



Foster Wheeler Ltd.

Compensation Committee Charter

I. Purpose

The purpose of the Compensation Committee is to (1) discharge the Board's responsibilities relating to compensation of the Company's CEO and other executives, including by reviewing and approving and recommending to the Board for approval and evaluating the compensation plans, policies and programs of the Company and (2) produce the Report of the Compensation Committee on Executive Compensation for inclusion in the Company's proxy materials in accordance with applicable rules and regulations. The Compensation Committee shall ensure that compensation programs are designed to enhance shareholder value and to link the financial interests of the Company's executive officers to the interests of its shareholders and other stakeholders, to encourage support of the Company's long-term goals, to tie executive compensation to the Company's performance, to attract, retain and motivate talented leadership and to encourage significant ownership of the Company's common stock by executive officers.

In addition to the powers and responsibilities expressly delegated to the Compensation Committee in this Charter, the Compensation Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company's Bye-Laws (the "Bye-Laws"). The powers and responsibilities delegated by the Board to the Compensation Committee in this Charter or otherwise shall be exercised and carried out by the Compensation Committee as it deems appropriate without requirement of Board approval, and any decision made by the Compensation Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Compensation Committee hereunder) shall be at the Compensation Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Compensation Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Compensation Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. Membership

The size of the Compensation Committee shall be as determined by the Board. None of the members of the Compensation Committee shall be an employee of the Company and each

shall (1) satisfy the independence requirements of Nasdaq, (2) be a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and (3) be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

The members of the Compensation Committee, including the Chair of the Compensation Committee, shall be appointed by the Board on the recommendation of the Board’s Governance and Nominating Committee. Compensation Committee members may be removed from the Compensation Committee, with or without cause, by the Board. Any action duly taken by the Compensation Committee shall be valid and effective, whether or not the members of the Compensation Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. Meetings and Procedures

The Chair (or, in his or her absence, a member designated by the Chair) shall preside at each meeting of the Compensation Committee and set the agendas for Compensation Committee meetings. The Compensation Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Bye-Laws that are applicable to the Compensation Committee.

The Compensation Committee shall meet on a regularly scheduled basis at least two times per year and more frequently as the Compensation Committee deems necessary or desirable.

Any director may attend and participate in discussions of the Committee, although formal Committee action will only be through the vote of the appointed Committee members.

The Compensation Committee may, at its discretion, include in its meetings any appropriate members of the Company’s management. Notwithstanding the foregoing, the Compensation Committee may also exclude from its meetings any persons it deems appropriate, including but not limited to, any non-management director who is not a member of the Compensation Committee.

The Compensation Committee shall have the sole authority, as it deems appropriate, to retain and/or replace, as needed, any independent counsel, compensation and benefits consultants and other outside experts or advisors as the Compensation Committee believes to be necessary or appropriate. The Compensation Committee may also utilize the services of the Company’s regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Compensation Committee in its sole discretion, for payment of compensation to any such persons retained by the Compensation Committee.

The Chair shall report the Committee’s actions and recommendations to the Board.

Minutes

Minutes of each meeting of the Committee will be sent to Committee members and to all Board members. The original minutes will be filed in the corporate archives.

IV. Duties and Responsibilities

1. The Compensation Committee shall, at least annually, review the compensation philosophy of the Company with regard to Senior Executives (as defined below) and review and approve the Company's executive compensation policies, including plan design.

2. The Compensation Committee shall, at least annually:

- review and approve corporate goals and objectives relating to the compensation of the Chief Executive Officer of the Company
- evaluate the performance of the Chief Executive Officer in light of the financial goals and objectives and the non-financial performance standards agreed to at the beginning of the fiscal year
- oversee the outside directors' review of the performance of the CEO
- determine and approve the compensation of the Chief Executive Officer based on the Board's evaluation.

