19,540) in our Global Power Group; a charge of $9,000 in our Global Power Group primarily for severance-related postemployment benefits; and a net charge of $6,607 in our C&F Group on the revaluation of our asbestos liability and related asset resulting from a charge of $42,727, primarily related to increased asbestos defense costs projected through fiscal year 2023, partially offset by a gain of $36,120 on the settlement of coverage litigation with certain asbestos insurance carriers.

(4) Includes in fiscal year 2007: increased/(decreased) contract profit of $35,150 from the regular revaluation of final estimated contract profit*: $54,520 in our Global E&C Group and $(19,370) in our Global Power Group; and a net gain of $6,145 in our C&F Group on the revaluation of our asbestos liability and related asset resulting from a gain of $13,519 on the settlement of coverage litigation with certain asbestos insurance carriers partially offset by a charge of $7,374 primarily for our rolling 15-year asbestos liability estimate.

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

The accounting policies of our business segments are the same as those described in our summary of significant accounting policies. The only significant 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.

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

15. Business Segments — *(Continued)*

Equity in Earnings of Unconsolidated Subsidiaries:	Fiscal Years Ended December 31, 2009	December 26, 2008	December 28, 2007
Global E&C Group	$18,220	$11,649	$19,720
Global Power Group	16,323	21,729	17,579
Total	$34,543	$33,378	$37,299

Investments In and Advances to Unconsolidated Subsidiaries:	December 31, 2009	December 26, 2008
Global E&C Group	$157,970	$135,673
Global Power Group	70,055	75,099
C&F Group	5	4
Total	$228,030	$210,776

Third-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.

Geographic Concentration of Operating Revenues (Third-Party):	Fiscal Years Ended December 31, 2009	December 26, 2008	December 28, 2007
Asia	$ 847,316	$1,010,232	$ 593,923
Australasia and other*	1,126,905	1,219,366	504,611
Canada	8,575	21,122	21,220
Europe	2,011,673	2,898,987	2,532,984
Middle East	232,405	557,437	349,237
United States	810,750	1,127,212	1,091,599
South America	18,710	19,934	13,669
Total	$5,056,334	$6,854,290	$5,107,243

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

Third-party revenues, determined based upon the location of the contracting subsidiary, are presented below:

Operating Revenues (Third-Party) by Subsidiary Location:	Fiscal Years Ended December 31, 2009	December 26, 2008	December 28, 2007
United Kingdom	$ 881,553	$1,308,255	$1,109,862
Australia	1,054,216	1,170,601	462,533
Singapore	564,007	694,847	384,135
Italy	387,580	501,436	538,600
Switzerland*	3,872	2,716	2,885

* Switzerland is the country of domicile of Foster Wheeler AG.

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

15. Business Segments — *(Continued)*

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

Long-Lived Assets:	December 31, 2009	December 26, 2008
Asia	$ 37,896	$ 46,134
Australasia and other*	4,397	2,866
Canada	12	15
Europe	379,854	331,070
Middle East	52	74
United States	296,976	262,166
South America	68,706	73,699
Total	$787,893	$716,024

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

As of December 31, 2009 and December 26, 2008, our contracting subsidiaries in Switzerland, the Foster Wheeler AG country of domicile, had long-lived assets of $1,065 and $20, respectively.

Operating revenues by industry were as follows:

	Fiscal Years Ended		
Operating Revenues (Third-Party) by Industry:	December 31, 2009	December 26, 2008	December 28, 2007
Power generation	$ 954,852	$1,637,718	$1,437,078
Oil refining	1,437,277	1,574,426	1,431,810
Pharmaceutical	65,891	81,438	155,266
Oil and gas	1,499,276	1,891,490	898,623
Chemical/petrochemical	963,986	1,490,168	1,003,136
Power plant operation and maintenance	108,875	130,144	120,474
Environmental	16,586	29,959	54,878
Other, net of eliminations	9,591	18,947	5,978
Total	$5,056,334	$6,854,290	$5,107,243

16. Operating Leases

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

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

16. Operating Leases — *(Continued)*

was $65,570, $65,644, and $54,293 in fiscal years 2009, 2008 and 2007, respectively. Future minimum rental commitments on non-cancelable leases are as follows:

Fiscal years:	
2010	$ 56,600
2011	45,400
2012	39,900
2013	35,800
2014	29,700
Thereafter	166,200
Total	$373,600

We entered into sale/leaseback transactions for an office building in Spain in 2000 and an office building in the United Kingdom in 1999. In connection with these transactions, we recorded deferred gains, which are being amortized to income over the term of the respective leases. The amortization was $4,036, $4,575, and $4,602 for fiscal years 2009, 2008 and 2007, respectively. As of December 31, 2009 and December 26, 2008, the balance of the deferred gains was $47,691 and $47,477, respectively, and is included in other long-term liabilities on the consolidated balance sheet. The year-over-year change in the deferred gain balance includes the impact of changes in foreign currency exchange rates.

17. 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 United States and the United Kingdom. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to or use of asbestos in connection with work allegedly performed by our subsidiaries during the 1970s and earlier.

United States

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

	Number of Claims		
	Fiscal Years Ended		
	December 31, 2009	December 26, 2008	December 28, 2007
Open claims at beginning of year	130,760	131,340	135,890
New claims	4,410	4,950	5,140
Claims resolved	(10,070)	(5,530)	(9,690)
Open claims at end of year	125,100	130,760	131,340
Claims not valued in the liability[(1)]	(94,740)	(84,830)	(66,040)
Open claims valued in the liability at end of year	30,360	45,930	65,300

(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.

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

17. Litigation and Uncertainties — *(Continued)*

Of the approximately 125,100 open claims, our subsidiaries are respondents in approximately 30,400 open claims wherein we have administrative agreements and are named defendants in lawsuits involving approximately 94,700 plaintiffs.

All of the open administrative claims have been filed under blanket administrative agreements that we have with various law firms representing claimants and do not specify monetary damages sought. Based on our analysis of lawsuits, approximately 61% do not specify the monetary damages sought or merely recite that the amount of monetary damages sought meets or exceeds the required jurisdictional minimum in the jurisdiction in which suit is filed. Approximately 10% request damages ranging from $1 to $50; approximately 22% request damages ranging from $51 to $1,000; approximately 6% request damages ranging from $1,001 to $10,000; and the remaining 1% request damages ranging from $10,001 to, in a very small number of cases, $50,000.

The 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 fiscal year 2024. Although it is likely that claims will continue to be filed 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.

	December 31, 2009	December 26, 2008
Asbestos-related assets recorded within:		
Accounts and notes receivable-other	$ 65,600	$ 38,200
Asbestos-related insurance recovery receivable	208,400	246,600
Total asbestos-related assets	$274,000	$284,800
Asbestos-related liabilities recorded within:		
Accrued expenses	$ 59,800	$ 64,500
Asbestos-related liability	316,700	320,800
Total asbestos-related liabilities	$376,500	$385,300

Since fiscal year-end 2004, we have worked with Analysis, Research & Planning Corporation, or ARPC, nationally recognized consultants in the United States with respect to projecting asbestos liabilities, to estimate the amount of asbestos-related indemnity and defense costs at year-end for the next 15 years. Based on its review of fiscal year 2009 activity, ARPC recommended that the assumptions used to estimate our future asbestos liability be updated as of fiscal year 2009. Accordingly, we developed a revised estimate of our aggregate indemnity and defense costs through fiscal year 2024 considering the advice of ARPC. In fiscal year 2009, we revalued our liability for asbestos indemnity and defense costs through fiscal year 2024 to $376,500, which brought our liability to a level consistent with ARPC's reasonable best estimate. In connection with updating our estimated asbestos liability and related asset, we recorded a charge of $26,400 in fiscal year 2009 primarily for increased asbestos defense costs projected through fiscal year 2024 and our rolling 15-year asbestos liability estimate.

The amount paid for asbestos litigation, defense and case resolution was $63,500, $70,600 and $86,700 in fiscal years 2009, 2008 and 2007, respectively. In fiscal year 2009, payments made exceeded proceeds from

17. Litigation and Uncertainties — *(Continued)*

settlements with our insurers by $24,400. Through December 31, 2009, total cumulative indemnity costs paid were approximately $692,300 and total cumulative defense costs paid were approximately $315,600.

As of December 31, 2009, total asbestos-related liabilities were comprised of an estimated liability of $141,600 relating to open (outstanding) claims being valued and an estimated liability of $234,900 relating to future unasserted claims through fiscal year-2024.

