FUELCELL ENERGY INC

FORM DEF 14A
(Proxy Statement (definitive))

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Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	10/31

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ENERGY
RESEARCH
CORPORATION 3 Great Pasture Road, Danbury, CT 06813 203-825-6000

NOTICE OF ANNUAL SHAREHOLDERS' MEETING
TO BE HELD MARCH 30, 1999

TO THE SHAREHOLDERS OF ENERGY RESEARCH CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Shareholders' Meeting of Energy Research Corporation (the "Company") will be held at The American Stock Exchange, Boardroom-13th Floor, 86 Trinity Place, New York, NY 10006 on March 30, 1999 at 10:00 a.m. Eastern Daylight Savings Time for the following purposes:

1. To elect ten (10) directors to serve for the ensuing year and until their successors are duly elected and qualified.

2. Such other business as may properly come before the Meeting or any adjournment thereof.

Shareholders of record at the close of business on February 5, 1999 are entitled to notice of and to vote at the meeting.

Your attention is directed to the attached Proxy Statement. If you do not expect to be present at the meeting, please fill in, sign, date and mail the enclosed Proxy as promptly as possible in order to save the Company further solicitation expense. There is enclosed with the Proxy an addressed envelope for which no postage is required if mailed in the United States.

BY ORDER OF THE BOARD OF DIRECTORS

JOSEPH G. MAHLER
CORPORATE SECRETARY

Danbury, Connecticut
February 26, 1999

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant |X|
Filed by a Party other than the Registrant |_|

Check the appropriate box:

|_| Preliminary Proxy Statement
|_| Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
|X| Definitive Proxy Statement
|_| Definitive Additional Materials |_| Soliciting Material Pursuant to (S)240.14a-11(c) or (S)240.14a-12

ENERGY RESEARCH CORPORATION
(Name of Registrant as Specified In Its Charter)
Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

|X| No fee required.
|_| Fee computed on table below per Exchange Act Rules 14a-6(i)(4)and 0-11.
(1) Title of each class of securities to which transaction applies:_____
(2) Aggregate number of securities to which transaction applies:_____
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11(Set forth the amount on which the filing fee is calculated and state how it was determined):_____
(4) Proposed maximum aggregate value of transaction: _____
(5) Total Fee paid:_____ |_| Fee paid previously with preliminary materials. |_| Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filingfor which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:_____
(2) Form, Schedule or Registration Statement No. _____
(3) Filing Party:_____
(4) Date Filed:_____

ENERGY
RESEARCH
CORPORATION 3 Great Pasture Road, Danbury, CT 06813 203-825-6000

PROXY STATEMENT
ENERGY RESEARCH CORPORATION
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MARCH 30, 1999

This Proxy Statement is furnished to the shareholders of Energy Research Corporation (the "Company") in connection with the solicitation of proxies by the Board of Directors of the Company to be voted at the 1999 Annual Meeting of Shareholders (the "Annual Meeting") and at any adjournments thereof. The Annual Meeting will be held on March 30, 1999 at The American Stock Exchange, Boardroom-13th Floor, 86 Trinity Place, New York, NY 10006 at 10:00
a.m. Eastern Daylight Savings Time. The Company is a New York corporation with its principal executive offices at 3 Great Pasture Road, Danbury, CT 06813.

The approximate date on which this Proxy Statement and the accompanying proxy card are first being sent or given to shareholders is February 26, 1999.

VOTING

General

The securities which can be voted at the Annual Meeting consist of Common Stock of the Company, $.0001 par value per share, with each share entitling its owner to one vote on each matter submitted to the shareholders. The record date for determining the holders of Common Stock who are entitled to notice of and to vote at the Annual Meeting is February 5, 1999. On the record date, 4,166,873 shares of Common Stock were outstanding and eligible to be voted at the Annual Meeting.

Quorum and Vote Required

The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock of the Company is necessary to constitute a quorum at the Annual Meeting. The affirmative vote of the holders of a plurality of the shares of Common Stock represented in person or by proxy at the Annual Meeting is required to elect the directors. Abstentions, including broker non-votes, will have no effect on the outcome of this matter.

