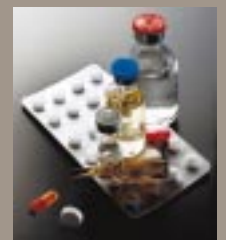
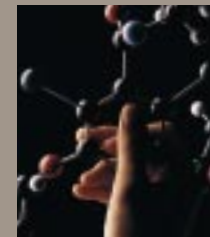




Foster Wheeler Corporation Summary Annual Report



Streams of Progress

2000

Our Vision

Foster Wheeler Corporation will create value for its customers through the innovative application of engineering capability and technology. Operating in a way that embraces change, inspires and rewards excellence and maintains the highest ethical, safety and environmental standards, we will help customers implement state-of-the-art solutions and effective business improvements. We will create value for our stockholders by exceeding the expectations of our customers, and by striving to establish a new global standard for innovation, quality and service.

World Headquarters

Foster Wheeler Corporation

Perryville Corporate Park
Clinton, New Jersey 08809-4000 USA
TEL: 908-730-4000
FAX: 908-730-5315
www.fwc.com

Foster Wheeler's Global Locations Include:

Brazil
Canada
Chile
Colombia
Czech Republic
Finland
France
Germany
India
Italy
Japan
Malaysia
The Netherlands
Nigeria
People's Republic of China
Philippines
Poland
Russia
Saudi Arabia
Singapore
South Africa
Spain
Sweden
Switzerland
Thailand
Turkey
United Arab Emirates
United Kingdom
United States
Venezuela

Safe Harbor Statement

This Summary Annual Report contains forward-looking statements that are based on management's assumptions, expectations and projections about the various industries within which the Corporation operates. Such forward-looking statements by their nature involve a degree of risk and uncertainty. The Corporation cautions that a variety of factors, including but not limited to the following, could cause business conditions and results to differ materially from what is contained in forward-looking statements: changes in the rate of economic growth in the United States and other major international economies, changes in investment by the energy, power and environmental industries, changes in regulatory environment, changes in project schedules, changes in trade, monetary and fiscal policies worldwide, currency fluctuations, outcomes of pending and future litigation, protection and validity of patents and other intellectual property rights and increasing competition by foreign and domestic companies.

A silhouette of a person wearing a hard hat, standing in profile against a bright orange sunset. In the background, the silhouettes of industrial structures, including towers and pipes, are visible against the sky. The overall scene is a mix of industrial and human elements.

Streams of Progress

Whether it's fueling transportation, lighting cities, warming homes, making medicines or protecting the environment, Foster Wheeler plays a fundamental role, providing engineering services and products that help the world run better. Our fundamental strength is creating and managing processes based on streams – from flowing liquid, gas or steam used by industry, to the water we help to clean, from the streams of data that represent our advanced technology, to the flow of earnings that strengthen our capabilities. These are the streams of progress that propel Foster Wheeler and the world into a promising future.

Foster Wheeler at a Glance

An overview of the key industries served by Foster Wheeler's Engineering and Construction and Energy Equipment Groups

Oil and Gas



Power



Products and Services

Key services: Conceptual studies; engineering; procurement; construction; project management; plant operations and maintenance; and field services

Key products: Fired heaters; refining process technologies and applications (e.g., delayed coking, visbreaking, hydrotreating, cracking, solvent deasphalting, gas monetization); coke drum automatic unheading devices; and a delayed coker on-line analyzer

Key services: Engineering; procurement; construction; aftermarket parts and services; project development; project management

Key products: All types of steam generators firing all fuels; heat recovery steam generators (HRSGs); selective catalytic reduction units (SCRs); low-NO_x burners; gasifiers; package boilers; and specialty products, such as coal pulverizers, condensers and feedwater heaters

Business Strategies

- Leverage process technologies (e.g., delayed coking, fluid catalytic cracking, LNG and gas-to-liquids)
- Exploit strong upstream investment trend
- Maintain worldwide leadership in refining
- Further develop oil- and gas-production technologies
- Expand gas technologies
- Centralize processes for global e-procurement initiative
- Target NO_x reduction solutions

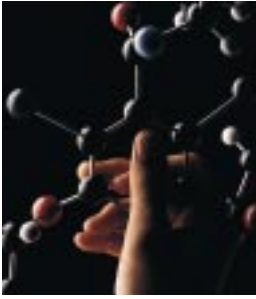
- Commercialize advanced clean-coal technologies
- Reinforce worldwide leadership position in advanced steam-generator technologies
- Expand environmentally friendly circulating fluidized-bed (CFB) technologies in both sub- and super-critical applications
- Leverage reputation in power equipment for an engineering, procurement and construction (EPC) center of excellence
- Expand aftermarket parts and services to support aging plants

Project Spotlight

- Offshore gas project contract from the Abu Dhabi National Oil Company
- Contract to operate and maintain MIDOR's new 100,000 barrels-per-day refinery in Egypt
- Completion of the 6.6 million metric ton LNG plant in Oman
- Completion of front-end engineering and design for Saudi Aramco's Haradh gas program

- An EPC contract to build a new combined heat and power plant in Poland for E.C. Chorzow Elcho with a capacity of 220 MWe
- 120 MW CFB boiler at the first U.S. repowering project to fire 100% coal waste
- Six HRSGs for two PSEG power plants in New Jersey, U.S.
- Turnkey contract from Aanevoima Oy, Finland, for an industrial power plant featuring a 150 MWth CFB and a 35 MWe turbine generator
- Three HRSGs for Raytheon's 815 MW Red Oak combined-cycle power project in the U.S.