Our liability estimate is based upon the following information and/or assumptions: number of open claims, forecasted number of future claims, estimated average cost per claim by disease type — mesothelioma, lung cancer and non-malignancies — and the breakdown of known and future claims into disease type — mesothelioma, lung cancer or non-malignancies. The total estimated liability, which has not been discounted for the time value of money, includes both the estimate of forecasted indemnity amounts and forecasted defense costs. Total defense costs and indemnity liability payments are estimated to be incurred through fiscal year 2024, during which period the incidence of new claims is forecasted to decrease each year. We believe that it is likely that there will be new claims filed after fiscal year 2024, but in light of uncertainties inherent in long-term forecasts, we do not believe that we can reasonably estimate the indemnity and defense costs that might be incurred after fiscal year 2024. Historically, defense costs have represented approximately 31% of total defense and indemnity costs.

The overall historic average combined indemnity and defense cost per resolved claim through December 31, 2009 has been approximately $2.8. The average cost per resolved claim is increasing and we believe it will continue to increase in the future.

The asbestos-related asset recorded within accounts and notes receivable-other as of December 31, 2009 reflects amounts due in the next 12 months under executed settlement agreements with insurers and includes an estimate for a future settlement. The recorded asbestos-related insurance recovery receivable includes an estimate of recoveries from insurers in the unsettled insurance coverage litigation (referred to below) based upon the application of New Jersey law to certain insurance coverage issues and assumptions relating to cost allocation and other factors as well as an estimate of the amount of recoveries under existing settlements with other insurers. Such amounts have not been discounted for the time value of money.

Since fiscal year-end 2005, we have worked with Peterson Risk Consulting LLC, nationally recognized experts in the United States with respect to the estimation of insurance recoveries, to review our estimate of the value of the settled insurance asset and assist in the estimation of our unsettled asbestos insurance asset. Based on insurance policy data, historical claim data, future liability estimates including the expected timing of payments and allocation methodology assumptions we provided them, Peterson Risk Consulting LLC provided an analysis of the unsettled insurance asset as of December 31, 2009. We utilized that analysis to determine our estimate of the value of the unsettled insurance asset as of December 31, 2009.

As of December 31, 2009, we estimated the value of our unsettled asbestos insurance asset related to ongoing litigation in New York state court with our subsidiaries' insurers at $43,500. The litigation relates to the amounts of insurance coverage available for asbestos-related claims and the proper allocation of the coverage among our subsidiaries' various insurers and our subsidiaries as self-insurers. We believe that any amounts that our subsidiaries might be allocated as self-insurer would be immaterial.

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

17. Litigation and Uncertainties — *(Continued)*

Over the last several years, certain of our subsidiaries have entered into settlement agreements calling for insurers to make lump-sum payments, as well as payments over time, for use by our subsidiaries to fund asbestos-related indemnity and defense costs and, in certain cases, for reimbursement for portions of out-of-pocket costs previously incurred.

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

In fiscal year 2008, our subsidiaries reached agreements to settle their disputed asbestos-related insurance coverage with three additional insurers. As a result of these settlements, we recorded a gain of $36,100 in fiscal year 2008.

We intend to continue to attempt to negotiate additional settlements with insurers where achievable on a reasonable basis in order to minimize the amount of future costs that we would be required to fund out of the cash flows generated from our operations. Unless we settle with the remaining insurers at recovery amounts significantly in excess of our current estimate, it is likely that the amount of our insurance settlements will not cover all future asbestos-related costs and we will be required to fund a portion of such future costs, which will reduce our cash flows and working capital.

In fiscal year 2006, we were successful in our appeal of a New York state trial court decision that previously had held that New York, rather than New Jersey, law applies in the above coverage litigation with our subsidiaries' insurers, and as a result, we increased our insurance asset and recorded a gain of $19,500. On February 13, 2007, our subsidiaries' insurers were granted permission by the appellate court to appeal the decision to the New York Court of Appeals, the state's highest court. On October 11, 2007, the New York Court of Appeals upheld the appellate court decision in our favor.

Even if the coverage litigation is resolved in a manner favorable to us, our insurance recoveries (both from the litigation and from settlements) may be limited by insolvencies among our insurers. We have not assumed recovery in the estimate of our asbestos insurance asset from any of our currently insolvent insurers. Other insurers may become insolvent in the future and our insurers may fail to reimburse amounts owed to us on a timely basis. Failure to realize the expected insurance recoveries, or delays in receiving material amounts from our insurers, could have a material adverse effect on our financial condition and our cash flows.

Based on the fiscal year-end 2009 liability estimate, an increase of 25% in the average per claim indemnity settlement amount would increase the liability by $57,500 and the impact on expense would be dependent upon available additional insurance recoveries. Assuming no change to the assumptions currently used to estimate our insurance asset, this increase would result in a charge in the statement of operations in the range of approximately 70% to 80% of the increase in the liability. Long-term cash flows would ultimately change by the same amount. Should there be an increase in the estimated liability in excess of this 25%, the percentage of that increase that would be expected to be funded by additional insurance recoveries will decline.

During fiscal year 2009, we had net cash outflows of $24,400 as a result of payments related to asbestos liability indemnity and defense costs in excess of insurance settlement proceeds received. In fiscal year 2010, we expect net cash outflows to be approximately $23,900, which 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 consolidated balance sheet will continue to decrease.

17. Litigation and Uncertainties — *(Continued)*

The estimate of the liabilities and assets related to asbestos claims and recoveries is subject to a number of uncertainties that may result in significant changes in the current estimates. Among these are uncertainties as to the ultimate number and type of claims filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, as well as potential legislative changes. Increases in the number of claims filed or costs to resolve those claims could cause us to increase further the estimates of the costs associated with asbestos claims and could have a material adverse effect on our financial condition, results of operations and cash flows.

United Kingdom

Some of our subsidiaries in the United Kingdom have also received claims alleging personal injury arising from exposure to asbestos. To date, 932 claims have been brought against our U.K. subsidiaries of which 373 remained open as of December 31, 2009. None of the settled claims has resulted in material costs to us.

As of December 31, 2009, we recorded total liabilities of $39,300 comprised of an estimated liability relating to open (outstanding) claims of $10,300 and an estimated liability relating to future unasserted claims through fiscal year 2024 of $29,000. Of the total, $3,500 was recorded in accrued expenses and $35,800 was recorded in asbestos-related liability on the consolidated balance sheet. An asset in an equal amount was recorded for the expected U.K. asbestos-related insurance recoveries, of which $3,500 was recorded in accounts and notes receivable-other and $35,800 was recorded as asbestos-related insurance recovery receivable on the consolidated balance sheet. The liability estimates are based on a U.K. House of Lords judgment that pleural plaque claims do not amount to a compensable injury and accordingly, we have reduced our liability assessment. If this ruling is reversed by legislation, the total asbestos liability and related asset recorded in the U.K. would be approximately $57,900.

Project Claims

In the ordinary course of business, we are parties to litigation involving clients and subcontractors arising out of project contracts. Such litigation includes claims and counterclaims by and against us for canceled contracts, for additional costs incurred in excess of current contract provisions, as well as for back charges for alleged breaches of warranty and other contract commitments. If we were found to be liable for any of the claims/counterclaims against us, we would incur a charge against earnings to the extent a reserve had not been established for the matter in our accounts or if the liability exceeds established reserves.

Due to the inherent commercial, legal and technical uncertainties underlying the estimation of all of the project claims described herein, the amounts ultimately realized or paid by us could differ materially from the balances, if any, included in our financial statements, which could result in additional material charges against earnings, and which could also materially adversely impact our financial condition and cash flows.

Power Plant Arbitration — Eastern Europe

In June 2006, we commenced arbitration against a client seeking final payment for our services in connection with two power plants that we designed and built in Eastern Europe. The dispute primarily concerns whether we are liable to the client for liquidated damages (“LDs”) under the contract for delayed completion of the projects. The client contends that it is owed LDs, limited under the contract at approximately €37,600 (approximately $54,200 at the exchange rate in effect as of December 31, 2009), and is retaining as security for these LDs approximately €22,000 (approximately $31,700 at the exchange rate in

17. Litigation and Uncertainties — *(Continued)*

effect as of December 31, 2009) in contract payments otherwise due to us for work performed. The client contends that it is owed an additional €6,900 (approximately $9,900 at the exchange rate in effect as of December 31, 2009) for the cost of consumable materials it had to incur due to the extended commissioning period on both projects, the cost to relocate a piece of equipment on one of the projects and the cost of various warranty repairs and punch list work. We are seeking payment of the €22,000 (approximately $31,700 at the exchange rate in effect as of December 31, 2009 and which is recorded within contracts in process on the consolidated balance sheet) in retention that is being held by the client for LDs, plus approximately €4,900 (approximately $7,100 at the exchange rate in effect as of December 31, 2009) in interest on the retained funds, as well as approximately €9,100 (approximately $13,100 at the exchange rate in effect as of December 31, 2009) in additional compensation for extra work performed beyond the original scope of the contracts and the client's failure to procure the required property insurance for the project, which should have provided coverage for some of the damages we incurred on the project related to turbine repairs. In October 2008, a liability award by the arbitration panel in our favor was received. The award includes amounts that are "fixed" and amounts that require substantiation at a hearing on damages. The damage hearing took place in September 2009. In February 2010, we received the arbitration panel's award. The amount awarded was approximately €2,000 (approximately $2,900 at the exchange rate in effect as of December 31, 2009) lower than our estimate. Our financial statements reflect the revised estimate.