Voting by Proxy

In voting by proxy with regard to the election of directors, shareholders may vote in favor of all nominees, withhold their votes as to all nominees or withhold their votes as to specific nominees. Shareholders should specify their choices on the accompanying proxy card. All properly executed proxy cards delivered by shareholders to the Company and not revoked will be voted at the Annual Meeting in accordance with the directions given. If no specific instructions are given with regard to the matters to be voted upon, the shares represented by a signed proxy card will be voted "FOR" the election of all directors. If any other matters properly come before the Annual Meeting, the persons named as proxies will vote upon such matters according to their best judgment.

Any shareholder delivering a proxy has the power to revoke it at any time before it is voted by giving written notice to the Secretary of the Corporation, by executing and delivering to the Secretary a proxy card bearing a later date or by voting in person at the Annual Meeting.

In addition to soliciting proxies through the mail, the Company may solicit proxies through its directors and employees in person and by telephone. Brokerage firms, nominees, custodians and fiduciaries also may be requested to forward proxy materials to the beneficial owners of shares held of record by them. All expenses incurred in connection with the solicitation of proxies will be borne by the Company.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Ten directors are to be elected at the Annual Meeting, each to hold office until the next annual meeting of shareholders and until a successor is elected and qualified. It is the intention of the persons named in the enclosed form of proxy to vote, if authorized, the proxies for the election as directors of the ten persons named below as nominees. All of the nominees are at present directors of the Company. If any nominee declines or is unable to serve as a director (which is not anticipated), the persons named as proxies reserve full discretion to vote for any other person who may be nominated.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE PROPOSAL TO ELECT THE TEN NOMINEES LISTED BELOW AS DIRECTORS OF THE COMPANY.

The following table sets forth certain information for each nominee for election as a director.

NAME	AGE	PRINCIPAL OCCUPATION	DIRECTOR SINCE
Jerry D. Leitman	56	Jerry D. Leitman has been President and Chief Executive Officer of the Company since August 1997. Mr. Leitman was previously President of ABB, Asea Brown Boveri's global air pollution control businesses from 1992 to 1995. Prior to joining ABB Mr. Leitman was Group Executive Vice President of FLAKT AB, a Swedish multinational, responsible for FLAKT`s worldwide industrial businesses from 1989 to 1992. Mr. Leitman is also a Director and a member of the Audit Committee of Esterline Technologies, Inc.Mr. Leitman received both a BS and MS in Mechanical Engineering from Georgia Institute of Technology in 1965 and 1967, respectively.	1997
Bernard S. Baker	62	Dr. Baker joined the Company in 1970 and was President from 1973 to August 1997 when he became Chairman of the Board of Directors of the Company. He was also a part-time employee of the Company from August 1997 to May 31, 1998. From May 31, 1998 to December 31, 1998 he was a consultant to the Company. He was Chief Executive Officer of the Company from March 1992 to August 1997. He received a Ph.D from the Illinois Institute of Technology in 1969, and was a Fulbright Fellow at the Laboratory for Electrochemistry at the University of Amsterdam subsequent to his receiving his Master of Science in Chemical Engineering from the University of Pennsylvania in 1959.	1970
Hansraj C. Maru	54	Dr. Maru has been Executive Vice President since December 1992. Dr. Maru was Chief Operating Officer from December 1992 through December 1997. Dr. Maru joined the Company in 1977. Dr. Maru received a Ph.D. in Chemical Engineering from the Illinois Institute of Technology in 1975.	1992
Christopher R. Bentley	56	Mr. Bentley has been Executive Vice President since joining the Company in September 1990. Mr. Bentley was President of Fuel Cell Manufacturing Corporation from September 1990 to December 1997. From 1985 through 1989 he was Director of Manufacturing (1985), Vice President and General Manager (1985-1988) and President (1988-1989) of the Turbine Airfoils Division of Chromalloy Gas Turbine Corporation, a major manufacturer of gas turbine hardware. Mr. Bentley received a BSME from Tufts University in 1966.	1993

