

**NOTICE OF MEETING
AND PROXY STATEMENT**

FOSTER WHEELER CORPORATION

110 South Orange Avenue
Livingston, New Jersey 07039

**Notice of 1987 Annual Meeting of Stockholders
April 27, 1987**

The Annual Meeting of Stockholders of Foster Wheeler Corporation will be held in the Citibank Auditorium, 399 Park Avenue (between 53rd and 54th Streets), New York City, April 27, 1987 at two o'clock in the afternoon, for the following purposes:

1. To elect four Directors.
2. To ratify the selection of independent auditors.
3. To transact such other business as may properly come before the meeting or adjournments thereof.

The Board of Directors has fixed the close of business on March 13, 1987, as the record date for determination of stockholders entitled to notice of and to vote at the meeting or adjournments thereof.

By Order of the Board of Directors

JACK E. DEONES
Vice President & Secretary

March 20, 1987

IT WILL GREATLY ASSIST MANAGEMENT IN REDUCING EXPENSES IN CONNECTION WITH THE MEETING IF YOU PROMPTLY RETURN YOUR SIGNED PROXY IN THE ENCLOSED ENVELOPE WHETHER YOU OWN FEW OR MANY SHARES. STOCKHOLDERS WHO EXPECT TO ATTEND THE MEETING IN PERSON SHOULD CHECK THE APPROPRIATE SPACE ON THE PROXY CARD. A RESERVATION CARD WILL BE SENT TO YOU UPON RECEIPT OF THE PROXY CARD SO MARKED.

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FOSTER WHEELER CORPORATION

110 South Orange Avenue
Livingston, New Jersey 07039

PROXY STATEMENT

**For the 1987 Annual Meeting of Stockholders
to be held April 27, 1987**

GENERAL INFORMATION

This statement is furnished in connection with solicitation by the Board of Directors of Foster Wheeler Corporation (hereinafter "the Corporation" or "Foster Wheeler") of proxies to be used at the 1987 Annual Meeting of Stockholders of the Corporation, to be held at the time, place and for the purposes set forth in the accompanying Notice of 1987 Annual Meeting of Stockholders. This solicitation will begin on the date of mailing, March 20, 1987.

Shares represented by valid proxies will be voted in accordance with instructions contained therein or, in the absence of such instructions, in accordance with the recommendations of the Board of Directors. A proxy may be revoked by a stockholder by written notice of such revocation, or by a later dated proxy, delivered to the Secretary of the Corporation at any time prior to the shares represented by such earlier proxy being voted.

A copy of the 1986 Annual Report to Stockholders, including financial statements for the fiscal year ended December 26, 1986, has been sent to each stockholder.

The Board of Directors has fixed the close of business on March 13, 1987 as the record date for determination of stockholders entitled to notice of and to vote at the meeting or adjournments thereof. As of March 13, 1987 the outstanding voting securities of the Corporation consist of 34,597,479 shares of common stock, \$1.00 par value, holders of which are entitled to one vote per share.

As of the record date, the following organization is known to Foster Wheeler to be beneficial owner of more than five percent of the common stock of the Corporation.

<u>Name & Address</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
State of Wisconsin Investment Board..... 121 East Wilson Street Madison, Wisconsin 53703	2,581,500 shares direct	7.5%

ELECTION OF DIRECTORS

The Corporation's By-Laws, as amended, provide for a Board of fourteen Directors. Pursuant to an amendment to the Corporation's Certificate of Incorporation adopted by stockholders at the 1983 Annual Meeting which provided, among other things, for the classification of Directors with respect to the term for which they shall severally hold office, the number of Directors to be elected at this meeting is four, each to be elected for a three year term. The proxy agents of the Board of Directors intend to vote for election of the nominees below named, all of whom were previously elected by stockholders and have served as Directors since the years stated after their names, unless instructed otherwise. All terms of office of nominees, if elected, will expire April 30, 1990 or when their successors are duly elected and qualify. If any nominee becomes unable to accept nomination or election, proxies will be voted for those remaining and for a substitute nominee, but the Board now knows of no reason to anticipate that this will occur.

The following table is based upon information furnished by the nominee and speaks as of the date hereof.