Chemical / Petrochemical



Key services: Engineering; procurement; construction; project management; plant operations and maintenance

Key products: Process technologies and applications; services for chemical intermediates, petrochemical and polymer markets for both grassroots and revamp projects

- Focus on strong polypropylene, polyethylene, terephthalate, polycarbonate and urethane technologies
- Focus on front-end work to leverage EPC opportunities on technology-related projects
- Utilize strong process engineering capabilities
- Focus on opportunities in strong Asian market

- Manage design and construction of BOC's biggest hydrogen plant for Huntsman
- Engineering, procurement and construction management (EPCm) of GE Plastics polycarbonate plant
- Basic design and engineering contract to debottleneck Shell UK's higher olefins plant
- EPCm contract for polypropylene plant in Czech Republic
- Completion of Celanese Singapore acetyls project
- EPC of Bayer polycarbonate plant's second train

Pharmaceutical



Key services: Planning, engineering and construction; validation; clean room; containment; simulation and optimization; automation and manufacturing resource planning

Key products: Laminar airflow systems; downflow booths for powder dispensing; air showers; dedusters; pass-through boxes; TUV-certified LAF cabinets; design optimization software

- Reinforce and expand pharmaceuticals operations in U.S.
- Leverage expertise in bulk production to expand into secondary (fill and finishing) and biopharmaceutical markets in U.S. and UK
- Exploit presence in key areas of growth, e.g., Singapore, New Jersey, U.S., Ireland, Puerto Rico and Europe
- Expand secondary and biopharmaceutical position in Europe to include bulk pharmaceuticals

- Bulk pharmaceutical chemical plant expansion for Glaxo Wellcome in Singapore
- Design, engineer, construct and validate Schering-Plough bulk pharmaceutical chemical plant in Singapore
- EPCm and validation and commissioning services for Lundbeck Pharmaceuticals bulk pharmaceutical production facility in Teesside, UK
- EPCm and commissioning services for Bayer Biologicals new plasma derivatives production facility in Rosia, Italy
- EPCm contract for Roche grassroots pharmaceutical facility in Turkey

Environmental



Key services: Hazardous, nuclear, and mixed waste assessments and investigations; design; remediation; program/project management; operations; risk-based management; regulatory compliance and permitting; ecological and geoscience services; ports, harbors and waterway services; natural and water resources

Key products: Environmental technologies and spent nuclear fuel storage systems

- Increase market share in Department of Defense programs
- Exploit opportunities in unexploded ordnance investigation and remediation
- Pursue selected Department of Energy (DOE) opportunities focusing on design/build projects
- Expand on growth in ports, harbors and waterways, natural and water resources, energy and telecommunications services, and commercial hazardous waste services

- U.S. Navy remedial action contract for the Northern Division
- Worldwide ordnance and explosives response and services for the U.S. Army Corps of Engineers
- Comprehensive range of architectural and engineering services for the U.S. Air Force Center for Environmental Excellence
- Started construction for the Melton Valley transuranic waste project for U.S. DOE – Oak Ridge

Financial Highlights

<i>Dollars in thousands (except per share data)</i>	2000	1999	1998
Revenues	\$3,969,355	\$3,944,074	\$4,596,992
Earnings/(loss) before income taxes	56,023	(190,526) ⁽¹⁾	47,789 ⁽²⁾
Net earnings/(loss)	39,494	(143,635) ⁽¹⁾	(31,506) ⁽²⁾
Net earnings/(loss) per share			
Basic	\$.97	\$ (3.53)	\$ (.77)
Diluted	\$.97	\$ (3.53)	\$ (.77)
Total assets	3,477,528	3,438,109	3,322,301
Stockholders' equity	364,089	375,863	572,118
Unfilled orders	6,142,347	6,050,525	7,411,907
New orders	4,480,000	3,623,202	5,269,398
Common shares outstanding	40,723	40,731	40,717
Employees	10,170	10,220	11,120

⁽¹⁾ Includes in 1999 a provision of \$37,600 (\$27,600 after tax) for cost realignment and a charge totaling \$244,600 (\$173,900 after tax), of which \$214,000 related to the Robbins Facility write-down and \$30,600 related to the current-year operations of the Robbins Facility.

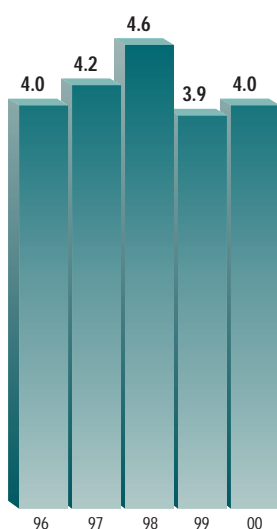
⁽²⁾ Includes in 1998 a charge for the Robbins Facility of \$72,800 (\$47,300 after tax), of which \$47,000 related to the Robbins Facility write-down and \$25,800 related to the current-year operations and a provision of \$61,300 for an increase in the income tax valuation allowance for a total after-tax charge of \$108,600.

Operating Highlights

- **New orders booked rose 24 percent to \$4.5 billion**
- **Net debt down by \$109 million, a 12 percent reduction**
- **Net earnings were \$39.5 million following two years of net losses**
- **Proposed change in legal domicile proffered to stockholders**

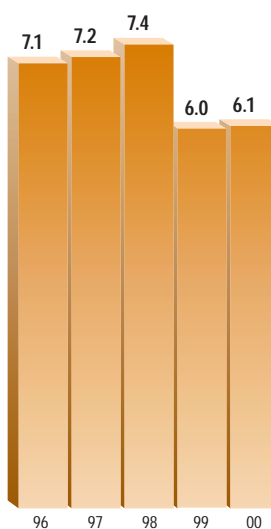
Revenues

Billions of Dollars



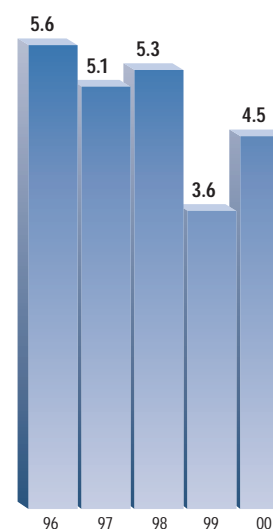
Unfilled Orders

Billions of Dollars



New Orders Booked

Billions of Dollars





2000 was a pivotal year for Foster Wheeler. In a changing global marketplace, we delivered the operating and financial results we expected and continued to improve our operating efficiencies as significant growth opportunities began to emerge in our major markets.