Thomas L. Kempner	71	Thomas Kempner was the Chairman of the Board of Directors of the Company from March 1992 to August 1997. He has been Chairman and Chief Executive Officer of Loeb Partners Corporation since 1979 and a general partner of Loeb Investors Co. LXXV, an affiliate of Loeb Partners Corporation and an investment partnership. Mr. Kempner is a director of Alcide Corporation, IGENE Biotechnology, Inc, Intermagnetics General Corporation, CCC Information Services Group, Inc. and Roper Starch Worldwide, Inc. and director emeritus of Northwest Airlines, Inc.	1988
William A. Lawson	65	William Lawson has been President since 1987 of W.A. Lawson Associates, an industrial and financial consulting firm. Mr. Lawson has been Chairman of the Board of Directors of Newcor, Inc. since March 1991. Chairman and Chief Executive Officer of Bernal International Inc. since March 1997 (formerly Atlantic Eagle Inc.). Mr. Lawson was a director of Old Kent-Central Bank from 1981 to 1997.	1988
Warren D. Bagatelle	60	Warren Bagatelle has been a Managing Director of Loeb Partners Corporation since 1988. Mr. Bagatelle is a director of Genisys Reservation Systems, Inc. (formerly Corporate Travel Link, Inc.) which owns and operates an internet travel business.	1988
Richard M.H. Thompson	64	From November 1991 through December 1997, Richard Thompson was the President and Director of Rotary Power International, Inc., a company that designed and built rotary engines for military and commercial uses. Mr. Thompson has been Chairman of the Executive Committee of the Company since January 1988. Since March 1987, he has been President of Richard M.H. Thompson & Associates, Inc., a private investment company and financial advisor serving a variety of technology and emerging growth companies.	1988
Michael Bode	53	Michael Bode joined Messerschmitt-Bolkow-Blohm GmbH in 1974, where he had held a variety of positions since that time. He became Vice President and Director of the New Technology group of the Space Transportation and Propulsion Systems division of Deutsche Aerospace AG, a subsidiary of Daimler-Benz Corp. in 1990. Since July 1993, Mr. Bode has been Vice President and Director of the New Technology group of Daimler Benz affiliate MTU-Friedrichshafen GmbH.	1993
James D. Gerson	55	Since March 1993, Mr. Gerson has been Senior Vice President of Fahnestock & Co., Inc. and is currently Portfolio Manager of the Hudson Capital Appreciation Fund, a mutual fund. From January 1992 to March 1993, Mr. Gerson was Senior Vice President and Managing Director of Corporate Finance of Reich & Co., Inc. Mr. Gerson also serves as a director of Ag Services of America, Inc., American Power Conversion Corp., Arguss Holdings, Inc., Computer Outsourcing Services, Inc. and Hilite Industries, Inc.	1992

Jerry D. Leitman has been nominated as a director pursuant to his employment agreement. See "Employment Agreement." Michael Bode has been nominated as a director at the request of MTU-Friedrichshafen GmbH ("MTU"). Certain shareholders of the Company have agreed to vote their shares in favor of a nominee of MTU for so long as MTU owns at least 10% of the Common Stock of the Company. See "Certain Transactions.

COMMITTEES AND MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors held six meetings during the fiscal year ended October 31, 1998. All incumbent directors attended at least 75% of the meetings of the Board of Directors and Board committees of which they were members. The Company does not have a standing nominating committee.

Executive Committee

The Board of Directors has an Executive Committee comprised of Richard Thompson (Chairman), Warren Bagatelle, William Lawson, Jerry Leitman and Bernard Baker, which held one meeting during fiscal 1998. The Executive Committee has and exercises the powers of the Board in monitoring the management of the business of the Company between meetings of the Board of Directors.

Audit Committee

The Company has an Audit Committee consisting of Messrs. Bagatelle (Chairman), Thompson and Lawson. The Audit Committee had one meeting in fiscal 1998 and has responsibility for consulting with the Company's officers regarding the appointment of independent public accountants as auditors, discussing the scope of the auditors' examination and reviewing annual financial statements.