Power Plant Dispute — Ireland

In 2006, a dispute arose with a client because of material corrosion that occurred at two power plants we designed and built in Ireland, which began operation in December 2005 and June 2006. There was also corrosion that occurred to subcontractor-provided emissions control equipment and induction fans at the back-end of the power plants which is due principally to the low set point temperature design of the emissions control equipment that was set by our subcontractor. We have identified technical solutions to resolve the boiler tube corrosion and emissions control equipment corrosion and during the fiscal fourth quarter of 2008 entered into a settlement with the client under which we are implementing the technical solutions in exchange for a full release of all claims related to the corrosion (including a release from the client's right under the original contract to reject the plants under our availability guaranty) and the client's agreement to share the cost of the ameliorative work related to the boiler tube corrosion. Accordingly, the client withdrew its notice of arbitration that was originally filed in May 2008.

Between fiscal year 2006 and the end of fiscal year 2008, we recorded charges totaling $61,700 in relation to this project. The implementation of the technical solutions is anticipated to be completed in 2011.

Power Plant Arbitration — North America

In January 2010, we commenced arbitration against our client in connection with a power plant project in Louisiana seeking, among other relief, a declaration as to our rights under our purchase order with respect to $17,800 in retention monies and an $82,000 letter of credit held by the client. The purchase order was for the supply of two boilers and ancillary equipment for the project. The project was substantially completed and released for commercial operation in February 2010. Our client is the project's engineering, procurement and construction contractor. Under the terms of the purchase order, significant reductions to the retention and letter of credit monies are to occur upon the project's achievement of substantial completion, which has been delayed due to failures on our client's part to properly manage and execute the project. The client has taken the position that we are responsible for the project's delays and, subsequent to service of our arbitration demand, has served its own arbitration demand, seeking to assess us with all associated late substantial completion liquidated damages under our purchase order, together with liquidated damages for alleged late

17. Litigation and Uncertainties — *(Continued)*

material and equipment deliveries, and backcharges for corrective work and other damages arising out of allegedly defective materials and equipment delivered by us. The client contends it is owed in excess of $50,000 under our purchase order as a result of our alleged failures. There is a risk that the client will attempt to call all or part of the letter of credit during the pendency of the proceeding. We are of the opinion that any such call would be wrongful and entitle us to seek return of the funds and any other damages arising out of the call. We cannot predict the ultimate outcome of this dispute at this time.

Camden County Waste-to-Energy Project

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

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

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

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

Environmental Matters

CERCLA and Other Remedial Matters

Under U.S. federal statutes, such as the Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), the Clean Water Act and the Clean Air Act, and similar state laws, the current owner or operator of real property and the past owners or operators of real property (if disposal of toxic or hazardous substances took place during such past ownership

17. Litigation and Uncertainties — *(Continued)*

or operation) may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law or whether the owner or operator knew of, or was responsible for, the presence of such substances. Moreover, under CERCLA and similar state laws, persons who arrange for the disposal or treatment of hazardous or toxic substances may also be jointly and severally liable for the costs of the removal or remediation of such substances at a disposal or treatment site, whether or not such site was owned or operated by such person, which we refer to as an off-site facility. Liability at such off-site facilities is typically allocated among all of the financially viable responsible parties based on such factors as the relative amount of waste contributed to a site, toxicity of such waste, relationship of the waste contributed by a party to the remedy chosen for the site and other factors.

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

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

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

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.

17. Litigation and Uncertainties — *(Continued)*

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 approximately five additional residences, even though TCE has not been detected in the wells at those residences. 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 will incur further costs in connection with a Remedial Investigation / Feasibility Study ("RI/FS") that in March 2009 it agreed to conduct, which RI/FS is likely to include, among other things, continuing to monitor the groundwater in the area of the affected residences. In April 2009, USEPA proposed for listing on the National Priorities List ("NPL") an area consisting of its 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 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

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

17. Litigation and Uncertainties — *(Continued)*

installing additional control equipment. Even if the equipment had to be installed, CCERA could assert that the project's sponsor would be responsible to pay for the equipment. However, the sponsor may not have sufficient funds to do so or may assert that it is not so responsible. Estimates of the cost of installing the additional control equipment are approximately $30,000 based on our last assessment.

18. Quarterly Financial Data (Unaudited)

	Fiscal Quarters Ended			
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Operating revenues	$ 1,266,631	$ 1,216,379	$ 1,308,801	$ 1,264,523
Contract profit	182,099	193,837	219,959	162,752
Net income attributable to Foster Wheeler AG	65,091(1)	89,998	122,204	72,863
Earnings per share:				
Basic	$ 0.51	$ 0.71	$ 0.97	$ 0.58
Diluted	$ 0.51	$ 0.71	$ 0.96	$ 0.57
Shares outstanding:				
Weighted-average number of shares outstanding for basic earnings per share	127,104,838	126,459,865	126,344,093	126,265,903
Effect of dilutive securities	797,295	939,989	711,085	481,492
Weighted-average number of shares outstanding for diluted earnings per share	127,902,133	127,399,854	127,055,178	126,747,395

	Fiscal Quarters Ended			
	December 26, 2008	September 26, 2008	June 27, 2008	March 28, 2008
Operating revenues	$ 1,639,189	$ 1,718,355	$ 1,701,022	$ 1,795,724
Contract profit	203,199	229,260	246,216	216,971
Net income attributable to Foster Wheeler AG	99,882(2)	127,920	160,755	138,063
Earnings per share:				
Basic	$ 0.75	$ 0.89	$ 1.12	$ 0.96
Diluted	$ 0.75	$ 0.88	$ 1.11	$ 0.95
Shares outstanding:				
Weighted-average number of shares outstanding for basic earnings per share	132,654,157	144,030,570	143,994,084	143,917,790
Effect of dilutive securities	558,673	1,169,026	1,427,266	1,380,724
Weighted-average number of shares outstanding for diluted earnings per share	133,212,830	145,199,596	145,421,350	145,298,514

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

(1) Net income for the quarter ended December 31, 2009 included: increased/(decreased) contract profit of $9,900 from the regular revaluation of final estimated contract profit*: $13,990 in our Global E&C Group and $(4,090) in our Global Power Group; a charge of $9,800 for severance-related postemployment benefits: $6,100 in our Global E&C Group and $3,700 in our C&F Group; and a charge of $21,114, in our C&F Group on the revaluation of our asbestos liability and related asset primarily resulting from increased asbestos defense costs projected through fiscal year 2024 and our rolling 15-year asbestos liability estimate.

(2) Net income for the fiscal quarter ended December 26, 2008 included: increased/(decreased) contract profit of $(1,750) from the regular revaluation of final estimated contract profit*: $6,540 in our Global E&C Group and $(8,290) in our Global Power Group; a charge of $9,000 in our Global Power Group primarily for severance-related postemployment benefits; a net charge of $37,345 in our C&F Group on the revaluation of our asbestos liability and related asset resulting primarily from increased asbestos defense costs projected through fiscal year 2023; and a benefit of $24,100 related to the net impact of deferred tax valuation allowance adjustments at two of our non-U.S. subsidiaries.

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

19. 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 of common shareholders held on January 27, 2009, the common shareholders of Foster Wheeler Ltd. approved a scheme of arrangement under Bermuda law. On February 9, 2009, after receipt of the approval of the scheme of arrangement by the Supreme Court of Bermuda and the satisfaction of certain other conditions, the transactions contemplated by the scheme of arrangement were effected. Pursuant to the scheme of arrangement, among other things, each holder of whole common shares of Foster Wheeler Ltd., par value $0.01 per share, outstanding immediately before the transaction was effected received registered shares of Foster Wheeler AG, par value CHF 3.00 per share (approximately $2.58 based on the exchange rate as of February 9, 2009, the date when the Redomestication had been completed), on a one-for-one basis in respect of such outstanding Foster Wheeler Ltd. common shares (or, in the case of fractional shares of Foster Wheeler Ltd., cash for such fractional shares in lieu of registered shares of Foster Wheeler AG) and additional paid-in capital decreased by the same amount.