Net earnings for the year were \$39.5 million, or \$.97 per share, on \$4.0 billion in revenues. This compares favorably with a net loss of \$143.6 million, or \$3.53 per share, on revenues of \$3.9 billion in 1999. New orders booked in 2000 increased 24 percent to \$4.5 billion from \$3.6 billion in the previous year, and backlog was \$6.1 billion, up slightly from the 1999 level of \$6.0 billion.

In addition to this significant financial improvement, it is worth noting the broad geographical and market-segment diversification of our bookings in 2000, which indicates continued positive momentum for the future.

Although we are disappointed with the stock price performance during the year, we firmly believe that we succeeded in establishing a baseline operating earnings level. This enabled us to make progress in rebuilding market credibility that should lead to greater investor confidence in 2001 and beyond.

Market Upturn

In our Engineering and Construction business, the pharmaceutical and environmental sectors continue to be major areas of activity and opportunity. We are also encouraged by the prospects for bookings in the oil and gas sector. With demand expected to reach 90 million barrels a day over the next 10 years, compared to about 75 million currently, there is little doubt that further capital expenditures in oil and gas exploration will be forthcoming.

And, considering the recent dearth of refinery investment and the tightening of environmental regulations coming into force in the U.S. and Europe, we expect to benefit from a major surge in refinery projects in the near to mid-term.

The power segment is also starting what we believe will be a period of long-lasting growth for us. Bookings in our Energy Equipment Group, which provides technology, products and aftermarket services, increased 39 percent in 2000.

As a strong leader in clean-coal technology, we are benefiting from today's emphasis on power and the corresponding resurgence of interest in coal. At the same time, we are in an excellent position to supply heat recovery steam generators (HRSGs) to the gas-fired power market. Our HRSGs, which represent 8-10 percent of the content of a gas-fired power plant, enjoyed a 25 percent market share in the U.S. in 2000, and we are off to a great start in 2001, as well. Current bookings for these long-term projects will strengthen our results in 2002 and 2003.

Also, we are beginning to expand our presence in the engineering segment of the power industry in the U.S. While traditionally we have not been known as a power engineering company in this particular market, we do have extensive experience around the world. Since the environment is now changing, we are penetrating the U.S. market selectively. Recent projects in Florida and Ohio, as well as others on the horizon, will help raise our profile and prospects in this important market.

Internationally, we also continue to see encouraging signs. The economies of Asia and Latin America appear to be improving, while the oil economies of the Middle East are buoyant. These factors should spur

demand for our core services in these regions.

With operations in some 30 countries on six continents, we believe Foster Wheeler is in an excellent position to take advantage of the recovery in our worldwide markets in 2001, offering state-of-the-art technology and services. With the ability to make virtually any type of facility more efficient, productive and environmentally friendly, we expect to gain our fair share of projects in power production, oil and gas extraction and processing, and refineries requiring improved emission standards. We also expect to help meet the demand for new pharmaceutical plants and labs, environmental cleanup and site remediation, and new chemical facilities as that industry begins to rebound from a downturn in its business cycle.

Debt Reduction

Along with the growth of our business, we are also making headway in reducing our total long-term debt. In December, our Italian subsidiary, Foster Wheeler Italiana, Spa, sold 50 percent of its interest in Lomellina Energia Srl. Including debt deconsolidation, the transaction reduced the amount of net debt recorded on our balance sheet by approximately \$130 million. Altogether in 2000, the company's net debt was reduced by \$109 million. This is an important step in strengthening our balance sheet and focusing resources on our core businesses. We continue to pursue a variety of strategic options to reduce financial leverage even further in 2001.

e-Business Development

As our markets expand and our balance sheet improves,

we continue to make substantial progress in implementing our technical strategy that will not only cut costs but help fortify a culture of quality and efficiency throughout our worldwide organization.

For example, we launched our global e-Procurement initiative, which enables our businesses to source and purchase equipment, materials and services on a worldwide basis, and thereby track market trends globally. By enhancing our ability to procure thousands of items online – based on cost, quality and reliability – e-Procurement will help us improve customer service, increase work process efficiencies, reduce expenses, optimize cycle times and leverage our worldwide corporate buying power.

We also continued to develop and expand our Project Execution Improvement Program, which is designed to use and deploy innovative work process techniques and best practices to improve our competitiveness and customer satisfaction around the world.

Legal Domicile

In another strategic initiative designed to position Foster Wheeler to compete more effectively in the international marketplace, the board of directors has unanimously proposed a plan to modify our corporate structure so that our legal domicile will be changed from New York State to Bermuda. Since about 70 percent of our revenues and income are generated outside the U.S., we believe the business, regulatory and tax environment in Bermuda will enable us to achieve more flexibility, thus creating more value for our stockholders.

Since corporate operations will continue to be



“With a better financial performance overall – including an improved balance sheet and success in reducing costs, improving efficiencies and meeting customer needs – we believe Foster Wheeler is well positioned in our core markets worldwide.”

managed from our headquarters in Clinton, New Jersey, and there will be no operational impact on our employees and the communities where we currently do business, we expect this transition to be seamless and transparent for employees, vendors and customers around the world.