Compensation Committee

The Company has a Compensation Committee consisting of Messrs. Lawson (Chairman), Thompson and Bagatelle. The Compensation Committee had four meetings in fiscal 1998. The functions of the Compensation Committee are to review, approve and recommend to the Board of Directors the terms and conditions of incentive bonus plans applicable to corporate officers and key management personnel, to review and approve the annual salary of the chief executive officer, and to administer the Energy Research Corporation Section 423 Stock Purchase Plan, the Energy Research Corporation 1988 Stock Option Plan, as amended (the "1988 Plan"), and the Energy Research Corporation 1998 Equity Incentive Plan (the "1998 Plan").

Director Compensation

The Company currently pays a director fee of $1,250 per month to Warren Bagatelle in connection with his duties as Chairman of the Audit Committee. The Company also pays a director fee of $1,250 per month to Thomas Kempner. The Company also pays a director's fee of $1,500 per month to William Lawson in connection with his duties as Chairman of the Compensation Committee and his activities on the Audit and Executive Committees. Mr. Gerson is currently paid $1,000 each month in connection with his duties as a director of the Company. Mr. Thompson is currently paid $2,000 each month in connection with his duties as Chairman of the Executive Committee, and his activities on the Audit and Compensation Committees. The Company reimburses certain directors for reasonable expenses incurred in connection with the performance of their duties as directors.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as ofFebruary 5, 1999 by each person or group that is known by the Company to be the beneficial owner of more than 5% of its outstanding Common Stock, each director of the Company, each of the executive officers named under the heading "Executive Compensation" below and all directors and executive officers of the Company as a group (11 persons). This information is based upon information received from or on behalf of the named individuals.

NAME	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF CLASS
Warren D. Bagatelle c/o Loeb Partners Corp. 61 Broadway New York, NY 10006	501,284 (2)	12.03
Thomas L. Kempner c/o Loeb Partners Corp. 61 Broadway New York, NY 10006	361,667 (2)	8.68
Loeb Investors Co., LXXV 61 Broadway New York, NY 10006	361,667 (2)	8.68
James D. Gerson c/o Fahnestock and Co. 780 3rd Avenue New York, NY 10017	210,333 (3)	5.05
Jerry D. Leitman	100,000 (4)	2.40
Bernard S. Baker	42,299 (5)	1.02
Richard M.H. Thompson	72,750 (6)	1.75
William A. Lawson	55,666	1.34
Christopher R. Bentley	44,824 (7)	1.08
Hansraj C. Maru	29,950 (8)	*
Louis P. Barth	17,650	*
Michael Bode	-- (9)	*
Daimler Benz affiliate MTU-Friedrichshafen GmbH ("MTU") Abt. VC, Gebaude 6.1 Zimmer 102A D-85521 Ottobrunn Germany	457,758	10.98
All Directors and Executive Officers as a Group (11 persons)	1,057,106 (10)	25.37

* Less than one percent.

