



FuelCell Energy

FUELCELL ENERGY, INC.
Compensation Committee Charter

Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of FuelCell Energy, Inc. (the “Company”) is responsible for implementing and reviewing executive compensation plans, policies and programs in an effort to ensure the attraction and retention of executive officers in a reasonable and cost-effective manner, to motivate their performance in the achievement of the Company’s business objectives and to align the interest of executive officers with the long-term interests of the Company’s shareholders.

Membership

The Committee shall consist of no less than three independent members of the Board. The Committee members shall be appointed for one-year terms at the annual meeting of the Board. In selecting members of the Committee, the Board will determine that each member has the appropriate experience, independence and interest to carry out his/her duties and responsibilities. Each member of the Committee shall meet the standards to qualify as an independent director within the meaning of Nasdaq Rule 4200(a)(15), an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), and as a “Non-Employee Director” within the meaning of Rule 16b-3(b)(3)(i) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Functions

The Committee shall:

1. Develop, and update as necessary, a general compensation policy and salary structure for the Chief Executive Officer (the “CEO”), Executive Officers, Directors, and Employees of the Company, which considers business and financial objectives, industry and market pay practices and/or such other information as may be deemed appropriate.
2. Review and approve the compensation (salary, bonus, incentive and other compensation) of the executive officers of the Company, excluding the CEO.
3. Review and recommend the compensation (salary, bonus, incentive and other compensation) of the CEO to the independent directors of the Board for approval.
4. Review and approve perquisites offered to executive officers of the Company.
5. Review and approve performance goals and objectives prior to the plan year relevant to the compensation of executive officers of the Company, evaluate their performance in light of the goals and objectives and set their salary, bonus and incentive compensation based on this evaluation.

6. Review and approve all employment, retention and severance agreements for any executives of the Company.
7. Act on behalf of the Board in administering compensation plans, approved by the Board and/or the shareholders of the Company, in a manner consistent with the terms of such plans, including, as applicable:
8. Develop, implement and approve as necessary the company policy for granting of stock options, restricted stock, stock units and other awards.
9. Review and make recommendations to the Board with respect to new compensation incentive plans and equity-based plans.
10. Review and make recommendations to the Board on changes in major benefit programs of executive officers of the Company.
11. Review the management succession program for the CEO and selected officers of the Company.
12. Prepare a Compensation Committee Report for inclusion in the Company's annual meeting proxy statement as required by the Securities and Exchange Commission regulations.
13. Review and obtain confirmation that compensation and perquisites are administered in compliance with applicable law and are appropriately disclosed in the Company's annual meeting proxy statement.
14. Perform such other functions as may be assigned to the Committee, from time to time, by the Board.
15. Review and recommend the compensation (annual retainer, committee fees and other compensation) of the Directors of the Board to the full Board for approval.

Procedures

1. The Committee shall meet regularly, with such additional meetings, as the Chair of the Committee deems necessary, and shall report to the Board following regular meetings.
2. The CEO of the Company shall not be present during voting or deliberations of the Committee regarding the compensation of the CEO.
3. The Committee shall have the authority to retain, establish the compensation for and terminate outside counsel and other experts and advisors, including compensation consultants, as it determines appropriate to assist in the full performance of its functions.
4. The Committee shall review the adequacy of this Charter on an annual basis and recommend changes to the Board for approval.
5. The Committee shall undertake an annual evaluation of the Committee.