Name	Age	First Year Elected	Principal Occupation During Past Five Years and Other Directorships	Shares of Common Stock Owned Beneficially(1)
Louis E. Azzato	56	1978	President and Chief Executive Officer of the Corporation; Director—First Fidelity Bancorporation, First Fidelity Bank	55,820
Kenneth A. DeGhetto	62	1972	Chairman of the Board of the Corporation	69,416
Frank E. Perkins	53	1981	Dean of the Graduate School, Professor of Civil Engineering, Massachusetts Institute of Technology (Educator).	200
William C. Reynolds, Jr.	61	1980	Executive Vice President Finance of the Corporation	44,262

Similar information on the remaining Directors is as follows:

Name	Age	First Year Elected	Principal Occupation During Past Five Years and Other Directorships	Shares of Common Stock Owned Beneficially(1)
Leland E. Boren	63	1977	Director, partner and principal owner of several industrial companies and banks (Industrialist); Director—Summcorp	44,240
Anton J. Campanella	55	1986	President and Chief Executive Officer, New Jersey Bell Telephone Company, prior to July, 1983 Vice President Marketing, AT&T Communications (Telephone Services); Director—United Counties Trust Company	200
Peter Cartmell	65	1970	Retired 1985, formerly Vice Chairman, First Fidelity Bancorporation (Banking); Director—Thomas & Betts Corporation	1,544
T. Kevin Dunnigan	49	1986	President and Chief Executive Officer, prior to January, 1985 President and Chief Operating Officer; Thomas & Betts Corporation (Electrical and Electronic Manufacturing); Director—Thomas & Betts Corporation	200

<u>Name</u>	<u>Age</u>	<u>First Year Elected</u>	<u>Principal Occupation During Past Five Years and Other Directorships</u>	<u>Shares of Common Stock Owned Beneficially(1)</u>
Arthur M. Hansen (Term ends 1989)	41	1986	Executive Vice President of the Corporation	18,420
Frank A. Lee (Term ends 1988)	62	1968	Retired, formerly Chairman of the Board of the Corporation; Director—USLICO Corp.	160,884
George Rowe, Jr. (Term ends 1989)	65	1964	Partner, Fulton, Duncombe & Rowe (Attorneys); Director—Axe Houghton Funds	4,180
S. James Spitz, Jr. (Term ends 1988)	65	1978	Retired 1986, formerly President, International Flavors & Fragrances Inc. (Flavors and Fragrances); Director—Carpenter Technology Corporation	2,500
John Timko, Jr. (Term ends 1988)	63	1967	Retired, formerly Chairman of the Board of Directors and Executive Vice President Finance and Administration of the Corporation; Director—Bank of Commerce, General Magnaplate, Inc.	44,343
Charles Y. C. Tse (Term ends 1988)	60	1982	Retired 1986, formerly Vice-Chairman and President International Operations, Warner-Lambert Company (Health Care)	200
All persons, constituting a group of 32, who were Directors or Officers of the Corporation at any time during the last fiscal year				685,143

(1) The tabulation of the number of shares of common stock owned beneficially includes shares which the named individuals and the group have options to acquire within 60 days pursuant to the Corporation's 1978 and 1984 Stock Option Plans. Following is the number of such options held by the named individuals and the group: Mr. Azzato 28,500, Mr. DeGhetto 21,201, Mr. Hansen 11,000, Mr. Lee 19,500, Mr. Reynolds 19,000 and the group 280,464. No individual nominee owns 1% or more of the Corporation's common stock; in total the 32 members of the group own less than 2% of such common stock. With exception of stock under options, substantially all shares are held with sole voting and sole investment powers, except that the following individuals and group are not deemed to have investment power over the number of shares indicated, as such shares were awarded under the Corporation's Management and Sales Incentive Plan, which is discussed below in this proxy statement, and have restrictions on their sale: Mr. Azzato 5,884, Mr. DeGhetto 9,628, Mr. Hansen 4,352, Mr. Lee 1,129, Mr. Reynolds 4,606 and the group 70,080. In addition, Mr. Lee has shared voting power and shared investment power with children and grandchildren covering 48,006 shares of stock over which he claims beneficial ownership.

