

NEWS

FOSTER WHEELER AG

FOSTER WHEELER'S FLEXIBLE CARBON CAPTURE CFB TECHNOLOGY TAKES A STEP TOWARD COMMERCIALIZATION

ZUG, SWITZERLAND, May 26, 2010 - Foster Wheeler AG (Nasdaq: FWLT) announced today that it has signed, together with ENDESA and the Spanish Foundation, Fundación Ciudad de la Energía (CIUDEN), a grant agreement with the European Commission (EC). The grant agreement stipulates the terms of 180 MEUR of EU funding under the EC's European Energy Program for Recovery (EERP) to support the carbon capture and storage (CCS) technology development applicable to a 300 MWe oxy-combustion power plant in Spain.

This is one of six European CCS projects selected for funding under the EERP and is unique in that it is the only such project utilizing circulating fluidized-bed (CFB) technology. The goal of the project is to demonstrate all aspects of a commercial scale supercritical oxy-combustion CFB power plant with CO₂ capture, transport and storage in an underground saline aquifer for a wide range of domestic and imported coals, petroleum cokes and biomass.

ENDESA's Compostilla plant site has been identified as the location for this full-scale demonstration plant, based on preliminary positive geological surveys of nearby saline aquifers for storing the plant's CO₂, and the ability to utilize the infrastructure at the existing coal-powered plant.

Foster Wheeler's Finnish and Spanish subsidiaries within its Global Power Group have teamed with ENDESA Generación, the largest Spanish utility, and CIUDEN to support the first phase of this Spanish CCS project, including the validation of the plant's design with a 30 MWth Foster Wheeler CFB steam generator incorporated in CIUDEN's integrated CCS Technology Development Plant (TDP) currently under construction in Spain.

At the heart of the coal-fired CCS plant will be Foster Wheeler's advanced Flexi-Burn™ CFB technology, capable of operating either in a conventional or a carbon capture mode. In a conventional mode, the unit is air-fired. However, when operating in the carbon capture mode, the CFB combustion process is supported by a mixture of oxygen and recycled flue gas. This results in producing a CO₂-rich flue gas containing over 91% CO₂ (in the dry flue gas), which dramatically reduces the need for expensive and energy intensive CO₂ separation equipment. This technology has the potential to significantly lower the cost of carbon capture as compared with other CCS technologies.

"Foster Wheeler's Flexi-Burn CCS technology is designed to easily transition between conventional and CCS modes while utilizing the CFB combustion platform to provide wide fuel flexibility, including carbon-neutral fuels like biomass. We believe this operational flexibility reduces its commercial and technological risk and will allow faster wide-scale adoption of CCS technology and its associated environmental benefits," said Tomas Harju-Jeanty, president and chief executive officer of Foster Wheeler Energia Oy.

"This is an important milestone in the commercial development of CCS technology and is the next step in the collaborative research and development and feasibility work undertaken by ENDESA, CIUDEN and Foster Wheeler. We are fortunate to have such strong team members and offer our full

support behind this important project,” said Eric Svendsen, president and chief executive officer of Foster Wheeler Energia S.L.U.

The Fundación Ciudad de la Energía (CIUDEN) is a technological research institution created by the Spanish Government in 2006. CIUDEN’s main objectives are the research, development and demonstration of efficient, cost-effective and reliable CCS and advanced CCT through the design and operation of a large-scale integrated Technology Development Plant (TDP) plus experimental Geological Storage of CO2 in saline aquifers.

ENDESA is a global electricity player with a large, diversified and balanced asset base. It is the leading Spanish electric utility and the biggest private electricity multinational in Latin America. Endesa considers this project in keeping with one of the primary objectives of the company’s Sustainability Strategic Plan 2008-2012: to combat climate change via a new, global and sustainable energy model in its target markets.

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 with specialized expertise dedicated to serving its clients through one of its two primary business groups. The company’s Global Engineering and Construction Group designs and constructs leading-edge processing facilities for the upstream oil and gas, LNG and gas-to-liquids, refining, chemicals and petrochemicals, power, environmental, pharmaceuticals, biotechnology and healthcare industries. The company’s Global Power Group is a world leader in combustion and steam generation technology that designs, manufactures and erects steam generating and auxiliary equipment for power stations and industrial facilities and also provides a wide range of aftermarket services. The company is based in Zug, Switzerland, and its operational headquarters office is in Geneva, Switzerland. For more information about Foster Wheeler, please visit our Web site at www.fwc.com.

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Safe Harbor Statement

Foster Wheeler AG news releases may contain forward-looking statements that are based on management’s assumptions, expectations and projections about the Company and the various industries within which the Company operates. These include statements regarding the Company’s expectations about revenues (including as expressed by its backlog), its 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. The Company cautions that a variety of factors, including but not limited to the factors described in the Company’s most recent Annual Report on Form 10-K, which was filed with the U.S. Securities and Exchange Commission and the following, could cause the Company’s business conditions and results to differ materially from what is contained in forward-looking statements: benefits, effects or results of the Company’s 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 its customers, changes in regulatory environments, changes in project design or schedules, contract cancellations, changes in estimates made by the Company of costs to complete projects, changes in trade, monetary and fiscal policies worldwide, compliance with laws and regulations relating to its global operations, currency fluctuations, war and/or terrorist attacks on facilities either owned by the Company or where equipment or services are or may be provided by the Company, interruptions to shipping lanes or other methods of transit, outcomes of pending and future litigation, including litigation regarding the Company’s liability for damages and insurance coverage for asbestos exposure, protection and validity of its patents and other intellectual property rights, increasing competition by non-U.S. and U.S. companies, compliance with its debt covenants, recoverability of claims against its customers and others by the Company and claims by third parties against the Company, and changes in estimates used in its 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 the Company's control. You should consider the areas of risk described above in connection with any forward-looking statements that may be made by the Company. The Company undertakes 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 the Company makes 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.

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