In determining the long-term incentive component of the Chief Executive Officer's compensation, the Compensation Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years. Prior to any such determination of the Chief Executive Officer's compensation, the Chief Executive Officer shall make a presentation or furnish a written report to the Compensation Committee, indicating his or her progress against established financial and non-financial performance criteria. Any discussions and review by the Compensation Committee of the Chief Executive Officer's performance shall be conducted with the Chief Executive Officer absent. The results of the review and evaluation shall be communicated to the Chief Executive Officer by the Chair of the Compensation Committee.

3. The Compensation Committee shall, at least annually, review (including any management recommendations) and approve salary rates and, as applicable, bonuses, the award of stock options, restricted stock or other equity rights and all other compensation for all other Senior Executives. A "Senior Executive" is any:

- officer (as such term is defined in Rule 16a-1 promulgated under the 1934 Act) of Foster Wheeler Ltd.,
- person who is the head of a Business Unit of Foster Wheeler Ltd.

The Compensation Committee shall review and approve goals and objectives relating to the compensation of Senior Executives.

4. The Compensation Committee shall review and approve all Senior Executives' employment agreements and severance arrangements.

5. The Compensation Committee shall recommend to the Board proposals for adoption, significant amendment or termination of principal pension and welfare plans for all employees in the United States and shall administer all annual bonus, long-term incentive compensation, stock option, equity plans, employee pension and welfare benefit plans for employees in the United States which include as of this time, the Foster Wheeler Annual Incentive Plan for 2002 and Subsequent Years (the "Annual Incentive Plan"), the 1995 Stock Option Plan of Foster Wheeler Inc. (the "1995 Stock Option Plan"), the Foster Wheeler Inc. Directors Deferred Compensation and Stock Award Plan (the "Director's Stock Award Plan), the Foster Wheeler Ltd. Management Restricted Stock Plan (the "Restricted Stock Plan") and the Foster Wheeler 2004 Stock Option Plan (the "2004 Stock Option Plan"). With respect to each such plan the Compensation Committee shall have responsibility for:

(i) general administration;

(ii) approving any awards under any performance-based annual bonus, long-term incentive compensation and equity compensation plans to Senior Executives, including stock options and other equity rights (e.g., restricted stock, stock purchase rights);

(iii) concluding that any and all performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation or exercise of any executive award granted under any such plan(s);

(iv) repurchasing securities from terminated employees

6. The Compensation Committee shall establish and periodically review policies concerning perquisite benefits.

7. The Compensation Committee shall periodically review the need for a Company policy regarding compensation paid to the Company's executive officers in excess of limits deductible under Section 162(m) of the Code.

8. The Compensation Committee shall determine the Company's policy with respect to change of control or "parachute" payments.

9. The Compensation Committee shall act as the plan administrator of all qualified retirement and savings plans, the 401(k) Plan, the Supplemental Employee Retirement Plan and all other welfare benefit programs.

10. The Compensation Committee shall oversee plan investments of all qualified retirement, savings and 401(k) plans through the Management Pension Investment Review

Committee and periodically review reports from the Management Pension Investment Review Committee with respect to:

- Asset Allocation
- Performance of Asset Managers
- Overall Fund Performance and Funding Status/Contribution Projections
- Engagement and Termination of Asset Managers and Actuaries
- Recommendation to the Board of Directors the engagement and termination of Trustees

11. The Compensation Committee shall review compensation for directors and make recommendations to the Board of Directors.

12. The Compensation Committee shall prepare and approve the Compensation Committee report to be included as part of the Company's annual proxy statement.

13. The Compensation Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide the Board with any recommendations for changes in procedures or policies governing the Compensation Committee. The Compensation Committee shall conduct such evaluation and review in such manner as it deems appropriate.

14. The Compensation Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

V. Delegation of Duties

In fulfilling its responsibilities, the Compensation Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Compensation Committee, except that it shall not delegate its responsibilities set forth in paragraphs 3 and 5 of Section IV above.

Approved by the Board of Directors on
September 2, 2004. Amended and restated on August 9, 2005.