The scheme of arrangement effectively changed our place of incorporation from Bermuda to the Canton of Zug, Switzerland. The scheme of arrangement was approved by the common shareholders of Foster Wheeler Ltd. on January 27, 2009 and was sanctioned by the Supreme Court of Bermuda on January 30, 2009. On February 9, 2009, the following steps occurred pursuant to the scheme of arrangement:

(1) all fractional common shares of Foster Wheeler Ltd., totaling approximately 1,336 shares, were cancelled and Foster Wheeler Ltd. paid to each holder of fractional shares that were cancelled an amount based on the average of the high and low trading prices of Foster Wheeler Ltd. common shares on the NASDAQ Global Select Market on February 5, 2009 ($20.63), the business day immediately preceding the effectiveness of the scheme of arrangement;

(2) all previously outstanding whole common shares of Foster Wheeler Ltd., totaling 126,276,112 whole shares, were cancelled;

(3) Foster Wheeler Ltd., acting on behalf of its shareholders, issued 1,000 common shares (which constituted all of Foster Wheeler Ltd.'s common shares at such time) to Foster Wheeler AG;

19. Redomestication — *(Continued)*

(4) Foster Wheeler AG increased its share capital and filed amended articles of association reflecting the share capital increase with the Swiss Commercial Register; and

(5) Foster Wheeler AG issued an aggregate of 126,276,112 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.

In connection with consummation of the scheme of arrangement:

- concurrently with the issuance of registered shares to the holders of whole Foster Wheeler Ltd. common shares, Foster Wheeler AG issued to the holders of the preferred shares an aggregate of 139,802 registered shares, which was the number of registered shares of Foster Wheeler AG that such holders would have been entitled to receive had they converted their preferred shares into common shares of Foster Wheeler Ltd. immediately prior to the effectiveness of the scheme of arrangement (with Foster Wheeler Ltd. paying cash in lieu of fractional common shares otherwise issuable totaling approximately one share);
- Foster Wheeler AG executed a supplemental warrant agreement pursuant to which it assumed Foster Wheeler Ltd.'s obligations under the warrant agreement and agreed to issue registered shares of Foster Wheeler AG upon exercise of such warrants in accordance with their terms; and
- Foster Wheeler AG assumed Foster Wheeler Ltd.'s existing obligations in connection with awards granted under Foster Wheeler Ltd.'s incentive plans and other similar employee awards.

We refer to the foregoing transactions together with the steps of the scheme of arrangement as the "Redomestication."

In January 2010, we relocated our principal executive offices to Geneva, Switzerland.

Foster Wheeler AG

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

	Fiscal Year Ended December 31, 2009				
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	$ 13,844	$ 7,438	$ —	$(10,433)	$ 10,849
Deferred tax valuation allowance	$318,722	$33,125	$1,161	$(20,168)	$332,840

	Fiscal Year Ended December 26, 2008				
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	$ 12,398	$6,821	$ —	$ (5,375)	$ 13,844
Deferred tax valuation allowance	$294,286	$6,577	$52,386	$(34,527)	$318,722

	Fiscal Year Ended December 28, 2007				
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	$ 7,848	$6,109	$ —	$ (1,559)	$ 12,398
Deferred tax valuation allowance	$282,104	$1,186	$24,255	$(13,259)	$294,286

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including the chief executive officer and the chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this annual report on Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of December 31, 2009, as stated in their report, which appears within Item 8.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting in the quarter ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Item 10 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of the fiscal year ended December 31, 2009.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics, which applies to all of our directors, officers and employees including the chief executive officer, chief financial officer, controller and all other senior finance organization employees. The 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 officers or directors may be made only by the Board of Directors or a committee of the 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 officer, chief financial officer, 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 Office of the Corporate Secretary, Foster Wheeler AG, Perryville Corporate Park, Clinton, New Jersey 08809-4000.

ITEM 11. EXECUTIVE COMPENSATION

Item 11 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of the fiscal year ended December 31, 2009.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Item 12 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of the fiscal year ended December 31, 2009.

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2009, the number of securities outstanding under each of our stock option plans, the weighted-average exercise price of such options and the number of options available for grant under such plans. The following table also sets forth, as of December 31, 2009, the number of restricted share units and shares of restricted stock granted pursuant to our Omnibus Incentive Plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights ($) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans Approved by Security Holders:			
Omnibus Incentive Plan	3,988,623	$23.52	4,836,596
1995 Stock Option Plan	94,026	$68.42	—
Directors' Stock Option Plan	8,100	$75.04	—
Directors' Deferred Compensation Program	—	$ —	—
Equity Compensation Plans Not Approved by Security Holders:			
Raymond J. Milchovich(1)	130,000	$49.85	—
M.J. Rosenthal & Associates, Inc.(2)	25,000	$18.80	—
2004 Stock Option Plan(3)	4,196	$14.84	—
Total	4,249,945	$25.38	4,836,596

(1) Under the terms of his employment agreement, dated October 22, 2001, Mr. Milchovich received an option to purchase 130,000 Foster Wheeler Ltd. common shares on October 22, 2001. This option was granted at an exercise price of $49.85 and vested 20% each year over the five-year term of the agreement. The option exercise price is equal to the median of the high and low price of Foster Wheeler Ltd. common shares on the grant date. In connection with the Redomestication, Foster Wheeler AG assumed Foster Wheeler Ltd.'s obligations under the related option agreement and agreed to issue registered shares of Foster Wheeler AG upon exercise of outstanding options in accordance with their stated terms. See Note 19 to the consolidated financial statements in this annual report on Form 10-K for further information related to the Redomestication. The option has a term of 10 years from the date of grant.

(2) Under the terms of the consulting agreement with M.J. Rosenthal & Associates, Inc. on May 7, 2002, we granted a nonqualified stock option to purchase 25,000 of Foster Wheeler Ltd. common shares at a price of $18.80 with a term of 10 years from the date of grant. The exercise price is equal to the mean of the high and low price of Foster Wheeler Ltd. common shares on the date of grant. In connection with the Redomestication, Foster Wheeler AG assumed Foster Wheeler Ltd.'s obligations under the related option agreement and agreed to issue registered shares of Foster Wheeler AG upon exercise of outstanding options in accordance with their stated terms. See Note 19 to the consolidated financial statements in this annual report on Form 10-K for further information related to the Redomestication. The option is exercisable on or after March 31, 2003. The option, to the extent not then exercised, shall terminate upon any breach of certain covenants contained in the consulting agreement.

(3) On November 8, 2005, our non-employee directors were issued options under the 2004 Stock Option Plan to purchase 14,686 Foster Wheeler Ltd. common shares at an exercise price of $14.838 per share. In connection with the Redomestication, Foster Wheeler AG assumed Foster Wheeler Ltd.'s obligations under the related option agreement and agreed to issue registered shares of Foster Wheeler AG upon exercise of outstanding options in accordance with their stated terms. See Note 19 to the consolidated financial statements in this annual report on Form 10-K for further information related to the Redomestication. Such options expire on September 30, 2010. The non-employee director options vested in one-twelfth

increments until fully vested on September 30, 2006. As of December 31, 2009, options to purchase 4,196 Foster Wheeler AG registered shares at an exercise price of $14.838 per share remained outstanding.

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

Item 13 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of our fiscal year ended December 31, 2009.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Item 14 incorporates information by reference to our definitive proxy statement for the Annual General Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission within 120 days of the close of the fiscal year ended December 31, 2009.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Report:

(1) Financial Statements

Financial Statements — See Item 8 of this Report.

(2) Financial Statement Schedules

Schedule II: Valuation and Qualifying Accounts — See Item 8 of this Report.

All schedules and financial statements other than those indicated above have been omitted because of the absence of conditions requiring them or because the required information is shown in the financial statements or the notes thereto.