COMMITTEES OF THE BOARD

The Board of Directors of the Corporation has established standing committees to consider various matters and to make recommendations to the full Board as to proposed courses of action for the Board. Among the standing committees that have been established are the Audit Committee, the Committee on Nominees for Directors and Officers, the Salary Committee and the Stock Option Committee.

The members of the Audit Committee are Mr. Peter Cartmell, Chairman, Mr. Leland E. Boren, Mr. Anton J. Campanella, Mr. T. Kevin Dunnigan, Mr. George Rowe, Jr., Mr. S. James Spitz, Jr., Mr. Charles Y. C. Tse and Mr. C. Benson Wigton, Jr. During the last fiscal year this Committee met four times. The functions of this Committee are to review Management's recommendations for the engagement or discharge of independent auditors; to review the audit programs planned by the independent auditors and the internal auditors and to monitor program progress; to review, in connection with the independent auditors, the results of the audit, the Corporation's financial statements and the Corporation's system of internal accounting control; to review fees of the independent auditors; and to report the Committee's findings to the full Board of Directors.

The members of the Committee on Nominees for Directors and Officers are Mr. George Rowe, Jr., Chairman, Mr. Louis E. Azzato, Mr. Leland E. Boren, Mr. Kenneth A. DeGhetto, Mr. Frank A. Lee, Mr. William C. Reynolds, Jr., and Mr. Charles Y. C. Tse. During the last fiscal year this Committee held four meetings. The functions of this Committee are to recommend to the Board the nominees for election as Directors and Officers, and to consider performance of incumbent Directors and Officers to determine whether to nominate them for reelection. The Committee will consider Director nominees recommended by stockholders. Such recommendations should be made by letter, including a description of the proposed nominee's qualifications, biographical information and a willingness to serve, sent to the attention of the Secretary, Foster Wheeler Corporation, 110 South Orange Avenue, Livingston, New Jersey 07039.

The Salary Committee consists of Mr. George Rowe, Jr., Chairman, Mr. Louis E. Azzato, Mr. Leland E. Boren, Mr. Peter Cartmell, Mr. Kenneth A. DeGhetto, Mr. T. Kevin Dunnigan, Mr. John Timko, Jr. and Mr. Charles Y. C. Tse. During the last fiscal year this Committee held four meetings. The functions of this Committee are to recommend to the Board compensation arrangements for Directors and Officers, and to approve specific benefits under such arrangements.

The members of the Stock Option Committee are Mr. Leland E. Boren, Chairman, Mr. Anton J. Campanella, Mr. Peter Cartmell, Mr. T. Kevin Dunnigan, Mr. Frank E. Perkins, Mr. S. James Spitz, Jr., and Mr. Charles Y. C. Tse. This Committee met once during the last fiscal year. The Committee functions are to recommend to the Board approval of any stock option plan, including plan amendments and awards thereunder.

COMPENSATION OF DIRECTORS AND OFFICERS

Ten regular meetings and two special meetings of the Board of Directors were held during the last fiscal year. During this period, each incumbent Director attended more than 81% of the aggregate of (i) the total number of meetings of the Board of Directors, and (ii) the total number of meetings held by all Committees of the Board on which he served. Directors who are employees of the Corporation receive no additional compensation for their services as Directors. Non-employee Directors receive an annual fee of \$6,200 and \$1,000 for each Directors' meeting attended and \$700 for each meeting of a Committee of the Board attended. In addition to Director fees, Mr. John Timko, Jr. received \$3,630 in consulting fees from the Corporation during 1986. Effective April 15, 1985, for a term of one year, the Corporation has obtained an insurance policy through National Union Fire Insurance Company of Pittsburgh, Pennsylvania in respect of indemnification of Directors and Officers. The scope of this policy is essentially identical to the coverage under prior policies held by the Corporation. The annual premium for this coverage is approximately \$79,000.

The following is a tabulation of cash compensation paid or set aside by the Corporation and its subsidiaries during the fiscal year ended December 26, 1986 for the listed key policy making members of Management and for the group.