(1) Unless otherwise noted, each person identified possesses sole voting and investment power with respect to the shares listed.
(2) Warren Bagatelle and Thomas L. Kempner, by virtue of being general partners of Loeb Investors Co. LXXV, may each be deemed to beneficially own the shares of Loeb Investors Co. LXXV. Each of Mr. Kempner and Mr. Bagatelle is a member of a group, as that term is used in Section 13(d) of the Exchange Act, which group, in the aggregate, owns 501,284 shares of Common Stock.
(3) Mr. Gerson's shareholdings include 36,400 shares held by his wife, Barbara Gerson, as Custodian for two minor children and also includes 15,800 shares held by a private foundation, of which Mr. Gerson is President and a Director. Mr. Gerson disclaims beneficial ownership of the securities held by his wife and by the private foundation.
(4) Mr. Leitman's shareholdings include currently exercisable options to purchase 100,000 shares of Common Stock.
(5) Includes 6,900 shares owned by Dr. Baker's wife, Cornelia Baker. Also includes currently exercisable options to purchase 20,000 shares of Common Stock.
(6) Mr. Thompson's shareholdings are held jointly with his wife, Elizabeth Thompson. Mr. Thompson's shareholdings do not include (i) 2,777 shares owned beneficially by Intervalora Investments Inc. ("Intervalora"), a company owned by a trust, the sole beneficiaries of which are Mr. Thompson's children or (ii) 96,000 shares owned beneficially by Malbena Foundation Vaduz ("Malbena"), a trust, the sole beneficiaries of which are Mr. Thompson's children. Mr. and Mrs. Thompson disclaim beneficial ownership in the Common Stock owned by Intervalora and Malbena.
(7) Mr. Bentley's shareholdings include currently exercisable options to purchase 41,899 shares of Common Stock.
(8) Dr. Maru's shareholdings include currently exercisable options to purchase 14,500 shares of Common Stock.
(9) Michael Bode is an executive officer of MTU.
(10) Includes currently exercisable options to purchase 176,399 shares of Common Stock. Does not include the shares of Common Stock beneficially owned by Louis P. Barth, who is no longer an executive officer of the Company.

EXECUTIVE COMPENSATION

The following table sets forth the compensation during the last three fiscal years of the Chief Executive Officer and each of the executive officers of the Company whose annual salary and bonus, if any, exceeded $100,000 for services in all capacities to the Company during the last fiscal year (the"named executive officers").

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION		LONG TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	SECURITIES UNDERLYING OPTIONS #	ALL OTHER COMPENSATION ($)
Jerry D. Leitman (1)	1998	320,008	-0-	-0-	$6,217
President, Chief Executive Officer	1997	73,848	-0-	250,000	-0-
Hansraj C. Maru	1998	171,885	27,000	-0-	16,105 (2)
Executive Vice President,	1997	163,220	27,000	-0-	14,400
Chief Operating Officer	1996	152,221	31,000	6,000	13,631
Christopher R. Bentley	1998	205,536	32,000	-0-	17,190 (3)
Executive Vice President	1997	195,514	32,000	-0-	14,400
	1996	185,246	36,000	6,000	13,500
Louis P. Barth (4)	1998	148,013	26,000	-0-	14,305 (5)
Senior VP,	1997	148,171	26,000	-0-	13,993
Chief Financial Officer, Treasurer, Corporate Secretary	1996	138,174	29,000	6,000	14,455

(1) Mr. Leitman joined the Company as President and Chief Executive Officer on August 4, 1997.
(2) Represents employer contributions to the Defined Contribution Pension Plan of $6,400, employer contributions to the Section 401(k) Plan of $8,000 and life insurance premiums of $1,705.
(3) Represents employer contributions to the Defined Contribution Pension Plan of $6,400, employer contributions to the Section 401(k) Plan of $8,000 and life insurance premiums of $2,790.
(4) Mr. Barth was employed by the Company in the capacities indicated until October 1, 1998.
(5) Represents employer contributions to the Defined Contribution Pension Plan of $5,852, employer contributions to the Section 401(k) Plan of $7,315 and life insurance premiums of $1,138.

The following table sets forth certain information with respect to the aggregated number and value of options exercisable and unexercisable by the named executive officers as of October 31, 1998. The Company did not grant any options to the named executive officers of the Company during the fiscal year ended October 31, 1998.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ($)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT 10/31/98 EXERCISABLE/ UNEXERCISABLE (#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT 10/31/98 EXERCISABLE/ UNEXERCISABLE (1) ($)
Jerry D. Leitman	-0-	-0-	100,000 (2)	337,500 (2)
			150,000 (3)	506,250 (3)
Hansraj C. Maru	-0-	-0-	13,000 (2)	38,000 (2)
			3,000 (3)	3,000 (3)
Christopher R. Bentley	2,601	22,759	40,399 (2)	330,241 (2)
			3,000 (3)	3,000 (3)
Louis P. Barth	-0-	-0-	3,000 (2)	3,000 (2)
			3,000 (3)	3,000 (3)

(1) Based upon the closing price of $13.25 on October 31, 1998 of the Company's Common Stock on The American Stock Exchange minus the respective option exercise price.
(2) Exercisable.
(3) Unexercisable.