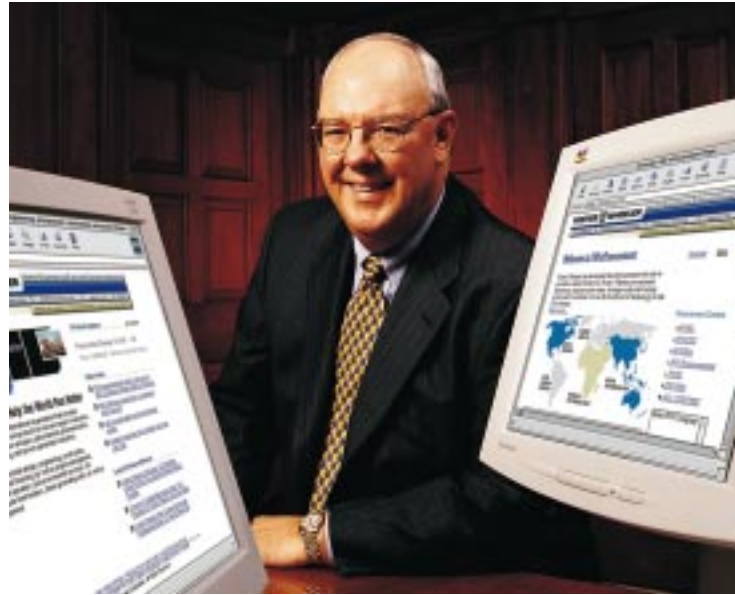
We urge our stockholders to review their proxy statement/prospectus, which accompanies this summary annual report, and vote in favor of this important initiative.

Management Change

In March of 2000, Gilles A. Renaud joined Foster Wheeler as senior vice president and chief financial officer, succeeding David J. Roberts, who retired in late 1999. He comes to us from United Technologies where he was vice president and treasurer. With responsibility for all worldwide financial operations, Gilles has already made a major contribution developing and maintaining our financial strategy, with an immediate focus on improving our financial management and balance sheet.

A Strong Position for the Future

With a better financial performance overall – including an improved balance sheet and success in reducing



costs, improving efficiencies and meeting customer needs – we believe Foster Wheeler is well positioned in our core markets worldwide. As you will see in the following pages, our broad global reach, along with our market and technological leadership, will become increasingly important as we seize the best opportunities for growth around the world.

I wish to thank our employees for their contributions during this important and challenging time, the board of directors for their perspective and guidance and, most importantly, our stockholders for their continued support.

Richard J. Swift
*Chairman, President and
Chief Executive Officer*

January 30, 2001

The Global Economy In 2001

by Dr. Barry P. Bosworth

Senior Fellow, The Brookings Institution

The world economic outlook for 2001 is dominated by prospective events in the United States. Throughout the late 1990s, a strong U.S. market provided the primary impetus for growth in the global economy at a time when many other regions were beset with domestic economic difficulties. A moderation of growth in the United States is coming at a time of improved global economic conditions, however, and other countries should be able to sustain growth by shifting their emphasis to greater expansion of their own domestic markets. The result will be a continuation of strong growth in the global demand for energy generation plants and related investments.

The slowing of growth in the United States from the torrid pace of recent years has been the primary objective of the monetary authorities who have grown increasingly concerned about inflation pressures; but the fundamental health of the economy should still make it possible for the Federal Reserve to achieve a target GDP growth rate near three percent annually.

Europe should be a region of sustained growth since it will be the least affected by a U.S. slowdown. With a strengthening of the Euro and lower oil prices, the threat of inflation is receding, creating an opportunity for some easing of monetary policy. Prospects for continued expansion are very positive, but there will be a

shift from a weakening export market to greater reliance on domestic demand. It should be a region of strong growth in capital investment, particularly in energy and environmentally related fields.

Economic stagnation in Japan and slower growth in the United States will impact negatively on the export-oriented economies of Asia; but the dynamism of internal growth in China, and more recently in India, should continue to propel the region forward. Several countries that were involved in the 1997 crisis also have financial problems similar to Japan; but high levels of foreign exchange reserves have minimized the risk of a currency crisis. This is a region with extraordinarily high demands for new capital infrastructure.

Economic conditions in Latin America are very diverse. In many countries, the gains from the economic liberalization of the past decade are perceived as disappointing and the process of economic reform is losing momentum. The region as a whole remains too dependent on external financing of its investments, and thus vulnerable to disruptions in international financial markets. Slowing of exports to the United States will further complicate the internal problems of countries such as Argentina, Colombia and Venezuela, but growth prospects are still very favorable for Brazil, Chile, and Mexico.



100

THIS NOTE IS LEGAL
FOR ALL DEBTS, PUBLIC AND PRIVATE.

Mary Ellen Withrow
Treasurer of the United States.

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1996

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Bank of

BEARER ON DEMAND

Bank of England
THE STATE OF



Fueling

"We believe the upstream capital expenditures are likely to grow by at least 15 percent in 2001. The recovery, which has thus far been limited to drilling for natural gas in North America, is expected to spread to international markets in 2001..."

— Salomon Smith Barney, November 29, 2000

Oil companies, large and small, are expected to increase their exploration and production spending in 2001 to meet the increasing worldwide demand for fuels refined from petroleum. That's good news for Foster Wheeler, because of its participation in the engineering, procurement and construction of both onshore and offshore oil- and gas-production facilities.



This "upstream" expansion will be particularly strong offshore since technological advances have made deep-water oil and gas fields more economically viable, including the use of huge, floating production vessels. Foster Wheeler designs topside production plants for these vessels. Explorations are under way

in the Atlantic – off the coast of West Africa and Brazil – and in the Gulf of Mexico, which industry experts say will result in engineering contracts in 2001 and construction contracts in 2002 and beyond.