CASH COMPENSATION TABLE

<u>Name and Capacities in Which Cash Compensation was Received</u>	<u>Cash Compensation</u>
Louis E. Azzato..... President and Chief Executive Officer of the Corporation	\$ 211,440
Kenneth A. DeGhetto..... Chairman of the Board of the Corporation	205,200
N. William Atwater..... Executive Vice President of the Corporation	146,580
Arthur M. Hansen..... Executive Vice President of the Corporation	147,000
William C. Reynolds, Jr..... Executive Vice President of the Corporation	164,700
All persons, constituting a group of 18, who were Executive Officers of the Corporation at any time during such fiscal year, for that portion of the year they were such	2,519,205

BENEFIT PLANS

The Corporation's Management and Sales Incentive Plan, which was adopted in 1966, provides for annual incentive awards of cash and Corporation stock to selected key management employees of the Corporation and certain of its subsidiaries. The individuals and group in the foregoing Cash Compensation Table receive half of any award in cash and half in restricted Corporation stock, if earnings targets, based on the Corporation's net worth, are exceeded. Cash awarded under this Plan to the listed individuals and group for services during 1986 would be included in the Cash Compensation Table. However, no shares of the Corporation's common stock and no cash were awarded to the listed individuals and group in the Cash Compensation Table for services rendered during 1986. Stock awarded under the Plan is subject to certain restrictions, including the right of Foster Wheeler to repurchase such shares at a fixed price of ten percent (10%) of market value on the date of award of such shares for a period of five years from such date, upon the happening of certain events. The amount of an individual award is based on salary and performance during the year with respect to which the award is made. The maximum award to an Officer of the Corporation is limited to a percentage of his salary. Individual awards are proposed by a management committee and then reviewed by the Salary Committee and the Board of Directors. The Plan was amended on February 28, 1983 to provide that in the event of a change of control of the Corporation the restriction on Corporation stock would be lifted. A "change of control" occurs if (i) 25% or more of the Corporation's stock is acquired by one or more related persons other than from the Corporation, (ii) a merger or equivalent combination results in a majority of the voting stock of the surviving corporation being held by persons other than the former stockholders of the Corporation immediately prior to such transaction or transactions, or (iii) 33 1/3% or more of the Directors elected by the stockholders to the Board of Directors of the Corporation are persons who were not nominated in the most recent proxy statement of the Corporation. Upon the occurrence of (i) or (ii), all participants under the Plan would have the right to cause Foster Wheeler to repurchase one-half of such shares at the closing market price of the Corporation's stock on the trading day closest to the date such event occurred, and upon the occurrence of (iii),

all participants under the Plan would have the right to cause Foster Wheeler to repurchase all, or the remainder, of such shares at such price on the date closest to the date the event in (iii) occurs. Such right to cause the Corporation to repurchase shares must be exercised within ten days of notice by the Corporation that a change of control has occurred. Following a change of control the next annual incentive awards would be solely in cash.

The Corporation has deferred salary and deferred bonus programs. Selected key management employees are eligible to participate in these programs. Under these arrangements, by agreement of the Corporation and the employee, a portion of the employee's salary and/or all or part of the cash portion of his bonus under the Management and Sales Incentive Plan may be deferred. This deferred compensation is paid to the employee over periods of five, ten or fifteen years, as agreed, upon retirement, except that upon a change of control, as defined above, the deferred compensation will be paid in full immediately. During the deferral period, the employee receives the benefit of any earnings on the funds. Deferred amounts are included in the Cash Compensation Table above. These programs have been in effect for more than the past five years.

In November, 1985, the Board of Directors adopted a deferred compensation program for Board members. All Directors are eligible to participate in this program. Under the program, by agreement with the Corporation, a Director's retainer and fees for Board and Committee meetings may be deferred. Upon retirement, the deferred compensation is paid to the Director in a lump sum, or over 5, 10 or 15 years, as agreed. The Director receives the benefit of any earnings on the deferred compensation during the deferral period.