EMPLOYMENT AGREEMENT

In August 1997, the Company entered into an employment agreement with Mr. Leitman upon hiring him as its President and Chief Executive Officer. Under the agreement, which is terminable by either party upon 30 days notice, Mr. Leitman is entitled to a minimum annual salary of $320,000 and a bonus based upon an incentive compensation plan to be developed by Mr. Leitman with the Compensation Committee. In addition, upon entering into the agreement, the Company granted Mr. Leitman options to purchase 250,000 shares of Common Stock. The agreement also provides Mr. Leitman with the opportunity to participate in insurance plans and other employment benefits as may be generally available to other employees of the Company. In certain circumstances, if Mr. Leitman's employment is terminated during the first five years of his employment, including a termination by Mr. Leitman upon a change of control, Mr. Leitman will be entitled to a severance benefit equal to (i) two times his then base salary, plus (ii) an amount equal to Mr. Leitman's bonus from the Company for the immediately preceding year. The agreement also contains non-disclosure provisions and prohibits Mr. Leitman from competing with the Company during the term of his employment and for a period of two years thereafter. Under the Agreement, the Company has agreed to use its best efforts to cause Mr. Leitman to be elected to the Board of Directors and to appoint Mr. Leitman as a member of the Executive Committee of the Board of Directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Decisions regarding certain executive compensation are made by the Compensation Committee, which is composed of Warren D. Bagatelle, Richard M.H. Thompson and William A. Lawson. Decisions with respect to the salary and bonus of the Chief Executive Officer are made by the Compensation Committee. The Chief Executive Officer is responsible for the salary administration of the remaining executive officers. The Company has an informal incentive compensation plan. The Compensation Committee is responsible for approval of the incentive awards with significant reliance on the recommendations of the Chief Executive Officer.

Stock option awards under the 1988 Plan and the 1998 Plan are approved by either the Compensation Committee or the Board of Directors with reliance upon the recommendations of the Compensation Committee. No member of the Compensation Committee was an officer or employee of the Company during the fiscal year ended October 31, 1998 and no member is a former officer of the Company.

The Company has entered into an agreement with Loeb Partners Corporation pursuant to which Loeb Partners Corporation will serve as the lead standby underwriter for the rights offering currently being conducted by Evercel, Inc., a former subsidiary of the Company ("Evercel"). The Company recently effected a spin-off of Evercel by means of a distribution to its stockholders of 100% of the shares of Common Stock of Evercel. Mr. Bagatelle, a member of the Compensation Committee of the Company, is a Managing Director of Loeb Partners Corporation.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Company's primary objectives in developing executive compensation policies are to attract, motivate and retain superior talent to enable the Company to achieve its business objectives and to align the financial interests of the executive officers with the shareholders of the Company.

The compensation of executive officers consists of base compensation, bonus, periodic grants of options and participation in benefit plans generally available to employees. In setting compensation, the Compensation Committee and the Chief Executive Officer strive to maintain base compensation for the Company's executive officers at levels which the Compensation Committee and the Chief Executive Officer, based on their experience, believe are competitive with the compensation of comparable executive officers in similarly situated companies while relying upon stock options and the informal bonus plan to provide significant performance incentives.

Executive officers are eligible to participate in an informal bonus plan. Awards under the informal bonus plan are determined by the Compensation Committee. The Compensation Committee relies significantly upon the recommendation of the Chief Executive Officer with respect to the bonus to be awarded to the other executive officers. The executive officers, as well as other key employees, may receive discretionary bonuses based upon a subjective evaluation of the performance of the Company and their contributions to the Company. The incentive compensation plan is currently being re-evaluated by the Chief Executive Officer and the Compensation Committee. The development of a new incentive compensation plan is in process.