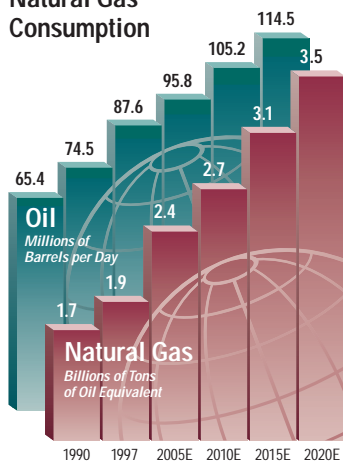
Meanwhile, reports indicate that onshore production, a traditionally strong niche for Foster Wheeler, will also expand. Areas of growth will be in the Middle East, Venezuela and Canada. Foster Wheeler's leadership in this segment is based on its broad experience building major land-based terminals around the world.

"Meanwhile, reports indicate that onshore production, a traditionally strong niche for Foster Wheeler, will also expand."





World Oil Demand and Natural Gas Consumption



Source: International Energy Agency - World Energy Outlook 2000; BP Amoco Statistical Review

The Oman liquefied natural gas (LNG) project was completed in 2000 on time and under budget. Commercial production of LNG at this two-train plant began only 42 months after ground was broken on the project. It has the world's largest LNG production capacity per train. The first cargo was loaded on April 7, 2000.



Refining

With oil and gas prices on the rise, economies in Asia and Latin America becoming stronger, and oil company mergers being completed, capital investment in “downstream” refining is also expected to increase in 2001, following a decline in activity over the last couple of years.

While few new refineries will be built, both large oil companies and smaller independents will begin to upgrade and modify existing refineries in order to meet newly written environmental regulations that will require cleaner fuels with lower levels of sulfur. This is part of a continuing trend in both Europe and the U.S. Deadlines for compliance will be in the 2004-2007 period.

Foster Wheeler has a strong tradition of success in this sector, with extensive experience in virtually all petroleum refining technologies. The company’s expertise in clean fuels, in particular, will help to ensure that refined products – and the refineries themselves – meet lower emission requirements cost effectively. In some instances, as volume demand increases, new refineries will be built as well. Foster Wheeler should also be able to seize these opportunities, drawing on its expertise as a leader in designing and constructing grassroots refineries for the world’s major companies.



“Foster Wheeler has a strong tradition of success in this sector, with extensive experience in virtually all petroleum refining technologies.”





Powering



“The Energy sector remains one of the few industries in the world that is not in an overcapacity situation as a whole. We expect a continued focus on generation companies, particularly in the U.S. and increasingly in the U.K. and Latin America.”

— Merrill Lynch, 2001 - *The Year Ahead, “Utilities”*
December 4, 2000

With coal still the most widely used fuel for energy production globally, and the use of natural gas increasing dramatically, Foster Wheeler is in an excellent position to take advantage of today's enormous need for energy and power generation around the world. In fact, industry experts say that fossil fuels will remain a \$175 billion market globally over the next five years.



As a leader in the design, manufacture and installation of steam generators used in power plants, Foster Wheeler



has been responsible for hundreds of thousands of megawatts of generating capacity around the world and has taken a leadership position in related technologies. The company pioneered circulating fluidized-bed (CFB) boilers, which enable power plants to utilize a variety of fuels more efficiently and cleanly.

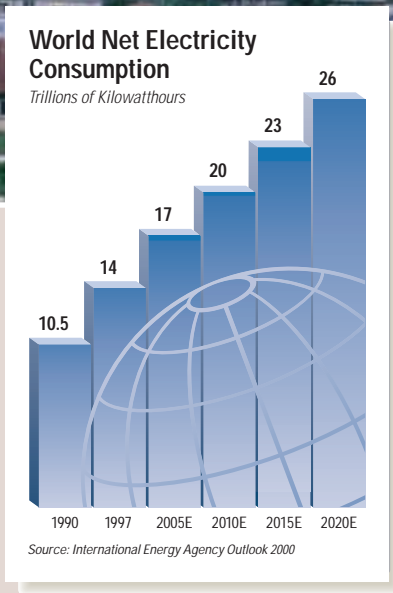
“...Foster Wheeler is in an excellent position to take advantage of today's enormous need for energy and power generation around the world.”

Demand has been particularly strong in North America for Foster Wheeler's heat recovery steam generators, which enable power companies to maximize the output efficiencies of their natural gas plants.

Demand also continues to grow for selective catalytic reduction units, which significantly reduce power plant emissions of nitrogen oxides.

Meanwhile, with the cost of natural gas rising substantially in the U.S., there is a growing interest in new and





The Electrownia Turow power plant in Bogatynia, Poland, where three 260 MWe CFB boiler islands are being installed. This is the third phase of Turow's plant rehabilitation project for which Foster Wheeler has supplied six environmentally friendly CFB boilers. When completed, the plant's total capacity will be 1,500 MWe.



retrofitted solid fuel-burning plants. Foster Wheeler is well positioned to meet the needs of this market with its clean-coal technology, which uses environmentally friendly CFB boilers. Demand for electric power from coal has been increasing in the U.S. and is expected to continue growing if natural gas prices remain at current levels. This new demand, together with strong pressure to improve the efficiency and emissions performance of older coal-fired power plants, will continue to drive the U.S. power market, as it will in Europe and Asia.

A case in point is a U.S. Department of Energy-funded project to repower two units at an electric generating station in Jacksonville, Florida. Foster Wheeler is supplying two of the largest CFB boilers in the world, each having an output of nearly 300 megawatts of electricity. When both units are operational in early 2002, the plant will demonstrate CFB technology on a large scale, not only providing increased electric output but also reduced emissions and fuel flexibility.