The Corporation has provided for more than five years a non-contributory and a contributory benefit under its retirement plan for salaried employees. All employees hired prior to age 60 participate in the non-contributory portion of the Plan; an employee must be eligible for, and elect to participate in, the contributory portion of the Plan. Following are the credited years of service to age 65 and the estimated annual retirement benefit payable on a single life basis at a normal retirement age of 65 for certain individuals. The estimated retirement benefit at age 65 assumes the employee remains a Plan participant and that pensionable compensation and the Social Security taxable wage base both increase at a rate of 8 percent per year. Louis E. Azzato (38 7/12 years) \$119,354, Kenneth A. DeGhetto (37 9/12 years) \$138,977, Arthur M. Hansen (42 9/12 years) \$36,359, William C. Reynolds, Jr. (22 2/12 years) \$60,414 and N. William Atwater (43 3/12 years) \$76,343. Non-contributory and contributory benefits under prior Plan provisions were determined and frozen based on credited service, employee contributions and the employee's single highest average Plan year earnings to March 31, 1979. For service after April 1, 1979, the employee earns a monthly non-contributory benefit payable on normal retirement date equivalent to 1.1% of average monthly Plan year earnings, but not in excess of the Social Security Taxable Wage Base each year, for each year of credited service. In addition, the employee will receive a monthly benefit of 1/24 of his total contributions made to the Plan after April 1, 1979. Benefits under the Plan are not subject to any deduction for Social Security benefits or offset amounts.

On February 28, 1983, the Board of Directors of Foster Wheeler adopted a Senior Executive Severance Plan. Seven executives of the Corporation, including those Officers listed in the Cash Compensation Table, participate in the Plan. Under the Plan, in the event of termination of a participant's employment with the Corporation, including its subsidiaries, for any reason, other than death, disability or retirement at or after normal retirement date, within three years following a change of control, as defined above, then for a period of five years such participant would continue under the Corporation's various employee health and insurance plans, and would also be entitled to receive retirement benefits at least equal to the benefits which he would have received had his employment continued until three years following termination, normal retirement age or age 60, whichever first occurs.

Foster Wheeler adopted an Employee Profit Sharing Plan in 1978. Employees of the Corporation and selected domestic subsidiaries participate in the Plan. To be eligible to participate, an employee

must have at least three years of service with Foster Wheeler or its subsidiaries, not participate in any other profit sharing plan of the Corporation or its subsidiaries, and must not be entitled to receive "cost of living" increases as additions to base salary or hourly wages. Annual awards of Corporation stock are made if earnings targets of the Corporation are exceeded. Stock awarded under the Plan is subject to certain restrictions, including the right of Foster Wheeler to repurchase such shares for a period of three years, upon the happening of certain events, at a price of 10% of the market value of such shares on the date of award of the shares. The amount of an individual award is based upon salary and performance during the year with respect to which the award is made. The Plan is administered by the Management Council of Foster Wheeler Corporation. None of the individuals or group listed in the Cash Compensation Table participate in this Plan.

The stockholders of the Corporation have adopted stock option plans at various times in the past. The 1984 Stock Option Plan and the 1978 Stock Option Plan are currently in effect. The terms of both Plans are similar. The Plans permit the award of stock options, at market value on the date of award, to key executive employees of the Corporation and its subsidiaries. Options granted cannot be exercised within one year from the date of grant, and are intended to qualify as incentive stock options. The Plans permit the award of stock appreciation rights in respect of stock options previously or concurrently granted, which rights are only exercisable upon a change of control, as defined above. The exercise of a right may or may not cancel some or all of the related stock option. The Plans are administered by the Stock Option Committee of the Board of Directors.

The following tabulation shows, for the last fiscal year, as to certain Executive Officers of the Corporation and as to all Executive Officers as a group, during the period they were such, the following information with respect to options to acquire the common stock of the Corporation and stock appreciation rights under the 1978 and 1984 Stock Option Plans of Foster Wheeler: (i) the number of stock options granted, (ii) the number of stock options exercised, and (iii) the net value (market value less exercise price) realized by option exercise. The closing price of the Corporation's stock on the New York Stock Exchange on March 13, 1987 was \$16.25.