(3) Exhibits

Exhibit No.	Exhibits
3.1	Articles of Association of Foster Wheeler AG. (Filed as Exhibit 3.1 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
3.2	Organizational Regulations of Foster Wheeler AG. (Filed as Exhibit 3.2 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
4.0	Foster Wheeler AG hereby agrees to furnish copies of instruments defining the rights of holders of long-term debt of Foster Wheeler AG and its consolidated subsidiaries to the Commission upon request.
10.1	Registration Rights Agreement, dated as of September 24, 2004, by and among Foster Wheeler Ltd., Foster Wheeler LLC, the guarantors listed therein and each of the purchasers signatory thereto. (Filed as Exhibit 4.5 to Foster Wheeler Ltd.'s registration statement on Form S-4 (File No. 119841), filed on October 20, 2004, and incorporated herein by reference.)
10.2	Waiver of the Registration Rights Agreement, dated as of February 2, 2006, by and among Foster Wheeler Ltd., Foster Wheeler LLC, on behalf of themselves and the subsidiary guarantors and Citigroup Global Capital Markets Inc. (Filed as Exhibit 10.13 to Foster Wheeler Ltd.'s Form 10-K for the fiscal year ended December 30, 2005, and incorporated herein by reference.)
10.3	Waiver of the Registration Rights Agreement, dated as of February 2, 2006, by and among Foster Wheeler Ltd., Foster Wheeler LLC, on behalf of themselves and the subsidiary guarantors and Merrill Lynch Global Allocation Fund, Inc., Merrill Lynch International Investment Fund-MLIIF Global Allocation Fund, Merrill Lynch Variable Series Fund, Inc.-Merrill Lynch Global Allocation V.I. Fund, and Merrill Lynch Series Funds, Inc.-Global Allocation Strategy Portfolio. (Filed as Exhibit 10.14 to Foster Wheeler Ltd.'s Form 10-K for the fiscal year ended December 30, 2005, and incorporated herein by reference.)
10.4	Credit Agreement, dated September 13, 2006, among Foster Wheeler LLC, Foster Wheeler USA Corporation, Foster Wheeler North America Corp., Foster Wheeler Energy Corporation, Foster Wheeler International Corporation, and Foster Wheeler Inc., as Borrowers, the guarantors party thereto, the lenders party thereto, BNP Paribas as Administrative Agent, BNP Paribas Securities Corp. as Sole Bookrunner and Sole Lead Arranger, and Calyon New York Branch as Syndication Agent. (Filed as Exhibit 99.1 to Foster Wheeler Ltd.'s Form 8-K, dated September 13, 2006 and filed on September 14, 2006, and incorporated herein by reference.)
10.5	Amendment No. 1, dated May 4, 2007, to the Credit Agreement, dated September 13, 2006, between Foster Wheeler LLC, Foster Wheeler USA Corporation, Foster Wheeler North America Corp., Foster Wheeler Energy Corporation, Foster Wheeler International Corporation, Foster Wheeler Inc., Foster Wheeler Ltd., Foster Wheeler Holdings Ltd., the subsidiary guarantors party thereto, the lenders party thereto, and BNP Paribas. (Filed as Exhibit 10.4 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended March 30, 2007, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.6	Amendment No. 2, dated September 29, 2008, to the Credit Agreement, dated September 13, 2006, between Foster Wheeler LLC, Foster Wheeler Inc., Foster Wheeler USA Corporation, Foster Wheeler North America Corp., Foster Wheeler Energy Corporation and Foster Wheeler International Corporation, as borrowers, Foster Wheeler Ltd., Foster Wheeler Holdings Ltd., the subsidiary guarantors party thereto, the lenders party thereto, and BNP Paribas. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated September 29, 2008 and filed on October 14, 2008, and incorporated herein by reference.)
10.7	Amendment No. 3, dated December 18, 2008, to the Credit Agreement, dated September 13, 2006, between Foster Wheeler LLC, Foster Wheeler Inc., Foster Wheeler USA Corporation, Foster Wheeler North America Corp., Foster Wheeler Energy Corporation and Foster Wheeler International Corporation, as borrowers, Foster Wheeler Ltd., Foster Wheeler AG, Foster Wheeler Holdings Ltd., the subsidiary guarantors party thereto, the lenders party thereto, and BNP Paribas. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated December 18, 2008 and filed on December 22, 2008, and incorporated herein by reference.)
10.8	Guarantee Facility, dated December 15, 2009, among Foster Wheeler Limited, Foster Wheeler Energy Limited, Foster Wheeler World Services Limited, Foster Wheeler (G.B.) Limited and The Bank of Scotland regarding, among other things, a £100,000,000 uncommitted guarantee facility and a £150,000,000 forward foreign exchange facility.
10.9	Guarantee Facility, dated November 21, 2008, among Foster Wheeler Limited, Foster Wheeler Energy Limited, Foster Wheeler World Services Limited, Foster Wheeler (G.B.) Limited and The Bank of Scotland regarding, among other things, a £90,000,000 guarantee facility and a £150,000,000 forward foreign exchange facility. (Filed as Exhibit 10.8 to Foster Wheeler AG's Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.10	Corporate Guarantee, dated July 25, 2005, among Foster Wheeler Limited, Foster Wheeler Energy Limited, Foster Wheeler World Services Limited, Foster Wheeler (G.B.) Limited and The Bank of Scotland. (Filed as Exhibit 99.2 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)
10.11	Form of Debenture, dated July 25, 2005, issued in favor of The Bank of Scotland as Security Trustee. (Filed as Exhibit 99.3 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)
10.12	Lease Agreement, dated as of August 16, 2002, by and among Energy (NJ) QRS 15-10, Inc. and Foster Wheeler Realty Services, Inc. (Filed as Exhibit 10.15 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended June 28, 2002, and incorporated herein by reference.)
10.13	Amendment to the Lease Agreement, dated as of January 6, 2003, between Energy (NJ) QRS 15-10, Inc. and Foster Wheeler Realty Services, Inc. (Filed as Exhibit 10.30 to Foster Wheeler Ltd.'s Form 10-K for the fiscal year ended December 27, 2002, and incorporated herein by reference.)
10.14	Amendment No. 2, dated as of April 21, 2003, to the Lease Agreement between Energy (NJ) QRS 15-10, Inc. and Foster Wheeler Realty Services, Inc. (Filed as Exhibit 10.7 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended March 28, 2003, and incorporated herein by reference.)
10.15	Amendment No. 3, dated as of July 14, 2003, to the Lease Agreement dated August 16, 2002, between Energy (NJ) QRS 15-10, Inc. and Foster Wheeler Realty Services, Inc. (Filed as Exhibit 10.6 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended June 27, 2003, and incorporated herein by reference.)
10.16	Guaranty and Suretyship Agreement, dated as of August 16, 2002, made by Foster Wheeler LLC, Foster Wheeler Ltd., Foster Wheeler Inc., Foster Wheeler International Holdings, Inc. and Energy (NJ) QRS 15-10, Inc. (Filed as Exhibit 10.14 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended June 28, 2002 and incorporated herein by reference.)
10.17	Deed between Foster Wheeler LLC and Foster Wheeler Realty Services, Inc. and CIT Group Inc. (NJ), dated as of March 31, 2003. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended March 28, 2003 and incorporated herein by reference.)
10.18	Preliminary Agreement for the Sale of Quotas, dated January 31, 2006, between Foster Wheeler Italiana S.p.A., Fineldo S.p.A. and MPE S.p.A. (Filed as Exhibit 10.29 to Foster Wheeler Ltd.'s Form 10-K for the fiscal year ended December 30, 2005, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.19	Warrant Agreement between Foster Wheeler Ltd. and Mellon Investor Services LLC, including forms of warrant certificates. (Filed as Exhibit 4.10 to Foster Wheeler Ltd.'s registration statement on Form S-3 (File No. 333-120076), filed on October 29, 2004 and incorporated herein by reference.)
10.20	Supplemental Warrant Agreement, dated as of February 9, 2009, by and among Foster Wheeler AG, Foster Wheeler Ltd. and Mellon Investor Services LLC, as Warrant Agent. (Filed as Exhibit 4.1 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.21	Master Guarantee Agreement, dated as of May 25, 2001, by and among Foster Wheeler LLC, Foster Wheeler International Holdings, Inc. and Foster Wheeler Ltd. (Filed as Exhibit 10.9 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended June 29, 2001, and incorporated herein by reference.)
10.22*	Foster Wheeler Inc. Directors Deferred Compensation and Stock Award Plan, amended and restated effective as of May 25, 2001. (Filed as Exhibit 10.5 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.23*	Amendment to the Foster Wheeler Inc. Directors Deferred Compensation and Stock Award Plan. (Filed as Exhibit 10.6 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.24*	Foster Wheeler Inc. Directors' Stock Option Plan. (Filed as Exhibit 99.1 to Foster Wheeler Ltd.'s post effective amendment to Form S-8 (Registration No. 333-25945-99), filed on June 27, 2001, and incorporated herein by reference.)
10.25*	Amendment to Foster Wheeler Inc. Directors' Stock Option Plan. (Filed as Exhibit 10.1 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.26*	1995 Stock Option Plan of Foster Wheeler Inc., as amended and restated as of September 24, 2002. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 27, 2002, and incorporated herein by reference.)
10.27*	First Amendment to the 1995 Stock Option Plan of Foster Wheeler Inc., as amended and restated as of September 24, 2002. (Filed as Exhibit 10.26 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.28*	Second Amendment to the 1995 Stock Option Plan of Foster Wheeler Inc., as amended and restated as of September 24, 2002. (Filed as Exhibit 10.2 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.29*	Foster Wheeler Annual Executive Short-term Incentive Plan, as amended and restated effective January 1, 2006. (Filed as Exhibit 10.20 to Foster Wheeler Ltd.'s Form 10-K for the fiscal year ended December 29, 2006, and incorporated herein by reference.)
10.30*	First Amendment to the Foster Wheeler Annual Executive Short-term Incentive Plan. (Filed as Exhibit 10.29 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.31*	Second Amendment to the Annual Executive Short-term Incentive Plan of Foster Wheeler AG. (Filed as Exhibit 10.7 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.32*	Foster Wheeler Ltd. 2004 Stock Option Plan. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated September 29, 2004 and filed on October 1, 2004, and incorporated herein by reference.)
10.33*	First Amendment to the Foster Wheeler Ltd. 2004 Stock Option Plan. (Filed as Exhibit 99.1 to Foster Wheeler Ltd.'s Form 8-K, dated May 13, 2005 and filed on May 16, 2005, and incorporated herein by reference.)
10.34*	Second Amendment to the Foster Wheeler Ltd. 2004 Stock Option Plan. (Filed as Exhibit 10.3 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.35*	Form of First Amendment to the Foster Wheeler Ltd. 2004 Stock Option Plan with respect to non-employee directors. (Filed as Exhibit 99.2 to Foster Wheeler Ltd.'s Form 8-K, dated May 13, 2005 and filed on May 16, 2005, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.36*	Form of Amended and Restated Notice of Stock Option Grant with respect to executive officers, officers and key employees. (Filed as Exhibit 99.3 to Foster Wheeler Ltd.'s Form 8-K, dated May 13, 2005 and filed on May 16, 2005, and incorporated herein by reference.)
10.37*	Foster Wheeler Ltd. Omnibus Incentive Plan. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated May 9, 2006 and filed on May 12, 2006, and incorporated herein by reference.)
10.38*	First Amendment to the Foster Wheeler Ltd. Omnibus Incentive Plan. (Filed as Exhibit 10.37 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.39*	Second Amendment to the Foster Wheeler Ltd. Omnibus Incentive Plan. (Filed as Exhibit 10.4 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.40*	Third Amendment to Foster Wheeler AG Omnibus Incentive Plan. (Filed as Exhibit 10.2 to Foster Wheeler AG's Form 10-Q for the quarter ended June 30, 2009, and incorporated herein by reference.)
