

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-21724

FUEL-TECH N.V.

(Exact name of registrant as specified in its charter)

Netherlands Antilles
(State of Incorporation)

N.A.
(I.R.S. Employer
Identification No.)

Fuel-Tech N.V.
(Registrant)

Fuel Tech, Inc.
(U.S. Operating Subsidiary)

Castorweg 22-24
Curaçao, Netherlands Antilles
(599) 9-461-3754

Suite 703, 300 Atlantic Street
Stamford, CT 06901
(203) 425-9830

(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes No

As of November 1, 2002, there were outstanding 19,612,067 shares of Common Stock, par value \$0.01 per share, of the registrant.

=====

FUEL-TECH N.V.

Form 10-Q for the three-month period ended September 30, 2002

INDEX

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets as of September 30, 2002 and December 31, 2001	1
Condensed Consolidated Statements of Operations for the Three and Nine-Month Periods Ended September 30, 2002 and 2001	2
Condensed Consolidated Statements of Cash Flows for the Three and Nine-Month Periods Ended September 30, 2002 and 2001	3
Notes to the Condensed Consolidated Financial Statements	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Item 3. Quantitative and Qualitative Disclosures about Market Risk	11
Item 4. Controls and Procedures	11
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	12
Item 2. Changes in Securities	12
Item 3. Defaults upon Senior Securities	12
Item 4. Submission of Matters to a Vote of Security Holders	12
Item 5. Other Information	12
Item 6. Exhibits and Reports on Form 8-K	12
SIGNATURES	13

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FUEL-TECH N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. Dollars, except share data)

	September 30, 2002 <u>(Unaudited)</u>	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,169	\$ 9,338
Accounts receivable, net	8,422	5,368
Prepaid expenses and other current assets	<u>1,386</u>	<u>857</u>
Total current assets	17,977	15,563
Equipment, net of accumulated depreciation of \$4,905 and \$4,222, respectively	2,034	1,756
Goodwill, net of accumulated amortization of \$924 and \$924, respectively	2,126	2,126
Other	<u>797</u>	<u>883</u>
Total assets	<u>\$ 22,934</u>	<u>\$ 20,328</u>
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of note payable	\$ 2,025	\$ 2,700
Accounts payable	3,119	1,978
Deferred revenue	--	319
Accrued expenses	<u>1,950</u>	<u>1,705</u>
Total current liabilities	7,094	6,702
Other liabilities	<u>383</u>	<u>491</u>
Total liabilities	7,477	7,193
Stockholders' equity:		
Common stock, par value \$0.01 per share, authorized 40,000,000 shares, 19,612,067 and 18,984,097 shares issued, respectively	196	190
Additional paid-in capital	90,312	87,720
Accumulated deficit	(74,487)	(76,207)
Accumulated other comprehensive income (loss)	2	(68)
Treasury stock	(1,098)	(1,098)
Nil coupon perpetual loan notes	<u>532</u>	<u>2,598</u>
Total stockholders' equity	15,457	13,135
Total liabilities and stockholders' equity	<u>\$ 22,934</u>	<u>\$ 20,328</u>

See notes to condensed consolidated financial statements.

FUEL-TECH N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands of U.S. dollars, except share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net sales	\$ 8,033	\$ 4,194	\$ 21,275	\$ 12,090
Costs and expenses:				
Cost of sales	4,462	1,984	11,175	5,926
Selling, general and administrative	2,717	2,073	7,725	6,205
Research and development	<u>394</u>	<u>295</u>	<u>1,041</u>	<u>851</u>
Operating income (loss)	460	(158)	1,334	(892)
(Loss) income from equity interest in affiliates	(27)	(93)	196	(267)
Interest expense	(37)	(56)	(114)	(194)
Other (expense) income, net	<u>(17)</u>	<u>51</u>	<u>254</u>	<u>126</u>
Income (loss) before taxes	379	(256)	1,670	(1,227)
Income taxes	<u>--</u>	<u>--</u>	<u>50</u>	<u>--</u>
Net income (loss)	<u>\$ 379</u>	<u>\$ (256)</u>	<u>\$ 1,720</u>	<u>\$ (1,227)</u>
Net income (loss) per common share:				
Basic	<u>\$.02</u>	<u>\$ (.01)</u>	<u>\$.09</u>	<u>\$ (.07)</u>
Diluted	<u>\$.02</u>	<u>\$ (.01)</u>	<u>\$.08</u>	<u>\$ (.07)</u>
Average number of common shares outstanding:				
Basic	<u>19,454,000</u>	<u>18,558,000</u>	<u>19,299,000</u>	<u>18,530,000</u>
Diluted	<u>22,422,000</u>	<u>18,558,000</u>	<u>22,565,000</u>	<u>18,530,000</u>

See notes to condensed consolidated financial statements.