	<u>L. E. Azzato</u>	<u>K. A. DeGhetto</u>	<u>N. W. Atwater</u>	<u>A. M. Hansen</u>	<u>W. C. Reynolds</u>	<u>All Executive Officers as a Group</u>
Options Granted—1986						
Number of shares	0	0	0	0	0	0
Options Exercised—1986						
Number of shares	0	1,299	0	0	1,000	14,232
Net value realized (market value less option price)	—	\$4,627	—	—	3,502	\$58,124

SELECTION OF INDEPENDENT AUDITORS

The Board of Directors has selected Coopers & Lybrand as auditors of the Corporation for 1987, subject to the approval of the stockholders. Coopers & Lybrand are independent certified public accountants, with broad international practice who have no direct or indirect financial interest in the Corporation or its subsidiaries. Coopers & Lybrand were first selected as auditors of the Corporation for the year 1977.

With exception of tax related matters, the services provided by the auditors to Foster Wheeler and its subsidiaries for 1986 were substantially audit related. These audit functions included review of the financial statements for the year 1986, Securities and Exchange Commission filings, the Annual Report to Stockholders and special reports required by loan agreements.

A member of Coopers & Lybrand will attend the Annual Meeting and will be available to answer questions of the stockholders present, and to make a statement if he desires to do so.

The Board of Directors recommends a vote FOR the ratification of the selection of auditors.

STOCKHOLDER PROPOSALS

Stockholder proposals must be received by the Secretary of the Corporation on or before November 19, 1987 to be included in the proxy material for the 1988 Annual Meeting of Stockholders.

NOTICE TO STOCKHOLDERS PURSUANT TO SECTION 725(d) OF THE NEW YORK BUSINESS CORPORATION LAW REGARDING AN AMENDMENT TO THE BY-LAWS OF THE CORPORATION RELATING TO INDEMNIFICATION OF OFFICERS AND DIRECTORS.

AMENDMENT TO FOSTER WHEELER BY-LAWS

The Board of Directors, at a meeting on February 23, 1987, amended the By-Laws. The amendment replaced Section 6.6 of the By-Laws with a new Section 6.6 ("the Amendment"). The Amendment extends and clarifies the Corporation's ability to indemnify and insure its officers and directors and conforms to amendments to the New York Business Corporation Law ("BCL") enacted July 24, 1986.

No vote of stockholders is required or solicited for the adoption or approval of the Amendment. The Amendment has become effective by action of the Board of Directors. The material provided herein with respect to the Amendment is for information purposes only.

The text of the Amendment is set forth as Exhibit "A" hereto, and the following description of the Amendment is qualified in its entirety by reference to such Exhibit.

Background and Reasons for the Amendment. Directors of a New York corporation are obligated as fiduciaries to exercise their business judgment and to perform their duties as directors in good faith and with that degree of care which ordinarily prudent persons in like positions would use under similar circumstances. Business decisions made on that basis are protected by the so-called "business judgment rule" and should not be reviewed with the benefit of hindsight by a court in the event of a lawsuit challenging such decisions. The business judgment rule is designed to protect directors from personal liability to the corporation or its stockholders when business decisions made in good faith are subsequently challenged. However, the expense of defending groundless lawsuits, the frequency with which unwarranted litigation is brought against directors and officers, and uncertainties with respect to the application of the business judgment rule to particular facts and circumstances impose such enormous, and in many cases unreasonable, personal financial risks on directors and officers of a corporation that, as a practical matter, they must rely on indemnity or insurance provided by the corporation they serve. Absent such protection, most responsible people would decline to serve. The New York legislature has recognized that adequate insurance and indemnity provisions are important in encouraging capable and experienced persons to serve in corporate managements. For a long time, the BCL has permitted New York corporations to provide limited indemnity and insurance for its directors and officers.

Recent changes in the market for directors and officers liability insurance have resulted in the inability of many corporations to obtain adequate liability insurance coverage for officers and directors. Insurance companies in some cases have declined to renew existing policies, or have increased premiums to such an extent that the cost of obtaining such insurance is prohibitive. Current insurance policies often exclude coverage in areas where the service of qualified independent directors is most needed and litigation is most likely to result. For example, many policies do not cover liabilities or expenses arising from actions challenging directors' and officers' activities in response to takeover attempts. This and other limitations on the scope of insurance coverage, along with high deductibles and low policy limits, have resulted in a continuing erosion of protection for directors and officers by liability insurance coverage.