At the same time, the demand for alternative energy sources, like biomass-generated power, will increase as concerns about global warming and waste management intensify. Here, too, Foster Wheeler's extensive experience in this market should help satisfy the need, particularly in greenfield plant construction.



“Demand for electric power from coal has been increasing in the U.S. and is expected to continue growing...”





Living

“Chemical companies and industry economists forecast a weak first-half of 2001, as the U.S. economy slows and oil and energy costs remain high, but they say the second half will be better.”

— *Chemical Week*, January 3, 2001

With more than 60 years of experience in the chemical industry, Foster Wheeler designs, builds, expands and upgrades everything from small processing units to large, integrated manufacturing plants for leading chemical, petrochemical and polymer manufacturers. As such, the



company helps to produce a range of end products used in everyday life – from large plastic components in automobiles to synthetic fibers used in clothing.

Currently, the chemical industry, which experiences almost predictable supply-demand cycles, is beginning to emerge from a business slump that caused a corresponding drop in plant engineering and construction. There are pockets of increasing activity.

Demand in China is high, where the company has a strong presence, and Foster Wheeler has won important contracts to build polycarbonate plants in Thailand and Spain.

Industry analysts say an overall upturn should begin later in 2001, led by several petrochemical segments, notably polyester and ethylene. This should stimulate demand for even more new construction, since ethylene is used as a raw material in other plants. By 2002, the increase in demand for chemicals is expected to trigger capital investments worldwide. As the chemical and petrochemical markets rebound, Foster Wheeler is ready to capitalize on new opportunities and build on its leadership position.

“Industry analysts say an overall upturn should begin later in 2001, led by several petrochemical segments...”





Healing



"As companies hone their concentration on core health-care operations, the amount spent on research and development of new pharmaceutical compounds is increasing."

— Euromoney Institutional Investor, September 2000

As demand for medicines continues – and with the biomedical revolution beginning to generate new ways of healing – Foster Wheeler is playing a significant role, designing and building research laboratories, biotechnology facilities, and a range of pharmaceutical bulk and finishing plants around the world.

Foster Wheeler is particularly well positioned in this arena because of its global presence and its ability to tailor formidable technical resources and staff to meet specific needs. For example, significant capital projects for Merck & Co. are in various stages of development in Singapore, France and New Jersey. Foster Wheeler's worldwide talent and resources have also come together to build a major blood fractionation plant in Italy for a Bayer Pharmaceuticals subsidiary.

In addition to its world-class engineering, procurement and construction services, Foster Wheeler also provides advanced enterprise and production resources planning,

using proprietary modeling software, which helps clients optimize their operations. Another competitive advantage at the other end of the production cycle is Foster Wheeler's expertise in regulatory validation, which streamlines the testing and paperwork required for FDA approval.

Since capital investment predictably follows pharmaceutical R&D expenditures (which more than doubled in the last six years), the industry expects growth in this market to continue for years.



“Foster Wheeler is particularly well positioned... because of its global presence and its ability to tailor formidable technical resources and staff to meet specific needs.”



Protecting

“Today, there is universal agreement that our natural resources are valuable, not just for the economic prosperity they help create, but for what they add to our quality of life.”

— Christine Todd Whitman, EPA Administrator at her Senate confirmation hearing, January 2001

Private industry, as well as government agencies, is required to meet stringent environmental regulations, for cleanup of legacy and ongoing facility operations, including treatment of hazardous and radioactive waste. As a leading international consulting, engineering and remediation contractor, Foster Wheeler is helping its clients meet these needs safely by integrating advanced technologies with an in-depth understanding of environmental issues and science.

In the oil and gas refining sector, for example, industry consolidation has resulted in plant closures in the U.S. and Europe requiring extensive site remediation. In addition, the U.S. Departments of Defense and Energy require environmental assessments, engineering, field remediation, and waste management for major sites containing hazardous and radioactive waste. A case in point is the Rocky Mountain Arsenal near Denver, Colorado, one of the largest and most complicated remediation sites in the U.S. which, under Foster Wheeler's management, is being turned into a national wildlife refuge.

With a strong backlog and emerging opportunities internationally, Foster Wheeler is expected to continue meeting growing needs in a variety of sectors: hazardous waste, water/wastewater treatment, nuclear waste and spent nuclear fuel storage, and unexploded ordnance removal.



“...Foster Wheeler is expected to continue meeting growing needs in a variety of sectors...”



Condensed Consolidated Balance Sheet

<i>(In Thousands of Dollars)</i>	December 29, 2000	December 31, 1999
Assets		
Current assets	\$1,622,976	\$1,615,096
Land, buildings and equipment	495,034	648,199
Investments and advances, intangible assets, and other assets	1,359,518	1,174,814
	\$3,477,528	\$3,438,109
Liabilities and Stockholders' Equity		
Current liabilities	\$1,454,603	\$1,471,552
Long-term debt	561,305	702,754
Other long-term liabilities	922,531	712,940
Redeemable preferred securities	175,000	175,000
Stockholders' equity	364,089	375,863
	\$3,477,528	\$3,438,109

Condensed Consolidated Statement of Earnings and Comprehensive Income

<i>(In Thousands of Dollars, Except per Share Amounts)</i>	2000	1999	1998*
Revenues	\$3,969,355	\$3,944,074	\$4,596,992
Costs and Expenses:			
Cost of operating revenues and selling, general and administrative expenses	3,784,500	3,804,745	4,419,658
Other deductions and minority interest	113,082	100,674	82,531
Dividends on preferred security of subsidiary trust	15,750	15,181	—
Robbins facility write-down	—	214,000	47,014
Total Costs and Expenses	3,913,332	4,134,600	4,549,203
Earnings/(loss) before income taxes	56,023	(190,526)	47,789
Provisions/(benefit) for income taxes	16,529	(46,891)	79,295
Net earnings/(loss)	39,494	(143,635)	(31,506)
Other comprehensive (loss)/income items	(41,488)	(30,870)	2,538
Comprehensive loss	\$ (1,994)	\$(174,505)	\$(28,968)
Earnings/(loss) per share:			
Basic	\$.97	\$ (3.53)	\$ (.77)
Diluted	\$.97	\$ (3.53)	\$ (.77)

*Reclassified to conform to 1999 presentation.