FUEL-TECH N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands of U.S. dollars)

	Nine Months Ended September 30	
	2002	2001
Operating activities		
Net cash (used in) provided by operating activities	<u>\$ (298)</u>	<u>\$ 2,216</u>
Investing activities		
Repayment from/(loan to) affiliate	250	(125)
Proceeds from sale of equipment	17	--
Purchases of equipment and patents	<u>(1,026)</u>	<u>(608)</u>
Net cash used in investing activities	<u>(759)</u>	<u>(733)</u>
Financing activities		
Exercise of stock options	530	100
Purchase of treasury shares	-	(39)
Repayment of borrowings	<u>(675)</u>	<u>(675)</u>
Net cash used in financing activities	<u>(145)</u>	<u>(614)</u>
Effect of exchange rate fluctuations on cash	<u>33</u>	<u>(12)</u>
Net (decrease) increase in cash and cash equivalents	(1,169)	857
Cash and cash equivalents at beginning of period	<u>9,338</u>	<u>8,987</u>
Cash and cash equivalents at end of period	<u><u>\$ 8,169</u></u>	<u><u>\$ 9,844</u></u>

See notes to condensed consolidated financial statements.

FUEL-TECH N.V.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2002
(Unaudited)

Note A: *Basis of Presentation*

The accompanying unaudited, condensed, consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results of operations for the periods covered have been included. Operating results for the nine-month period ended September 30, 2002, are not necessarily indicative of the results that may be expected for the year ending December 31, 2002.

The balance sheet at December 31, 2001, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Fuel-Tech N.V.'s annual report on Form 10-K for the year ended December 31, 2001.

Fuel-Tech N.V., including its subsidiaries (the "Company"), is a technology company active in the business of air pollution control through its wholly owned subsidiary Fuel Tech, Inc. ("FTI") and its affiliate Clean Diesel Technologies, Inc. ("CDT"). Fuel-Tech N.V., incorporated in 1987 under the laws of the Netherlands Antilles, is registered at Castorweg 22--24 in Curaçao under No. 1334/N.V.

Note B: Earnings Per Share Data

Basic earnings per share excludes the dilutive effects of stock options and warrants and of the nil coupon non-redeemable convertible unsecured loan notes. Diluted earnings per share includes the dilutive effect of stock options and warrants and of the nil coupon non-redeemable convertible unsecured loan notes. The following table sets forth the weighted-average shares (in thousands) used in calculating the earnings per share for the three and nine-month periods ended September 30, 2002 and 2001:

	Three months ended		Nine months ended	
	2002	2001	2002	2001
Basic weighted-average shares	19,454	18,558	19,299	18,530
Conversion of unsecured loan notes	85	--	85	--
Unexercised options and warrants	2,883	--	3,181	--
Diluted weighted-average shares	<u>22,422</u>	<u>18,558</u>	<u>22,565</u>	<u>18,530</u>

Note C: Total Comprehensive Income (Loss)

Total comprehensive income (loss) for the Company is comprised of net income (loss), the impact of foreign currency translation, and the change in fair value of the interest rate swap for the three and nine-month periods ended September 30, 2002 and 2001. Total comprehensive income (loss) was \$385,000 and \$(206,000) for the three-month periods ended September 30, 2002 and 2001, respectively. Total comprehensive income (loss) was \$1,790,000 and \$(1,289,000) for the nine-month periods ended September 30, 2002 and 2001, respectively.

	For the three months ended September 30		For the nine months ended September 30	
	2002	2001	2002	2001
Comprehensive income (loss):				
Net income (loss)	\$ 379,000	\$ (256,000)	\$1,720,000	\$ (1,227,000)
Foreign currency translation	(6,000)	60,000	32,000	(12,000)
Change in fair value of interest rate swap	12,000	(10,000)	38,000	(50,000)
	<u>\$ 385,000</u>	<u>\$ (206,000)</u>	<u>\$1,790,000</u>	<u>\$ (1,289,000)</u>

Note D: *Derivative Financial Instruments*

Interest Rate Risk Management:

The Company is exposed to interest rate risk due to its long-term debt arrangement. The Company uses an interest rate derivative instrument (an interest rate swap) to manage exposure to interest rate changes. The Company has entered into an interest rate swap transaction that fixes the rate of interest at 8.91% on approximately 50% of the outstanding principal balance during the term of the loan. The term of the swap is from October 22, 1999 until October 22, 2002.