10.41*	Foster Wheeler AG Omnibus Incentive Plan, Restated Effective as of February 9, 2009 (incorporating the First, Second, and Third Amendments). (Filed as Exhibit 10.3 to Foster Wheeler AG's Form 10-Q for the quarter ended June 30, 2009, and incorporated herein by reference.)
10.42*	Form of Director's Stock Option Agreement effective June 16, 2006 by and between Foster Wheeler Ltd. and each of Ralph Alexander, Eugene Atkinson, Diane C. Creel, Robert C. Flexon, Stephanie Hanbury-Brown, Joseph J. Melone and James D. Woods. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated June 14, 2006 and filed on June 16, 2006, and incorporated herein by reference.)
10.43*	Form of Employee Nonqualified Stock Option Agreement effective November 15, 2006 with respect to certain employees and executive officers. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated November 15, 2006 and filed on November 17, 2006, and incorporated herein by reference.)
10.44*	Form of Employee Nonqualified Stock Option Agreement effective May 6, 2008 with respect to certain employees and executive officers. (Filed as Exhibit 10.41 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.45*	Form of Employee Nonqualified Stock Option Agreement effective March 4, 2009 with respect to employees and executive officers. (Filed as Exhibit 10.1 to Foster Wheeler AG's Form 10-Q for the quarter ended March 31, 2009, and incorporated herein by reference.)
10.46*	Form of Employee Restricted Stock Unit Award Agreement effective November 15, 2006 with respect to certain employees and executive officers. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated November 15, 2006 and filed on November 17, 2006, and incorporated herein by reference.)
10.47*	Form of Employee Restricted Stock Unit Award Agreement effective May 6, 2008 with respect to certain employees and executive officers. (Filed as Exhibit 10.43 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.48*	Form of Employee Restricted Stock Unit Award Agreement effective March 4, 2009 with respect to employees and executive officers. (Filed as Exhibit 10.2 to Foster Wheeler AG's Form 10-Q for the quarter ended March 31, 2009, and incorporated herein by reference.)
10.49*	Form of Director Nonqualified Stock Option Agreement effective November 15, 2006 with respect to non-employee directors. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 8-K, dated November 15, 2006 and filed on November 17, 2006, and incorporated herein by reference.)
10.50*	Form of Director Nonqualified Stock Option Agreement effective May 6, 2008 with respect to non-employee directors. (Filed as Exhibit 10.45 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.51*	Form of Director Nonqualified Stock Option Agreement effective March 4, 2009 with respect to employees and executive officers. (Filed as Exhibit 10.3 to Foster Wheeler AG's Form 10-Q for the quarter ended March 31, 2009, and incorporated herein by reference.)
10.52*	Form of Director Restricted Stock Unit Agreement effective November 15, 2006 with respect to non-employee directors. (Filed as Exhibit 10.4 to Foster Wheeler Ltd.'s Form 8-K, dated November 15, 2006 and filed on November 17, 2006, and incorporated herein by reference.)
10.53*	Form of Director Restricted Stock Unit Agreement effective May 6, 2008 with respect to non-employee directors. (Filed as Exhibit 10.47 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.54*	Form of Director Restricted Stock Unit Agreement effective March 4, 2009 with respect to employees and executive officers. (Filed as Exhibit 10.4 to Foster Wheeler AG's Form 10-Q for the quarter ended March 31, 2009, and incorporated herein by reference.)
10.55*	Form of Indemnification Agreement for directors and officers of Foster Wheeler Ltd. and Foster Wheeler Inc., dated as of November 3, 2004. (Filed as Exhibit 99.1 to Foster Wheeler Ltd.'s Form 8-K, dated November 3, 2004 and filed on November 8, 2004, and incorporated herein by reference.)
10.56*	Form of Indemnification Agreement for directors and officers of Foster Wheeler AG, dated as of February 9, 2009. (Filed as Exhibit 10.10 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.57*	Form of Notice and Acknowledgement for executive officers of Foster Wheeler AG, dated as of February 9, 2009. (Filed as Exhibit 10.8 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.58*	Form of Notice and Acknowledgement for David Wardlaw, dated as of February 9, 2009. (Filed as Exhibit 10.9 to Foster Wheeler AG's Form 8-K, dated February 6, 2009 and filed on February 9, 2009, and incorporated herein by reference.)
10.59*	Employment Agreement between Foster Wheeler Ltd. and Raymond J. Milchovich, dated as of August 11, 2006. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated August 7, 2006 and filed on August 11, 2006, and incorporated herein by reference.)
10.60*	First Amendment to the Employment Agreement, dated January 30, 2007, between Foster Wheeler Ltd. and Raymond J. Milchovich. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated January 30, 2007 and filed on February 2, 2007, and incorporated herein by reference.)
10.61*	Second Amendment to the Employment Agreement, dated February 27, 2007, between Foster Wheeler Ltd. and Raymond J. Milchovich. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated February 27, 2007 and filed on March 2, 2007, and incorporated herein by reference.)
10.63*	Amended and Restated Employment Agreement, dated as of May 6, 2008, between Foster Wheeler Ltd. and Raymond J. Milchovich. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated May 6, 2008 and filed on May 12, 2008, and incorporated herein by reference.)
10.64*	Amended and Restated Employment Agreement, dated as of November 4, 2008, between Foster Wheeler Ltd. and Raymond J. Milchovich. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated November 4, 2008 and filed on November 5, 2008, and incorporated herein by reference.)
10.65*	Stock Option Agreement of Raymond J. Milchovich, dated as of October 22, 2001. (Filed as Exhibit 10.13 to Foster Wheeler Ltd.'s Form 10-K for the fiscal year ended December 28, 2001, and incorporated herein by reference.)
10.66*	Employee's Restricted Stock Award Agreement of Raymond J. Milchovich, dated as of August 11, 2006. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated August 7, 2006 and filed on August 11, 2006, and incorporated herein by reference.)
10.67*	Employee Nonqualified Stock Option Agreement of Raymond J. Milchovich, dated as of August 11, 2006. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 8-K, dated August 7, 2006 and filed on August 11, 2006, and incorporated herein by reference.)
10.68*	Employment Agreement between Foster Wheeler Ltd. and Peter J. Ganz, dated as of October 10, 2005. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)
10.69*	First Amendment to the Employment Agreement, dated as of October 6, 2006, between Foster Wheeler Ltd. and Peter J. Ganz. (Filed as Exhibit 99.3 to Foster Wheeler Ltd.'s Form 8-K, dated October 5, 2006 and filed on October 10, 2006, and incorporated herein by reference.)
10.70*	Amended and Restated Employment Agreement, dated as of May 6, 2008, between Foster Wheeler Ltd. and Peter J. Ganz. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 8-K, dated May 6, 2008 and filed on May 12, 2008, and incorporated herein by reference.)
10.71*	Restricted Stock Award Agreement of Peter J. Ganz, dated as of October 24, 2005. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.72*	English Translation of Supplemental Employment Agreement, effective as of November 12, 2007, among Foster Wheeler Continental Europe S.r.l., Foster Wheeler Ltd., and Franco Baseotto. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated November 12, 2007 and filed on November 14, 2007, and incorporated herein by reference.)
10.73*	English Translation of Change of Control Agreement, effective as of November 12, 2007, among Foster Wheeler Continental Europe S.r.l., Foster Wheeler Ltd., and Franco Baseotto. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated November 12, 2007 and filed on November 14, 2007, and incorporated herein by reference.)
10.74*	Employment Agreement, dated as of May 6, 2008, between Foster Wheeler Ltd. and Franco Baseotto. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated May 6, 2008 and filed on May 12, 2008, and incorporated herein by reference.)
10.75*	First Amendment to the Employment Agreement, effective as of January 18, 2010, between Foster Wheeler Inc. and Franco Baseotto. (Filed as Exhibit 10.1 to Foster Wheeler AG's Form 8-K, dated January 14, 2010 and filed on January 20, 2010, and incorporated herein by reference.)
10.76*	Unofficial English Translation of Fixed Term Employment Agreement, effective as of April 1, 2008, between Foster Wheeler Continental Europe S.r.l. and Umberto della Sala. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated February 22, 2008 and filed on February 28, 2008, and incorporated herein by reference.)
10.77*	Employment Agreement, dated as of March 1, 2008, between Foster Wheeler Ltd. and Umberto della Sala. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 8-K, dated February 22, 2008 and filed on February 28, 2008, and incorporated herein by reference.)
10.78*	Agreement for the Termination of Fixed Term Employment Contract, dated as of September 30, 2008, between Foster Wheeler Continental Europe S.r.l. and Umberto della Sala. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 26, 2008, and incorporated herein by reference.)
10.79*	Unofficial English Translation of Fixed Term Employment Agreement, dated as of October 1, 2008, between Foster Wheeler Global E&C S.r.l. and Umberto della Sala. (Filed as Exhibit 10.4 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 26, 2008, and incorporated herein by reference.)
10.80*	First Amendment to the Employment Agreement, dated as of October 1, 2008, between Foster Wheeler Ltd. and Umberto della Sala. (Filed as Exhibit 10.5 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 26, 2008, and incorporated herein by reference.)
10.81*	Second Amendment to the Employment Agreement between Foster Wheeler Inc. and Umberto della Sala, effective as of February 18, 2010. (Filed as Exhibit 10.1 to Foster Wheeler AG's Form 8-K, dated February 18, 2010 and filed on February 22, 2010, and incorporated herein by reference.)
10.82*	Unofficial English Translation of Extension of Fixed Term Employment Agreement between Foster Wheeler Global E&C S.r.l. and Umberto della Sala, dated February 18, 2010. (Filed as Exhibit 10.2 to Foster Wheeler AG's Form 8-K, dated February 18, 2010 and filed on February 22, 2010, and incorporated herein by reference.)
10.83*	Employment Agreement, dated as of August 20, 2008, between Foster Wheeler Ltd. and Peter D. Rose. (Filed as Exhibit 10.2 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended September 26, 2008, and incorporated herein by reference.)
10.84*	First Amendment to the Employment Agreement, effective as of January 18, 2010, between Foster Wheeler Inc. and Peter D. Rose.
10.85*	Employment Agreement, dated as of April 7, 2008, between Foster Wheeler Ltd. and Beth Sexton. (Filed as Exhibit 10.3 to Foster Wheeler Ltd.'s Form 10-Q for the quarter ended March 28, 2008, and incorporated herein by reference.)
10.86*	First Amendment to the Employment Agreement, effective as of January 18, 2010, between Foster Wheeler Inc. and Beth Sexton. (Filed as Exhibit 10.2 to Foster Wheeler AG's Form 8-K, dated January 14, 2010 and filed on January 20, 2010, and incorporated herein by reference.)
10.87*	Deed of Variation, dated as of October 8, 2008, between Foster Wheeler Energy Limited and David Wardlaw. (Filed as Exhibit 10.1 to Foster Wheeler Ltd.'s Form 8-K, dated October 8, 2008 and filed on October 14, 2008, and incorporated herein by reference.)