These condensed consolidated financial statements should be read in conjunction with the full consolidated financial statements presented in the 2000 Form 10-K.

Condensed Consolidated Statement of Cash Flows

<i>(In Thousands of Dollars)</i>	2000	1999	1998*
Net earnings/(loss)	\$ 39,494	\$(143,635)	\$(31,506)
Adjustments to net earnings/(loss), primarily depreciation, amortization, Robbins (1999 and 1998) and deferred taxes	25,623	179,407	146,760
Changes in assets and liabilities	(81,861)	(41,392)	(174,343)
Cash (used) by operating activities	(16,744)	(5,620)	(59,089)
Cash provided/(used) by investing activities	35,649	55,914	(74,157)
Cash (used)/provided by financing activities	(10,034)	(43,990)	143,339
Effect of exchange rates	12,754	(16,104)	2,558
Beginning cash and cash equivalents	170,268	180,068	167,417
Ending cash and cash equivalents	\$191,893	\$170,268	\$180,068

*Reclassified to conform to 1999 presentation.

These condensed consolidated financial statements should be read in conjunction with the full consolidated financial statements presented in the 2000 Form 10-K.

Condensed Notes to Consolidated Financial Statements

This 2000 Summary Annual Report to Stockholders provides an overview of the consolidated financial position and results of operations of Foster Wheeler Corporation and Subsidiaries. This information has been derived from, and should be read in conjunction with, the related consolidated financial statements included in the Corporation's Annual Report on Form 10-K for the year ended December 29, 2000, as filed with the Securities and Exchange Commission, which includes all disclosures required by generally accepted accounting principles. As more fully described in the notes to consolidated financial statements of the Corporation:

1. The Corporation's revenues relate principally to long-term contracts accounted for on the percentage-of-completion basis using the cost-to-cost method.
2. At December, 29, 2000, the Corporation had outstanding Corporate debt of \$306,188 at rates ranging from 1.675% to 7.7875% and special-purpose project debt of \$274,992 at rates ranging from 5.1% to 12%. In early 2001, the Corporation's Revolving Credit Agreements were amended, as discussed within Note 8 of the 2000 Form 10-K.
3. In the ordinary course of business, the Corporation is involved in various litigation and claims whose ultimate resolution management believes will not have a material adverse impact on its financial position, results of operations or cash flows. A discussion of principal matters including the Robbins Resource Recovery Facility, the Camden County Waste-to-Energy Project, Glitsch and asbestos claims are provided in Note 16 of the 2000 Form 10-K. In addition, the Corporation has claims against its customers in connection with the performance of its contracts as discussed in Note 1 of the 2000 Form 10-K.
4. Included in 1999 was a charge of \$244,600 (\$173,900 after tax) for the Robbins write-down of \$214,000 and \$30,600 relating to the current year operations of Robbins.

Report of Independent Accountants

To the Board of Directors and Stockholders of Foster Wheeler Corporation:

We have audited, in accordance with auditing standards generally accepted within the United States of America, the consolidated balance sheet of Foster Wheeler Corporation and its subsidiaries (the "Corporation") as of December 29, 2000 and December 31, 1999, and the related condensed consolidated statements of earnings and comprehensive income and of cash flows for each of the three years in the period ended December 29, 2000 included in the Corporation's 2000 Annual Report on Form 10-K, filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (which statements are not presented herein); and in our report dated January 30, 2001, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements, is fairly stated in all material respects, when read in conjunction with the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
 Florham Park, New Jersey
 January 30, 2001, except for Note 2 to the
 Condensed Consolidated Financial Statements
 as to which the date is March 5, 2001



From left: Richard J. Swift, James E. Schessler, Thomas R. O'Brien, Henry E. Bartoli, Gilles A. Renaud and John C. Blythe

Executive Committee

Richard J. Swift
*Chairman, President and
Chief Executive Officer*

Henry E. Bartoli
*Senior Vice President
Energy Equipment Group*

John C. Blythe
*Senior Vice President
Engineering and
Construction Group*

Thomas R. O'Brien
*General Counsel and
Senior Vice President
Corporate Affairs*

Gilles A. Renaud
*Senior Vice President and
Chief Financial Officer*

James E. Schessler
*Vice President
Human Resources and
Administration*

Other Officers

Lisa Fries Gardner
*Vice President,
Secretary and Chief
Compliance Officer*

Robert D. Iseman
Vice President and Treasurer

Gianni Bachiddu
*Vice President
Sales*

Robin A. Kornmeyer
Controller

Thomas J. Mazza
*Vice President
Financial Planning and
Analysis*

Sherry E. Peske
*Vice President
Government Affairs*

Steven I. Weinstein
*Vice President
Deputy General Counsel*

Board of Directors

Eugene D. Atkinson
*Managing Partner,
RHJ Industrial Partners*

Louis E. Azzato
*Former Chairman and
Chief Executive Officer,
Foster Wheeler Corporation*

John P. Clancey
*Chairman,
Maersk Sealand*

David J. Farris
*Retired Chief Operating Officer,
Beneficial Corp.;
Retired President and
Chief Executive Officer,
Beneficial Management Corp.*

E. James Ferland
*Chairman, President, and
Chief Executive Officer,
Public Service Enterprise
Group Incorporated;
Chairman and
Chief Executive Officer,
Public Service Electric and
Gas Company*

