



## **FuelCell Energy Signs 10-Year Manufacturing and Distribution Agreement with South Korea's Leading Independent Power Producer, POSCO Power**

POSCO subsidiary will build and staff new manufacturing facility, reduce fuel cell power plant cost, and increase sales in burgeoning Asia/Pacific green energy market

DANBURY, Conn., Feb. 20, 2007 (PRIME NEWSWIRE) -- FuelCell Energy, Inc. (Nasdaq:FCEL), a leading manufacturer of efficient, ultra-clean power generation plants for commercial and industrial customers, today announced an expanded agreement with its Korean strategic distribution partner, POSCO (NYSE:PKX). Under the agreement, POSCO's subsidiary POSCO Power will become a provider of FuelCell Energy's Direct FuelCell\*®\* (DFC\*®\*) power plants in Korea, and will manufacture the balance of plant equipment for the plants.

Under the 10-year license and distribution agreement, POSCO Power will create a fuel cell sales and service organization, and employ its expertise in power plant design and raw materials procurement to reduce power plant costs. Fuel cell stack modules will be manufactured by FuelCell Energy in Connecticut and shipped to Asian customers for installation with POSCO Power balance of plants. POSCO Power also will build a facility to manufacture the balance of plant (non-fuel cell stack portion of FuelCell Energy's DFC power plants) in Korea.

As part of the alliance with FuelCell, POSCO Power will pay FuelCell Energy a 4.1 percent annual royalty on fuel cell related sales by POSCO Power over the term of the agreement subject to minimum royalties. POSCO has also agreed to invest \$29 million in FuelCell Energy, Inc. through the purchase of common stock at \$7.59 per share, a premium over the 20-day average FuelCell Energy stock closing price. This will result in POSCO purchasing approximately 3.8 million shares which are restricted for six months.

In addition to Korea, POSCO has the right to sell DFC power plants worldwide except in North America, Europe, the Middle East and Japan. Capitalizing on POSCO's strong manufacturing capabilities and economies of scale, FuelCell Energy also has the option to purchase POSCO Power's balance of plants for sale to FuelCell Energy's customers in other parts of the world.

"Over the last three years we have forged a strong relationship with FuelCell Energy and are pleased to announce the expansion of our alliance into manufacturing and distribution for the Korean market, and key markets around the world," said Mr. Seung-Woo Lee, President and CEO of POSCO Power Corporation. "We recognize that ultra-clean fuel cell technology will be an important contribution to future environmentally friendly energy production, and we intend to move aggressively to be a leader in this industry."

The Korean Ministry of Commerce, Industry and Energy (MOCIE) has been a strong proponent of Korean energy independence. Last year, MOCIE announced a new renewable energy subsidy program, under which fuel cells powered by biogas and natural gas received subsidies in excess of the amounts allocated to wind power, biomass, and hydro, and second only to solar power. For fuel cells running on natural gas, the current subsidy is \$0.28/kilowatt hour (kWh) and \$0.23/kWh for those running on biogas, decreasing 3 percent annually for new installations up to a cap of 50 MW. A binding Renewable Portfolio Standards program is expected to be signed into law by 2009. With these policies in place, Korea is slated to become one of the world's leading adopters of clean energy technology.

"Over the past few years, South Korea has emerged as a global leader in the deployment of ultra-clean energy technology," said R. Daniel Brdar, Chairman and CEO of FuelCell Energy. "It is critical for FuelCell Energy to establish a leadership position in this market as a platform for growth in Asia and beyond, and we are confident that POSCO Power is the right partner."

Because the MOCIE subsidy requires that power from renewable sources first be exported to the utility grid, rather than consumed on-site, the law is expected to favor the installation of multi-megawatt power stations rather than smaller, privately-owned plants. POSCO Power, Korea's leading independent power producer (IPP), intends to focus its core marketing efforts in this sector. FuelCell Energy anticipates sales volume in South Korea of approximately 5 to 15 MW over the next several years, while POSCO Power establishes its local manufacturing facilities and continued sales growth for DFC\*®\* stack modules following POSCO Power's launch of domestically

produced balance of plants.

#### About POSCO

POSCO (<http://www.posco.co.kr>), founded in 1968, is Korea's largest integrated steelmaker. Headquartered in the southeastern port city of Pohang, South Korea, POSCO produced 30 million tons of crude steel products, and reported record sales of US\$21.56 billion and net income of US\$3.45 billion in 2006. As one of the world's leading steel producers, POSCO manufactures and sells a line of steel products, including hot rolled and cold rolled products, plates, wire rods, flat rolled magnetic steel sheets and strips, electrical steel sheets and stainless steel products. POSCO is also rated A3/Moody's and A-/S&P, the highest credit ratings assigned to the world's integrated steelmakers.

#### About POSCO Power

POSCO Power (<http://www.poscopower.co.kr>) is a wholly owned subsidiary company of POSCO since March 2006. POSCO Power's former name was Kyung In Energy Co., Ltd. which was established in 1972 as the first Korean Independent Power Producer.

As the biggest Independent Power Producer ("IPP") in Korea with more than 30 years of experience and in-depth know-how, POSCO Power is renowned as one of the most reliable power generators in Korea with a total generating capacity of 1,800 MW and plays a major role to meet the peaking demand of Seoul Metropolitan area (geographic advantages). It has secured profitability under PPA (Power Purchase Agreement) with KEPCO (Korea Electric Power Corp.) and rated Excellent Credit Rating (AA+) and Financial Condition.

#### About FuelCell Energy

FuelCell Energy develops and markets ultra-clean power plants that generate electricity with up to twice the efficiency of conventional fossil fuel plants with virtually no air pollution and reduced greenhouse gas emissions. Fuel cells produce base load electricity giving commercial, industrial and utility customers improved power generation economics and reliability with lower emissions. Emerging state, federal and international regulations consider ultra-clean 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, 7 days a week. Headquartered in Danbury, Conn., FuelCell Energy services over 50 power plant sites around the globe that have generated more than 150 million kilowatt hours. For more information on the company, its products and its worldwide commercial distribution alliances, please see [www.fuelcellenergy.com](http://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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