Each of the executive officers and certain key employees are eligible to receive awards under the 1998 Plan. The 1998 Plan will be used to align a portion of the officers' compensation with the shareholders' interest and the long-term success of the Company. In determining the number of options to be granted to each executive officer, the Compensation Committee reviews the recommendations provided by the Chief Executive Officer with respect to the executive officers other than the Chief Executive Officer and makes a subjective determination regarding those recommendations.

The compensation paid by the Company to its chief executive officer for fiscal 1998 was based upon an employment agreement negotiated with Mr. Leitman. The Compensation Committee has not conducted any surveys of compensation packages of chief executive officers in comparable companies, but believes, based upon the individual experience of its members, that the compensation package for Mr. Leitman for fiscal 1998 was reasonable based upon Mr. Leitman's experience, his level of responsibility and the contributions made and expected to be made by him to the Company. See "Employment Agreement" for a description of Mr. Leitman's employment agreement.

Compensation Committee

William Lawson Warren D. Bagatelle Richard M.H. Thompson

PERFORMANCE GRAPH

The following graph compares the annual change in Energy Research Corporation's cumulative total shareholder return on the Company's Common Stock for the five fiscal years ended October 31 1998 with the cumulative total return on the Russell 2000 and a peer group consisting of SIC Group Code 369 companies listed on The American Stock Exchange, Nasdaq Stock Market and New York Stock Exchange for that period.

COMPANY/INDEX/MARKET	FISCAL YEAR ENDING 10/29/93	10/31/94	10/31/95	10/31/96	10/31/97	10/30/98
Energy Research Corp.	100.00	80.00	91.00	97.00	128.00	106.00
Misc Electric Equip, Supplies	100.00	135.71	157.64	168.26	298.66	212.37
Russell 2000 Index	100.00	99.70	117.97	137.69	178.04	156.96

SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Securities Exchange Act of 1934 requires the Company's executive officers and directors, and any persons owning more than 10% of a class of the Company's stock to file certain reports of ownership and changes in ownership with the Securities and Exchange Commission (the "SEC"). All filings for 1998 were made on a timely basis except (i) Richard M. H. Thompson failed to file a form 4 with respect to two transactions which he later reported on Form 5 (ii) William Lawson failed to file a form 4 with respect to one transaction which he later reported on Form 5.

The above information is to the Company's knowledge, based solely on a review of copies of reports furnished to the Company and representations of certain officers, directors and shareholders owning more than 10% of the Company's Common Stock.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During fiscal year 1998, the Company sold to Daimler Benz affiliate MTU-Friedrichshafen GmbH ("MTU") fuel cell components for approximately $74,000.

In November, 1989 the Company entered into a license agreement with MTU, which license was originally with Messerschmitt-Bolkow-Blohm GmbH, that granted to MTU an exclusive license, with certain exceptions, to develop the Company's carbonate fuel cell technology in Europe, and a non-exclusive license for the Middle East, Africa and South America. Pursuant to the MTU Agreement, the Company receives annual license fees and has the right to receive royalties upon commercial sales. Concurrent with the entering into of the MTU Agreement, MTU purchased 360,000 shares of Common Stock of the Company at a purchase price of $7.00 per share and made loans to the manufacturing subsidiary of the Company, which were secured by the stock of that subsidiary, in the aggregate principal amount of $1,980,000. During fiscal 1996, $877,000 of this loan was converted into 97,397 shares of common stock of the Company. MTU extended the maturity of $630,000 of the loan to November 30, 1997 with the right to convert principal and accrued interest to common stock of the Company at $9 per share. During December 1996 and December 1997, the Company paid to MTU $1,296,000 and $673,000, respectively, of principal and interest in full repayment of the loans from MTU. The Subscription Agreement between the Company and MTU also grants to all shareholders of the Company preemptive rights on sales of the Common Stock of the Company at a price less than $7.00 per share. As a condition to MTU entering into its agreements with the Company, substantially all of the then shareholders of the Company agreed to vote their shares in favor of one nominee of MTU to the Board of Directors of the Company for so long as MTU owns at least 10% of the Common Stock of the Company.

