



FuelCell Energy

## **Federal Investment Tax Credit Extension for FuelCell Energy Power Plants Passes Into Law**

### **ITC Extension Through 2016 and Increase to \$3,000 Per Kilowatt Credit Expected to Spur U.S. Sales of Company's Products**

DANBURY, Conn., Oct 6, 2008 (GlobeNewswire via COMTEX News Network) -- FuelCell Energy, Inc. (Nasdaq:FCEL), a leading manufacturer of high efficiency, ultra-clean power plants using renewable and other fuels for commercial, industrial, government and utility customers, said that the extension of the federal Investment Tax Credit (ITC) through 2016 and its increase to \$3,000 per kilowatt (kW) is expected to increase sales of its ultra-clean, highly efficient fuel cell power plants.

The ITC extension was included in HR1424, The Emergency Economic Stabilization Act of 2008 passed by Congress and signed into law by the President on October 3, 2008. Customers purchasing fuel cells can now receive a credit of either \$3,000 per kilowatt or 30 percent of the capital cost, whichever is lower, an increase from the prior ITC of \$1,000 per kilowatt or 30 percent. Additionally, utilities are now entitled to utilize the ITC when purchasing fuel cells.

"The ITC extension supports the increased deployment of alternative power generation in the U.S. by offsetting the cost of acquisition and ownership," said R. Daniel Brdar, Chairman and CEO of FuelCell Energy. "The new eight-year term will encourage developers and utilities to propose new fuel cell projects because they can accurately forecast project economics."

Near term, FuelCell Energy expects to conclude negotiations for a number of projects that were contingent on the passing of the ITC. Longer term, it looks forward to increased interest from utilities because of their inclusion in the ITC for the first time.

The ITC originally was part of the U.S. Energy Policy Act of 2005, enacted to encourage installation of non-traditional energy sources in the U.S. to increase the amount of green electricity the country produces. In addition to the ITC, project developers can also take advantage of the modified accelerated cost recovery system that allows power plant owners to depreciate their equipment over five years.

FuelCell Energy power plants are an ideal part of the clean energy solution because they provide reliable, baseload power 24 hours a day, with near-zero emissions and low CO<sub>2</sub>. Because of their quiet operation, low profile and siting flexibility, fuel cells can be located in grid constrained areas. In addition, distributed generation fuel cells can be economical compared to the cost of building new large central generation power plants and associated transmission and distribution.

Sixty-six percent of the world's electricity comes from a variety of fuels. DFC power plants stretch existing fuel supplies with their highly efficient operation -- creating more clean power from the same amount of fuel than any other source of distributed generation in their size range. Fuel cells convert fuel electrochemically into electricity, water and heat with an electrical efficiency of 47 percent compared to 30-35 percent for legacy combustion systems. Combined heat and power applications, where the heat is captured and used, result in an overall energy efficiency of up to 80 percent.

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 45 locations worldwide. The company's power plants have generated more than 230 million kWh of power using a variety of fuels including renewable wastewater gas, biogas from beer and food 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 funding from the US 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](http://www.fuelcellenergy.com).

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, general risks associated with product development, manufacturing, changes in the utility regulatory environment, potential volatility of energy prices, rapid technological change, competition, and the Company's ability to achieve its sales plans and cost reduction targets, 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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