At December 31, 2001, the fair value of the interest rate swap was a credit of approximately \$42,000, and was recorded as an "other liability" with a corresponding decrease to "accumulated other comprehensive income."

As of September 30, 2002 the Company has increased the fair value of the interest rate swap by \$38,000, thus decreasing the "other liability" with a corresponding increase to "accumulated other comprehensive income" for this amount. The impact of the ineffectiveness calculation for all periods presented was immaterial.

Foreign Currency Risk Management:

The Company's earnings and cash flow are subject to fluctuations due to changes in foreign currency exchange rates. The Company does not enter into foreign currency forward contracts or into foreign currency option contracts to manage this risk due to the immaterial nature of the transactions involved.

Note E: Accounting for Goodwill and Other Intangible Assets

Effective January 1, 2002, the Company adopted FASB (Financial Accounting Standards Board) Statement No. 142, "Goodwill and Other Intangible Assets." Under the guidance of this statement, goodwill and indefinite-lived intangible assets are no longer amortized, but are reviewed for impairment annually, or more frequently, if impairment indicators arise. For the nine months ended September 30, 2001, the Company recorded goodwill amortization of \$250,000.

	For the nine months ended September 30	
	2002	2001
Reported net income (loss)	\$ 1,720,000	\$ (1,227,000)
Add back: Goodwill amortization	--	250,000
Adjusted net income (loss)	<u>\$1,720,000</u>	<u>\$ (977,000)</u>
Basic earnings per share:		
Reported net income (loss)	\$.	\$ (.07)
Add back: Goodwill amortization	--	.02
Adjusted net income (loss)	<u>\$.09</u>	<u>\$ (.05)</u>
Diluted earnings per share:		
Reported net income (loss)	\$.	\$ (.07)
Add back: Goodwill amortization	--	.02
Adjusted net income (loss)	<u>\$.08</u>	<u>\$ (.05)</u>

The Company has completed Step 1 of the transitional goodwill impairment test as of January 1, 2002, and there is no evidence of impairment.

Further, the estimated amortization expense related to the Company's intangible patent assets is expected to approximate \$40,000 per year for the five-year period ending December 31, 2006.

Note F: Debt

Fuel Tech, Inc. (FTI) has a \$6.0 million revolving credit facility expiring January 31, 2003, which is collateralized by all personal property owned by FTI. FTI can use this facility for cash advances and standby letters of credit. Cash advances under this facility bear interest at the bank's prime rate, or at an optional rate that can be selected by FTI which is based on the bank's Interbank Offering Rate plus 2.25%.

Also, FTI has entered into a term loan agreement with the same bank for a total principal balance of \$4.5 million. The principal balance was to be repaid in quarterly installments of \$225,000 commencing on December 31, 1999, with a final principal payment of \$1,575,000 due on January 31, 2003. Further, FTI entered into an interest rate swap transaction that fixes the rate of interest at 8.91% on approximately 50% of the outstanding principal balance during the term of the loan. This swap expired on October 22, 2002. The remaining principal balance bears interest at the bank's prime rate, or an optional rate that can be selected by FTI, and is based on the bank's Interbank Offering Rate plus 2.25%. The borrowings under this facility are collateralized by all personal property owned by FTI.

Note G: Business Segment and Geographic Disclosures

The Company operates in one business segment providing air pollution control chemicals and equipment.

Information concerning the Company's operations by geographic area is provided below. Operating earnings represent sales less cost of products sold and operating expenses. Foreign operating expenses include direct expenses incurred outside of the United States by foreign corporations controlled by the Company plus an allocation of selling and general expenses incurred in the United States that are directly related to the foreign operations. Assets are those directly associated with operations in the geographic area.

	For the three months ended September 30		For the nine months ended September 30	
	2002	2001	2002	2001
Revenues:				
United States	\$7,176,000	\$3,287,000	\$19,154,000	\$ 9,364,000
Foreign	857,000	907,000	2,121,000	2,726,000
	<u>\$8,033,000</u>	<u>\$4,194,000</u>	<u>\$21,275,000</u>	<u>\$12,090,000</u>
Operating Earnings:				
United States	\$ 517,000	\$ (150,000)	\$ 1,558,000	\$(1,049,000)
Foreign	(57,000)	(8,000)	(224,000)	157,000
	<u>\$ 460,000</u>	<u>\$ (158,000)</u>	<u>\$ 1,334,000</u>	<u>\$ (892,000)</u>
Assets:				
	September 30, 2002	December 31, 2001		
United States	\$21,031,000	\$18,952,000		
Foreign	1,903,000	1,376,000		
	<u>\$22,934,000</u>	<u>\$20,328,000</u>		