Exhibit No.	Exhibits
10.88*	Employment Agreement, dated as of January 6, 2009, between Foster Wheeler North America Corp. and Gary T. Nedelka. (Filed as Exhibit 10.76 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.89*	First Amendment to the Employment Agreement, dated as of December 21, 2009, between Foster Wheeler North America Corp. and Gary T. Nedelka.
10.90*	Employment Agreement, dated as of January 6, 2009, between Foster Wheeler Ltd. and Lisa Z. Wood. (Filed as Exhibit 10.77 to Foster Wheeler AG.'s Form 10-K for the fiscal year ended December 26, 2008, and incorporated herein by reference.)
10.91*	First Amendment to the Employment Agreement, effective as of January 18, 2010, between Foster Wheeler Inc. and Lisa Z. Wood.
10.92*	Employment Agreement, dated as of March 27, 2009, among Foster Wheeler Inc., Thierry Desmaris and Foster Wheeler International Corp. (Filed as Exhibit 10.19 to Foster Wheeler AG's Form 10-Q for the quarter ended March 31, 2009, and incorporated herein by reference.)
10.93*	First Amendment to the Employment Agreement, effective as of January 18, 2010, between Foster Wheeler Inc. and Thierry Desmaris.
10.94*	Employment Agreement, dated as of April 27, 2009, among Foster Wheeler Inc., Rakesh K. Jindal and Foster Wheeler International Corp. (Filed as Exhibit 10.1 to Foster Wheeler AG's Form 10-Q for the quarter ended June 30, 2009, and incorporated herein by reference.)
10.95*	First Amendment to the Employment Agreement, effective as of January 18, 2010, between Foster Wheeler Inc. and Rakesh K. Jindal.
10.96*	Employment Agreement, dated as of November 3, 2009, among Foster Wheeler USA Corporation, and Robert C. Flexon.
10.98*	Employment Agreement, dated as of February 16, 2009, between Foster Wheeler USA Corporation and W. Troy Roder.
10.99*	Contract of Employment between Foster Wheeler Energy Limited and Michelle Davies, prepared on August 8, 2008.
21.0	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Analysis, Research & Planning Corporation.
23.3	Consent of Peterson Risk Consulting LLC.
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Raymond J. Milchovich.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Franco Baseotto.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Raymond J. Milchovich.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Franco Baseotto.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Management contract or compensation plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(b) of this report.

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 25, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed, as of February 25, 2010, by the following persons on behalf of the Registrant, in the capacities indicated.