The unavailability of adequate directors' and officers' liability insurance is attributable to a number of factors, many of which affect the liability insurance industry generally, among them unprecedented damage awards, findings of liability where none previously existed, monumental increases in defense costs, and reduced investment income. Although the Corporation has to date been able to obtain insurance coverage for directors and officers which it believes acceptable, it has experienced marked increases in premiums and substantial decreases in coverage. The Corporation's officers' and directors' coverage is renewable annually and it has no assurance that adequate coverage will be available in the future at an acceptable cost. The Amendment is designed to assure the Corporation's directors and officers that they will not lose protection they have had in the past if insurance coverage becomes unavailable, unacceptably limited, or prohibitively costly.

According to published sources, the inability of corporations to provide adequate director and officer liability insurance has had an adverse effect on the ability of public corporations to attract and retain corporate directors. Although the Corporation has not experienced this problem to date, the Board of Directors believes that the Corporation should take reasonable steps now to ensure that it will continue to be able to recruit and retain competent directors and officers.

Recognizing that New York's laws have fallen behind other states in providing reasonable indemnification to officers and directors, in July, 1986, the New York legislature enacted amendments to the BCL to expand the ability of corporations to indemnify officers and directors. The amendments were based on a recommendation by a gubernatorial commission, and were designed, in the words of New York's Governor, to ensure that directors and officers "will be able to exercise business judgment without fear of personal liability so long as they fulfill the basic duties of honesty, care and good faith." The amendments permit indemnification in some circumstances where insurance, but not indemnification, was previously allowed.

The Amendment is consistent with the recent amendments to the BCL. The purpose of the Amendment and the reason it was adopted by the Board of Directors is to ensure that Foster Wheeler will continue to be able to attract individuals qualified by integrity, experience, sound judgment, and respect in the business community to serve as its officers and directors.

Amendment to Foster Wheeler By-Laws. The following description is a summary description of the Amendment:

Section 6.6(a) of the Amendment provides that each person who was or is made or threatened to be made a party to or is involved in any action, suit or proceeding by reason of the fact that he or she is or was a director or officer of Foster Wheeler, or is or was serving at the request of Foster Wheeler as a director, officer, employee or agent of another entity shall be indemnified and held harmless by Foster Wheeler against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and that such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. Section 6.6(a) provides further, however, that no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained a financial profit or other advantage to which he was not legally entitled. Section 6.6(a) also provides that rights conferred thereby shall be contract rights and shall include the right to be paid the expenses incurred in defending the proceedings specified above, in advance of final disposition, upon delivery of an undertaking to the Corporation to repay all amounts so advanced if it shall ultimately be determined that the person receiving such payments is not entitled to be indemnified under such Section 6.6 or otherwise. Section 6.6(a) also provides that Foster Wheeler, by action of its Board of Directors, may provide indemnification to its employees and agents with the same scope and effect as the foregoing indemnification of directors and officers.

Section 6.6(b) provides that persons indemnified under Section 6.6(a) may bring suit against the Corporation for amounts claimed as indemnity, and if such suit is successful, to recover the expense of bringing such suit. Section 6.6(b) further provides that while it is a defense that the person claiming indemnification has not met the applicable standards of conduct required under Section 6.6(a), the burden of proving the defense shall be on the Corporation and neither the failure of the Board of Directors to have made a determination that indemnification is proper, nor a determination by the Board of Directors that the claimant has not met the required standard of conduct, shall be a defense or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6.6(c) provides that the right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition shall not be exclusive of any other right any person may have or acquire under any statute, provision of the Certificate of Incorporation or By-Laws, or otherwise.

Section 6.6(d) provides that Foster Wheeler may maintain insurance, at its expense, to protect itself and any of its directors, officers, employees or agents against expense, liability or loss, whether or not the Corporation would have the authority to indemnify such person under Section 6.6 or otherwise.

