



FuelCell Energy

FuelCell Energy Signs Federal Contract to Scale Up High-Efficiency Hydrogen Gas Separation Product

Phase II Funding Approved for System That Generates Electricity and Hydrogen -- to Serve in Vehicle Refueling and Industrial Applications Requiring the Gas in Pure Form

DANBURY, Conn., Jul 18, 2007 (PrimeNewswire via COMTEX News Network) -- FuelCell Energy, Inc. (Nasdaq:FCEL), a leading manufacturer of ultra-clean power plants using a variety of fuels for commercial, industrial, utility and government customers, today announced approval to scale up a product that separates hydrogen from a gas mixture while generating electricity. The Electrochemical Hydrogen Separation (EHS) system, developed for the U.S. Army Engineer Research and Development Center's Construction Engineering Research Laboratory (ERDC-CERL), enables the pure, extracted gas to be sold as fuel for hydrogen vehicles or for industrial uses.

Funding and scale-up approval of the EHS system are the direct result of achievements in design and test work with a sub-scale model starting in 2006. That prototype successfully operated for over 6000 hours. Compared to conventional hydrogen separation processes, FuelCell Energy's EHS system offered up to 50 percent savings in operating costs. Because of the high efficiency of the fuel cell plant, CO₂ emissions associated with hydrogen production are significantly reduced.

The \$1.225 million Phase II contract, supported in part by the U.S. Department of Defense, is expected to be complete by mid-2008. Phase I work on the EHS system was funded by the Connecticut Clean Energy Fund, ERDC-CERL and FuelCell Energy. The sub-scale system was operated and tested at the University of Connecticut.

The EHS system, when combined with FuelCell Energy's Direct FuelCell(r) (DFC(r)) power plants (DFC-H₂-EHS) provides an attractive solution for distributed generation of hydrogen and electricity. The overall co-production system is designed to operate using renewable fuel sources such as anaerobic digester gas from industrial or municipal wastewater processing, as well as readily available fuels like natural gas and propane. Unlike other compression-based methods of separating hydrogen, FuelCell Energy's EHS has no moving parts, resulting in higher efficiency and reliability.

"FuelCell Energy's DFC-H₂-EHS has many military and civilian applications that are critical to developing the hydrogen economy and furthering our energy independence," said Frank Holcomb, Project Manager at ERDC-CERL. "The system will also help us meet the Department of Defense's stated objective to reduce its energy needs by 1 to 2 percent, significantly reducing our NO_x, SO_x, and particulate matter emissions, as well as our carbon footprint."

Chris Bentley, FuelCell Energy's Executive Vice President of Government Operations, Strategic Manufacturing Development, said, "Enhancing our core DFC technology with new far-reaching, high-efficiency clean energy applications is the goal of our successful research and development programs. This program is an excellent example of that focus."

About FuelCell Energy, Inc.

FuelCell Energy is the world leader in the development and production of stationary fuel cells for commercial, industrial, municipal and utility customers. FuelCell Energy's ultra-clean and high efficiency DFC(r) fuel cells are generating power at over 60 locations worldwide. The company's power plants have generated more than 180 million kWh of power using a variety of fuels including renewable wastewater gas, biogas from beer, onion, and milk processing as well as natural gas and other hydrocarbon fuels. FuelCell Energy has partnerships with major power plant developers, trading companies and power companies around the world. The company also receives substantial funding from the U.S. Department of Energy and other government agencies for the development of leading edge technologies such as hybrid fuel cell/turbine generators and solid oxide fuel cells. For more information please visit our website at www.fuelcellenergy.com.

About U.S. Army ERDC-CERL

ERDC is the integrated Army Corps of Engineers' research and development organization. The center consists of seven laboratories, which include CERL. CERL conducts research and development in infrastructure and environmental sustainment. This research results in new technologies that help military installations provide and maintain quality training lands and facilities for Soldiers and their families. Many of these products also find use in the private sector. CERL represents a unique asset to

the nation for research in civil engineering and environmental quality. Website: www.cecer.army.mil

This news release contains forward-looking statements, including statements regarding the Company's plans and expectations regarding the continuing 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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