Signature	Title
/s/ RAYMOND J. MILCHOVICH Raymond J. Milchovich (Principal Executive Officer)	Director, Chairman of the Board and Chief Executive Officer
/s/ FRANCO BASEOTTO Franco Baseotto (Principal Financial Officer)	Executive Vice President, Chief Financial Officer and Treasurer
/s/ LISA Z. WOOD Lisa Z. Wood (Principal Accounting Officer)	Vice President and Controller
/s/ EUGENE D. ATKINSON Eugene D. Atkinson	Director
/s/ CLAYTON C. DALEY, JR. Clayton C. Daley, Jr.	Director
/s/ STEVEN J. DEMETRIOU Steven J. Demetriou	Director
/s/ EDWARD G. GALANTE Edward G. Galante	Director
/s/ STEPHANIE HANBURY-BROWN Stephanie Hanbury-Brown	Director
/s/ MAUREEN B. TART-BEZER Maureen B. Tart-Bezer	Director
/s/ JAMES D. WOODS James D. Woods	Director

EXHIBIT 31.1

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

I, Raymond J. Milchovich, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 25, 2010

/s/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich
Chairman and Chief Executive Officer

EXHIBIT 31.2

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

I, Franco Baseotto, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 25, 2010

/s/ FRANCO BASEOTTO
Franco Baseotto
Executive Vice President, Chief Financial Officer
and Treasurer

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, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Raymond J. Milchovich, Chairman and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 25, 2010

/s/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich
Chairman and Chief Executive Officer

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, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Franco Baseotto, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 25, 2010

/s/ FRANCO BASEOTTO
Franco Baseotto
Executive Vice President, Chief Financial Officer
and Treasurer

APPENDIX 1: ANNUAL EBITDA, NET INCOME* AND DILUTED EPS RECONCILIATION

(in thousands of dollars, except EPS figures)	For the year ended December 28, 2007			For the year ended December 26, 2008			For the year ended December 31, 2009		
	EBITDA	**Net Income***	**Diluted EPS**	**EBITDA**	**Net Income***	**Diluted EPS**	**EBITDA**	**Net Income***	**Diluted EPS**
As adjusted	**$585,695**	**$387,729**	**$2.68**	**$692,674**	**$533,227**	**$ 3.73**	**$530,164**	**$376,521**	**$ 2.96**
Add/(less):									
Net asbestos-related gains/(provisions)	6,145	6,145	0.04	(6,607)	(6,607)	(0.05)	(26,365)	(26,365)	(0.21)
As reported	**$591,840**	**$393,874**	**$2.72**	**$686,067**	**$526,620**	**$ 3.68**	**$503,799**	**$350,156**	**$ 2.75**

*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 current and prior senior credit agreements 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 current and prior senior credit agreements. 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

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

1. Included in the year ended December 28, 2007: increased/(decreased) contract profit of $35,150 from the regular revaluation of final estimated contract profits: $54,520 in our Global E&C Group and $(19,370) in our Global Power Group; and a charge of $7,374 in our C&F Group on the revaluation of our asbestos liability and related asset resulting primarily from increased asbestos defense costs projected through year-end 2022 and for addition of another year to our rolling 15-year asbestos liability estimate; and gains of $13,519 on settlement of coverage litigation with certain asbestos insurance carriers recorded in our C&F Group.
2. C&F Group includes general corporate income and expense, the company's captive insurance operation and the elimination of transactions and balances related to intercompany interest.

*Net income attributable to Foster Wheeler AG.

APPENDIX 4: EBITDA TO NET INCOME* RECONCILIATION

For the year ended December 26, 2008 (in thousands of dollars)	**Global E&C Group**	**Global Power Group**	**Total Operating EBITDA**	**C&F Group[2]**	**Consolidated**
EBITDA[1]	**$535,602**	**$239,508**	**$775,110**	**($89,043)**	**$686,067**
Less: Interest expense					17,621
Less: Depreciation & amortization					44,798
Less: Provision for income taxes					97,028
Net income*					**$526,620**

1. Included in the year ended December 26, 2008: increased/(decreased) contract profit of $26,720 from the regular revaluation of final estimated contract profits: $46,260 in our Global E&C Group and $(19,540) in our Global Power Group; a charge of $9,000 in our Global Power Group primarily for severance-related postemployment benefits; and a net charge of $6,607 in our C&F Group on the revaluation of our asbestos liability and related asset resulting primarily from increased asbestos defense costs projected through year-end 2023 of $42,727, partially offset by gains of $36,120 on the settlement of coverage litigation with certain insurance carriers.
2. C&F Group includes general corporate income and expense, the company's captive insurance operation and the elimination of transactions and balances related to intercompany interest.

*Net income attributable to Foster Wheeler AG.

APPENDIX 5: EBITDA TO NET INCOME* RECONCILIATION

For the year ended December 31, 2009 (in thousands of dollars)	**Global E&C Group**	**Global Power Group**	**Total Operating EBITDA**	**C&F Group**[2]	**Consolidated**
EBITDA[1]	**$421,186**	**$194,027**	**$615,213**	**($111,414)**	**$503,799**
Less: Interest expense					14,122
Less: Depreciation & amortization					45,759
Less: Provision for income taxes					93,762
Net Income*					**$350,156**

1. Included in the year ended December 31, 2009: increased contract profit of $69,000 from the regular revaluation of final estimated contract profits: $66,700 in the Global E&C Group and $2,300 in the Global Power Group; a charge of $12,400 for severance-related postemployment benefits: $8,700 in Global E&C Group and $3,700 in C&F Group; and a net charge of $26,365 in C&F Group on the revaluation of our asbestos liability and related asset primarily resulting from increased asbestos defense costs projected through fiscal year 2024.
2. C&F Group includes general corporate income and expense, the company's captive insurance operation and the elimination of transactions and balances related to intercompany interest.

*Net income attributable to Foster Wheeler AG.

APPENDIX 6: RECONCILIATION OF SCOPE REVENUES TO OPERATING REVENUES

(in thousands of dollars)	**For the year ended December 28, 2007**	**For the year ended December 26, 2008**	**For the year ended December 31, 2009**
Global E&C Group:			
Scope revenues	$2,144,199	$2,233,125	$1,910,997
Flow-through revenues	1,537,060	2,914,102	2,129,085
Operating revenues	**$3,681,259**	**$5,147,227**	**$4,040,082**
Global Power Group:			
Scope revenues	$1,413,462	$1,695,209	$1,004,123
Flow-through revenues	12,522	11,854	12,129
Operating revenues	**$1,425,984**	**$1,707,063**	**$1,016,252**
Consolidated:			
Scope revenues	**$3,557,661**	**$3,928,334**	**$2,915,120**
Flow-through revenues	**1,549,582**	**2,925,956**	**2,141,214**
Operating revenues	**$5,107,243**	**$6,854,290**	**$5,056,334**

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CORPORATE INFORMATION

Directors

Raymond J. Milchovich
Chairman and Chief Executive Officer

Eugene D. Atkinson
Deputy Chairman of the Board
Founder & Managing Partner
Atkinson Capital

Clayton C. Daley, Jr.
Vice Chairman (retired)
The Proctor & Gamble Company

Steven J. Demetriou
Chairman and CEO
Aleris International, Inc.

Edward G. Galante
Senior Vice President and Member of the Management Committee (retired)
ExxonMobil Corporation

Stephanie Hanbury-Brown
Managing Director
Golden Seeds, LLC

Maureen B. Tart-Bezer
Former Executive Vice President and Chief Financial Officer
Virgin Mobile USA

James D. Woods
Chairman Emeritus and retired Chief Executive Officer
Baker Hughes Incorporated

Officers

Raymond J. Milchovich
Chairman and CEO

Umberto della Sala
President and Chief Operating Officer

Robert C. Flexon
President and CEO
Foster Wheeler USA Corporation
CEO-designate, Foster Wheeler AG

Franco Baseotto
Executive Vice President,
Chief Financial Officer and Treasurer

Michelle K. Davies
Acting General Counsel

Thierry Desmaris
Vice President, Corporate Development

Rakesh K. Jindal
Vice President, Tax

Gary Nedelka
President and CEO
Global Power Group

W. Troy Roder
Chairman and CEO
Foster Wheeler Energy Limited

Peter D. Rose
Vice President, Chief Corporate Compliance Officer

Beth B. Sexton
Executive Vice President
Human Resources

Eric M. Sherbet
Corporate Secretary

David Wardlaw
Vice President
Project Risk Management Group

Lisa Z. Wood
Vice President and Controller

Registered Office of Foster Wheeler AG

c/o Bar & Karrer AG
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6301 Zug, Switzerland

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Common Share Listing

The NASDAQ Stock Market, Inc.
Ticker Symbol: FWLT

Independent Registered Public Accounting Firm

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Transfer Agent and Registrar

BNY Mellon Shareowner Services

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or

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201-680-6610 (for hearing and speech impaired)

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You can view shareholder information and perform certain transactions at: http://www.bnymellon.com/shareowner/isd

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Request for Financial Information

Foster Wheeler AG's annual and quarterly reports and other financial documents are available on our website at www.fwc.com.

To request paper copies of documents filed with the U.S. Securities and Exchange Commission, including the company's annual report on Form 10-K, please write to the Office of the Corporate Secretary:

Foster Wheeler AG
Perryville Corporate Park
Clinton, NJ 08809-4000
USA

Number of registered shareholders as of December 31, 2009:

2,702

Annual General Meeting of Shareholders

May 5, 2010 at 1:00 p.m. (Central European Time)
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Switzerland

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