Comparison with Current Provisions. The Amendment changes the previous By-Law provision in several respects. The old By-Law recited the former statutory exclusive formula with respect to the permissible scope of indemnification and stated that the Corporation would provide indemnification only to that extent. The Amendment follows the new, non-exclusive statute and omits the limitations contained in the old statute in favor of the new bad faith, deliberate dishonesty or illegal profit limitations. The Amendment also provides that the right to indemnification is a contract right, which it was not under the old By-Law. The Amendment provides that any person claiming indemnification may institute suit for payment of any amounts incurred, and sets forth certain procedures, presumptions and defenses to apply in such a suit, the old By-Law had no comparable provisions. The old By-Laws authorized Foster Wheeler to purchase insurance for officers, directors and other employees and agents to the full extent permitted by law; the Amendment is substantially similar, except that the Amendment makes clear that such insurance may be provided whether or not the Corporation would have the power to provide indemnification against the insured risk.

OTHER MATTERS

Election of Directors and the ratification of the selection of auditors each requires a majority of votes cast in person or by proxy. None of these matters is such as to afford a right of appraisal or similar right to stockholders who dissent as to any action taken with respect thereto.

The expense of preparing, printing and mailing this proxy statement and the accompanying material will be borne by the Corporation. Solicitation of individual stockholders may be made by mail, personal interviews, telephone and telegraph by Officers and regular employees of the Corporation who will receive no additional compensation therefor. In addition, the Corporation has engaged Morrow & Co. to solicit proxies from brokers and nominees at a cost of \$5,000. The Corporation will reimburse brokers and other nominees for their expenses in forwarding soliciting material to beneficial owners.

The Board of Directors of Foster Wheeler knows of no other business to be presented at the meeting, but if matters other than those referred to above do properly come before the meeting it is intended that persons named in the proxy will vote with respect thereto in accord with their best judgment.

By Order of the Board of Directors

JACK E. DEONES
Vice President and Secretary

March 20, 1987

Exhibit "A"

Excerpt from the By-Laws of Foster Wheeler Corporation (Note: These provisions adopted February 23, 1987)

SECTION 6.6 INDEMNIFICATION AND INSURANCE. (a) *Right to Indemnification.* Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is an alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; *provided, however, that* no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled, and further *provided, that*, except as provided in subsection (b) of this Section 6.6, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this subsection (a) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; *provided, however, that*, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which Service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this subsection (a) or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(b) *Right of Claimant to Bring Suit.* If a claim under subsection (a) of this Section 6.6 is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant also shall be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under subsection (a) of this Section 6.6 for the Corporation to indemnify the claimant for the amount claimed, but the burden of providing such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in subsection (a) of this Section 6.6, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) *Non-Exclusivity of Rights.* The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 6.6 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of shareholders or disinterested directors or otherwise.

(d) *Insurance.* The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Section 6.6 or applicable law.

Proxy

FOSTER WHEELER CORPORATION

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned hereby appoints LOUIS E. AZZATO, KENNETH A. DeGHETTO and WILLIAM C. REYNOLDS, JR. as Proxies, each with the power to appoint his or her substitute (and acting by a vote of a majority of those present) and hereby authorizes them to represent and to vote, as designated below, all the shares of common stock of Foster Wheeler Corporation held of record by the undersigned on March 13, 1987, at the Annual Meeting of Stockholders to be held on April 27, 1987 or any adjournment thereof.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE FOLLOWING PROPOSALS.

1. ELECTION OF DIRECTORS. Nominees are Messrs. Louis E. Azzato, Kenneth A. DeGhetto, Frank E. Perkins and William C. Reynolds, Jr.

VOTE FOR all nominees listed above, except vote withheld from following nominees (if any)

VOTE WITHHELD from all nominees

2. TO RATIFY SELECTION OF COOPERS & LYBRAND AS AUDITORS

FOR AGAINST ABSTAIN

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted for Proposals 1 and 2.

Please sign exactly as name appears below.

Signature

Signature if jointly held

Date

1987

When shares are held by joint tenants, both should sign. When signing as attorney, as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Check here only if you plan to attend the Annual Meeting in person.



**FOSTER WHEELER
CORPORATION**
110 South Orange Ave.
Livingston, N. J. 07039

PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THE PROXY CARD USING THE ENCLOSED ENVELOPE