FUEL-TECH N.V.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Net sales for the three months ended September 30, 2002 and 2001 were \$8,033,000 and \$4,194,000, respectively, while net sales for the nine months ended September 30, 2002 and 2001 were \$21,275,000 and \$12,090,000, respectively. The improvement is attributable to the increase in domestic NOx reduction utility project revenues, as project bookings in the fourth quarter of 2001 and the first quarter of 2002 are generating revenues during their various phases of completion. NOx reduction utility revenue in 2001 had been negatively impacted by the delay in obtaining a final ruling on the Environmental Protection Agency's (EPA) SIP (State Implementation Plan) Call regulation. As discussed further below, the uncertainty regarding this regulation has been lifted and the Company expects demand for its NOx reduction technologies to continue to increase significantly during the next few years. Fuel treatment chemical revenues for the nine-month period ended September 30, 2002 continued to be favorably impacted by shipments to utilities burning Western coals. The Company believes that utilities burning Western coals represent the largest market opportunity for its fuel treatment chemical business and that penetration into this market is a priority. In addition to shipments to PacifiCorp, the Company's strategic agreement partner, a successful demonstration on a midwestern coal-fired utility boiler is now in a long-term optimization phase, and an additional demonstration on another midwestern coal-fired utility boiler commenced before the end of the third quarter. All of these utilities are using the Company's patented Targeted-In-Furnace-Injection (TIFI) process to control the formation of slag deposits in boilers burning western coals. Offsetting the strong performance in the Western coals segment of the fuel treatment chemical market, was the continued deterioration in the oil-fired business as the high price of oil vis a vis natural gas has caused customers in this segment to switch fuels, negatively impacting results.

The "SIP Call" is the federal mandate that, when introduced in 1998, required 22 states to reduce NOx emissions by May 2003. This mandate was an extension of Phase II of Title I of the CAAA. In May 1999 a stay was imposed on this regulation. On March 3, 2000, an appellate court of the D.C. Circuit upheld the validity of the SIP Call for 19 of the 22 states and, on June 22, 2000, the same court made a final ruling upholding the EPA's SIP call regulation and denying the appeal of the states and utilities. Subsequent to this court ruling, the stay on the SIP Call was lifted. Although the NOx reduction requirement date was moved back one year to May of 2004, nineteen states were required to complete and issue their State Implementation Plans for NOx reduction by October of 2000. These plans, which the EPA had until October 2001 to approve, will potentially impact 700 to 800 utility boilers and 400 to 500 large industrial units.

In February 2001, the United States Supreme Court, in a unanimous decision, upheld EPA's authority to revise the National Ambient Air Quality Standard for ozone to 0.080 parts per million averaged through an eight-hour period from the current 0.120 parts per million for a one-hour period. This more stringent standard provides clarity and impetus for air pollution control efforts well beyond the current ozone attainment requirement of 2007. In keeping with this trend, the Supreme Court, only days later, denied industry's attempt to again stay the SIP Call, effectively exhausting all means of appeal.

Based on these regulatory developments, the Company is enjoying accelerated interest in its programs that have led to significant project bookings late in 2001 and early in 2002, and anticipates strong demand for its air pollution control technologies over the next several years.

Cost of sales, as a percentage of net sales for the third quarter and nine-month periods ended September 30, 2002, is greater than the same periods of the prior year. The increase reflects a change in product mix in favor of the lower margin NOx reduction project business versus the prior year.

Selling, general and administrative expenses were \$2,717,000 and \$2,073,000, respectively, for the three months ended September 30, 2002 and 2001, and \$7,725,000 and \$6,205,000, respectively for the nine months

ended September 30, 2002 and 2001. The increase is due primarily to revenue-related expenses, as revenue increased significantly from the prior year, and secondarily to the addition of sales personnel for the fuel treatment chemical business. As noted above, market penetration of the Company's TIFI technology is a strategic priority.

Research and development expenses for the quarter and nine months ended September 30, 2002 increased over the similar periods of 2001 as the Company continues to pursue commercial applications for its technologies outside of its traditional markets, with a particular focus on its Virtual Vantage™ advanced visualization software and its NOxOUT Ultra process. The Virtual Vantage software product was commercially introduced on June 6, 2002, and the Company recently received its first commercial order for the software from one of its beta sites. Although this confirms the validity of the product, the Company does not expect revenues related to this product to be material for the remainder of the year.