Martha Clark Goss
*Former Chief Financial Officer,
The Capital Markets Company*

Constance J. Horner
*Guest Scholar,
The Brookings Institution*

Joseph J. Melone
*Former President and
Chief Executive Officer,
The Equitable Companies Inc.*

John E. Stuart
*Former Chairman and
Chief Executive Officer,
LogicStream*

Richard J. Swift
*Chairman, President and
Chief Executive Officer,
Foster Wheeler Corporation*

Stockholder Information

Stock Listing

New York Stock Exchange
Ticker Symbol: FWC

Independent Public Accountants

PricewaterhouseCoopers LLP
400 Campus Drive
Florham Park, NJ 07932

Transfer Agent and Registrar

Dividend Disbursing Agent

For general inquiries, changes of address and transfer instructions:

Mellon Investor Services LLC
Shareholder Relations Department
P.O. Box 3315
South Hackensack, NJ 07606-1915

For transfer of certificates:

Mellon Investor Services LLC
Securities Transfer Services
P.O. Box 3312
South Hackensack, NJ 07606-1912

800-351-9677
800-231-5469 (For the hearing and speech impaired)
www.mellon-investor.com

Stockholder Services

John A. Doyle, Jr.
Assistant Secretary
908-730-4270
e-mail: john_doyle@fwc.com

Dividend Reinvestment Plan

For details on the Dividend Reinvestment Plan, contact Mellon Investor Services LLC at 800-851-9677.

Form 10-K

A copy of the Corporation's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, will be furnished free of charge to any stockholder upon written request to:

Lisa Fries Gardner
Secretary
Foster Wheeler Corporation
Perryville Corporate Park
Clinton, NJ 08809-4000
908-730-4000
e-mail: lisa_fries-gardner@fwc.com

Financial Documents

SEC filings and other financial documents are also available on the corporate web site at www.fwc.com

Stockholders

Number of stockholders of record as of end of 2000: 6,464

Annual Stockholders Meeting

April 23, 2001 — 10:30 a.m.
Hunterdon Hills Playhouse
88 Route 173 West
Hampton, NJ 08827



Alkylation - A process using sulfuric or hydrofluoric acid as a catalyst to combine olefins and isoparaffins to produce a high-octane product known as alkylate.

Aromatics - One of the three principal groups or series of hydrocarbon compounds that occurs naturally in crude oil. New formulations of gasoline with increased octane levels often contain increased amounts of aromatics.

Bottom-of-the-Barrel (Residual) Fuel - Heavy, high sulfur and high metals residual fuel oil left after lighter crude oil has been distilled off.

Catalytic Cracking - The process of breaking up heavier hydrocarbon molecules into lighter hydrocarbon fractions by using heat and catalysts (see Cracking below).

Circulating Fluidized-Bed (CFB) Boilers - Used with a variety of fuels, particularly successful at burning those of poor quality. When the flow of air reaches a certain velocity, it causes the solid particles to lift (or fluidize) and combustion occurs in this fluidized zone.

Cogeneration - The use of a single plant to simultaneously produce power and heat or steam.

Coke - A high carbon content solid residue from an oil refinery process, which can be used as a boiler fuel to produce steam and electric power.

Coking - Processes for thermally converting and upgrading heavy residual oil into lighter products and by-product petroleum coke.

Cracking - The production of lighter oils by breaking down heavy oil molecules. This process increases the yield of gasoline from crude oil.

Deasphalting - Process of removing asphaltic materials from reduced crude using liquid propane to dissolve nonasphaltic compounds.

Delayed Coking - A coking process that raises the temperature of the heavy oil residue to nearly 1000°F and leaves the oil in a large drum to gradually crack the large molecules into light oil components (see Coking).

Dewaxing - Removal of wax from petroleum products by solvent absorption, chilling and filtering.

Downstream - The refining or processing of crude oil into finished fuel products.

Feedstock - Stock from which material is taken to be fed into a processing unit.

Fractionating Column - Process unit that separates various fractions of petroleum by simple distillation with the column tapped at various levels to separate and remove fractions according to their boiling ranges.

Heat Recovery Steam Generators (HRSG) - A boiler that recovers heat from a gas turbine exhaust and converts it to usable steam to improve efficiency.

Hydrocracking - This exposes heavy fuel oil to hydrogen at high pressure and temperature in the presence of a catalyst to reduce sulfur and produce lighter oils by cracking the heavy oil molecules.

Independent Power Producer - A producer of electricity that is not regulated as a utility by state or federal authority.

Lump-sum Turnkey Project - Fixed price project for which all components are within a single supplier's responsibility.

Petropower™ - The use of refining waste products, such as petroleum coke, to fuel a power plant which produces steam and/or electricity.

Pulverized Fuel (PF) Boilers - Usually in the higher capacity range (over 200 MW), fueled by pulverized solid coal or petroleum coke. Traditionally, customers are utilities.

Scrubbing - Purification of a gas by washing it with a liquid in a tower.

Selective Catalytic Reduction (SCR) - A control device that reduces nitrogen oxide pollution, or what is commonly called NO_x. These NO_x compounds are by-products of the combustion process found in boiler and gas turbine flue gas.

Solvent Deasphalting - Extracts higher quality oils using a solvent, leaving pitch or asphalt residue (see Deasphalting).

Thermal Cracking - The breaking up of heavy oil molecules into lighter fractions by the use of high temperature without the aid of a catalyst.

Turnkey Project - A project in which all components are within a single supplier's responsibility (see Lump-sum Turnkey Project).

Upstream - The exploration, production, and transportation of oil and gas.

Visbreaking - Heats the heavy oil residue to a high temperature to crack some of it to lighter components and reduce the quantity of heavy residue remaining.