In July 1998, the Company entered into a Cross-Licensing and Cross-Selling Agreement with MTU pursuant to which MTU and the Company have granted to each other the right to manufacture and sell each other's stationary power fuel cell products in their respective regions. Each company will pay the other royalties based upon sales.

The Company believes that the terms of its transactions with MTU are no less favorable to the Company than it could have obtained from an unaffiliated third party.

The Company has entered into an agreement with Loeb Partners Corporation pursuant to which Loeb Partners Corporation will serve as the lead standby underwriter for the rights offering currently being conducted by Evercel, as described under "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION". Mr. Bagatelle and Mr. Kempner, directors of the Company, are the Managing Director and Chairman and Chief Executive Officer, respectively, of Loeb Partners Corporation. Loeb Investors Co. LXXV, a principal stockholder of the Company, is affiliated with Loeb Partners Corporation.

INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors has appointed KPMG LLP, certified public accountants to audit the consolidated financial statements of the Company for the fiscal year ending October 31, 1999.

A representative of KPMG LLP will be present at the Annual Meeting to make a statement if such representative desires to do so and to respond to appropriate questions.

SHAREHOLDER PROPOSALS FOR THE 2000 ANNUAL MEETING

Shareholders who may wish to present proposals for inclusion in the Company's proxy materials and for consideration at the 2000 Annual Meeting of Shareholders should submit the proposals in writing to the Secretary of the Company in accordance with all applicable rules and regulations of the SEC no later than October 29, 1999. A proposal by a shareholder submitted outside the processes of Rule 14a-8 of the Securities Exchange Act of 1934 must be received by the Company on or before January 12, 2000 or it will be considered untimely.

ANNUAL REPORT AND FORM 10-K

ADDITIONAL COPIES OF THE COMPANY'S ANNUAL REPORT TO SHAREHOLDERS FOR THE FISCAL YEAR ENDED OCTOBER 31, 1998 AND COPIES OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED OCTOBER 31, 1998 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ARE AVAILABLE TO SHAREHOLDERS WITHOUT CHARGE UPON WRITTEN REQUEST ADDRESSED TO: ENERGY RESEARCH CORPORATION, 3 GREAT PASTURE ROAD, DANBURY, CONNECTICUT 06813 ATTN: SHAREHOLDER RELATIONS.

OTHER MATTERS

As of the date of this proxy statement, the Board of Directors knows of no matters which will be presented for consideration at the Annual Meeting other than the proposals set forth in this Proxy Statement. If any other matters properly come before the meeting, it is intended that the persons named in the proxy will act in respect thereof in accordance with their best judgment.

By Order of the Board of Directors

Joseph G. Mahler
Corporate Secretary

Danbury, CT
February 26, 1999

ENERGY RESEARCH CORPORATION
3 GREAT PASTURE ROAD
DANBURY, CT 06813

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoint(s) Jerry D. Leitman and Bernard S. Baker as Proxies, and each of them, each with full power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated below, all of the shares of Common Stock of Energy Research Corporation (the "Company") held by the undersigned of record on February 5, 1999, at the annual meeting of the shareholders of the Company to be held on March 30, 1999 and at any and all adjournments thereof, and hereby revokes all former proxies:

1. Election of ten directors.
[ ] FOR all nominees listed below (except as marked to the contrary below)
[ ] WITHHOLD AUTHORITY to vote for all nominees listed below:

Jerry D.Leitman	Warren D.Bagatelle	Bernard S.Baker	Richard M.H.Thompson
Hansraj C. Maru	Michael Bode	Christopher R.Bentley	James D. Gerson
Thomas L. Kempner	William A. Lawson		

(Instruction: To withhold authority to vote for any individual nominee or nominees, write that nominee's name(s) in the space provided below.)

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

(sign on reverse side)

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES LISTED ABOVE.

Dated _____, 1999

Signature

Signature if held jointly

Please sign exactly as name appears on this card. When shares are held by joint tenants, both should sign. When signing as attorney, 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.

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

End of Filing

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