The Company recorded losses of \$27,000 and \$54,000, respectively, for the quarter and nine months ended September 30, 2002 on its investment in Fuel Tech CS GmbH (FTCS), a 49 percent-owned entity. For the quarter ended March 31, 2002, the Company recognized a gain of \$250,000 on its equity investment in Clean Diesel Technologies, Inc. (CDT), its 15 percent-owned affiliate. The gain resulted from CDT's repayment of the full principal amount of loans made by the Company to CDT in 2000 and 2001. Because of the continuing losses incurred by CDT, the carrying value of the loans was reduced to zero as of December 31, 2001, based on the Company's pro-rata share of the losses incurred. During the quarter and nine months ended September 30, 2001, the Company recognized losses of \$17,000 and \$66,000, respectively on its equity investment in FTCS, while losses of \$76,000 and \$211,000 were recorded on the Company's investment in CDT for the similar periods.

Interest expense for the quarter and nine months ended September 30, 2002 was reduced from the comparable periods in 2001, the decrease being attributable to a reduction in the average outstanding principal balance on the Company's term loan, as well as to a reduction in short term interest rates.

The decline in other income and (expense) for the quarter ended September 30, 2002 was due primarily to a reduction in interest income from the similar period of the prior year resulting from the decrease in short-term rates noted above. The increase in other income for the nine months ended September 30, 2002 versus the comparable period in 2001 stems largely from the elimination of goodwill amortization effective January 1, 2002, which has been offset somewhat by reductions in interest income.

An income tax benefit of \$50,000 was recorded in the first quarter of 2002, which represented a reduction in the reserve for prior years' state income tax refunds receivable. No provision for federal or state income taxes was recorded in any period due to the existence of net operating loss carryforwards.

Liquidity and Sources of Capital

For the nine months ended September 30, 2002, the Company used cash for operating activities in the amount of \$(298,000), while \$2,216,000 was provided by operating activities for the same period in 2001. The slight use of cash for operating activities in 2002 stems largely from the timing of completion of the NOx reduction projects. Although the Company recognizes revenue using the percentage of completion method of accounting for long-term contracts, the invoicing of customers typically occurs when specified contractual milestones are achieved. The correlation between the two acts can vary from project to project.

At September 30, 2002 and December 31, 2001, the Company had cash and cash equivalents of \$8,169,000 and \$9,338,000, respectively, while working capital for the same two periods of time was \$10,883,000 and \$8,861,000, respectively.

As mentioned in Note F, the final principal payment on FTI's term loan of \$1,575,000 is due on January 31, 2003. FTI intends to repay or finance this amount on terms favorable to the Company.

Forward-Looking Statements

Statements in this Form 10-Q that are not historical facts, so-called “forward-looking statements,” are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including those detailed in the Company’s filings with the Securities and Exchange Commission. See “Risk Factors of the Business” in Item 1, “Business,” and also Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Form 10-K for the year ended December 31, 2001.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Please refer to Note D.

Item 4. Controls and Procedures

Within 90 days prior to the filing date of this report, the Company’s certifying officers performed an evaluation of the effectiveness of the Company’s disclosure controls and procedures. The disclosure controls and procedures were determined to be sufficient to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which this quarterly report is being prepared.

There were no significant changes in the registrant’s internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

- Item 1. Legal Proceedings
None
- Item 2. Changes in Securities
None
- Item 3. Defaults upon Senior Securities
None
- Item 4. Submission of Matters to a Vote of Security Holders

None
- Item 5. Other Information
None
- Item 6. Exhibits and Reports on Form 8-K
 - a. Exhibits
None
 - b. Reports on Form 8-K
None

FUEL-TECH N.V.
SIGNATURES & CERTIFICATIONS

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The undersigned in their capacities as Chief Executive Officer and Chief Financial Officer of the Registrant do hereby certify that:

(i) this report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of, and for, the periods presented in the report.

Date: November 1, 2002 By: /s/ Ralph E. Bailey
Ralph E. Bailey
Chairman, Managing Director
and Chief Executive Officer

Date: November 1, 2002 By: /s/ Scott M. Schechter
Scott M. Schechter
Chief Financial Officer,
Vice President and
Treasurer

I, Ralph E. Bailey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fuel-Tech N.V.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 1, 2002

By: /s/ Ralph E. Bailey
Ralph E. Bailey
Chairman, Managing Director
and Chief Executive Officer

I, Scott M. Schechter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fuel-Tech N.V.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 1, 2002

By: /s/ Scott M. Schecter

Scott M. Schecter
Chief Financial Officer,
Vice President and
Treasurer