



Gills Onions, Leading Supplier to \$12 Billion Fresh-Cut Produce Market, Buys Power Plants from FuelCell Energy That Will Generate Renewable Electricity from Onion Waste

DFC Power Plants Operating with Anaerobic Digester Reduces Gills' Waste Disposal Costs and Produces Ultra-Clean Energy

DANBURY, Conn.--(BUSINESS WIRE)--Aug. 22, 2006-- FuelCell Energy, Inc. (NasdaqNM:FCEL), a leading manufacturer of ultra-clean electric power plants for commercial, industrial and government customers announced today that Gills Onions, the largest year-round grower and processor of fresh-cut onions, has purchased two Direct FuelCell® 300 MA (DFC®) power plants that will reduce the company's energy costs by using biogas created from onion peel waste products to generate electricity, while also lowering its waste disposal expenses.

Steven and David Gill, owners of Gills Onions and fourth generation farmers, have achieved tremendous efficiencies by using technology to streamline the process of cleaning, cutting, packaging and selling fresh produce. Now Steven has focused his attention on boosting the company's energy reliability and efficiency while decreasing energy costs by installing two 250-kilowatt (kW) DFC units that are expected to be operational in mid-2007.

By using renewable biogas generated by digesting onion peels and other fresh produce waste, Gills Onions will reduce fuel and waste disposal costs resulting in significant annual savings. Currently the company disposes of its solid onion waste in composting fields--an expensive use the company's valuable land. Other onion refuse historically has been disposed as sewage and required Gills Onions to pay for the volume of its total dissolvable solids.

"Gills Onions and FuelCell Energy are providing a truly innovative solution for the fresh-cut industry's waste disposal headache," said Steven Gill, Partner, Gills Onions. "Since pioneering the fresh-cut industry with our ready-to-eat onions, vegetables and salads, we have been looking for alternatives to composting our waste. Years of research and then connecting with FuelCell Energy have provided a breakthrough where the raw vegetable waste can be converted into electricity, thereby reducing greenhouse emissions, eliminating costly offsite waste disposal, reducing our energy needs, and making a new model for sustaining California agriculture. 'Waste not, want not' sums up the conservation and farming philosophy of the Gill family."

As a result of their high efficiency, DFC power plants require less fuel per unit of power output and result in lower operating costs. In addition, the plants meet the stringent air quality standards set by California Air Resources Board (CARB) 2007. Air quality is particularly important in this farming region of California, which boasts some of the toughest air standards in the country and leaves many processing facilities at risk for non-attainment of their air pollution goals.

"Many in the fresh produce industry recognize Steven and David Gill as innovators in advancing the efficiency of processing fresh produce through their embrace of technology," said Bruce Ludemann, Senior Vice President of Sales and Marketing for FuelCell Energy. "The recent heat wave that triggered record electric demand and caused brownouts or voluntary reduction in power use (demand response programs) has accelerated Gills Onions decision to install onsite power generation to ensure its critical business applications have access to reliable power."

Southern Gas Edison, administrator for the California Public Utilities Commission's (CPUC) Self Generation Program for the Onxard area of California, issued a reservation letter that will provide incentive funding of up to \$2.25 million of eligible project costs. Gills Onions will also be able to depreciate the capital cost of the fuel cell on an accelerated five year schedule and take advantage of an Investment Tax Credit -- a provision of Energy Policy Act of 2005 which provides up to \$1000 for each kilowatt -- for the purchase of fuel cell power plants.

California continues to lead the way in supporting fuel cell technology by providing financial and regulatory support. Because FuelCell Energy's DFC products meet the CARB stringent emissions requirements for 2007 they are categorized as ultra-clean distributed generation technology. This classification helps streamline the

permitting process and qualifies FuelCell Energy's DFC products for preferential rate treatment by the CPUC, such as elimination of exit fees and stand-by charges for customer electric generation.

About FuelCell Energy, Inc.

FuelCell Energy develops and markets ultra-clean power plants that generate electricity with higher efficiency than distributed generation plants of similar size and with virtually no air pollution. Fuel cells produce base load electricity giving commercial and industrial customers greater control over their power generation economics, reliability and emissions. Emerging state, federal and international regulations to reduce harmful greenhouse gas emissions consider fuel cell power plants in the same environmentally friendly category as wind and solar energy sources -- with the added advantages of running 24 hours a day and the capacity to be installed where wind turbines or solar panels often cannot. Headquartered in Danbury, Conn., FuelCell Energy services over 45 power plant sites around the globe that have generated more than 108 million kilowatt hours, and conducts R&D on next-generation fuel cell technologies to meet the world's ever-increasing demand for ultra-clean distributed energy. For more information on the company, its products and its worldwide commercial distribution alliances, please see www.fuelcellenergy.com.

This news release contains forward-looking statements, including statements regarding the Company's plans and expectations regarding the development and commercialization of its fuel cell technology. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that could cause such a difference include, without limitation, the risk that commercial field trials of the Company's products will not occur when anticipated, general risks associated with product development, manufacturing, changes in the utility regulatory environment, potential volatility of energy prices, rapid technological change, and competition, as well as other risks set forth in the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained herein speak only as of the date of this press release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based.

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