

**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, 2003

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 under the Securities Exchange Act of 1934).

Yes  No

As of October 24, 2003, there were outstanding 19,895,503 shares of Common Stock, par value \$0.01 per share, of the registrant.

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# FUEL-TECH N.V.

Form 10-Q for the three-month period ended September 30, 2003

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**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, 2003 <u>(Unaudited)</u>	December 31, 2002
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,791	\$ 10,939
Accounts receivable, net	9,661	8,849
Prepaid expenses and other current assets	<u>1,456</u>	<u>1,164</u>
Total current assets	16,908	20,952
Equipment, net of accumulated depreciation of \$5,867 and \$5,118, respectively	2,182	2,123
Goodwill, net of accumulated amortization of \$924	2,119	2,119
Other intangible assets	1,298	-
Other	<u>673</u>	<u>675</u>
Total assets	<u>\$ 23,180</u>	<u>\$ 25,869</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,684	\$ 5,065
Accrued expenses	<u>1,733</u>	<u>1,940</u>
Total current liabilities	4,417	7,005
Long-term debt	-	1,800
Other liabilities	<u>260</u>	<u>259</u>
Total liabilities	4,677	9,064
Stockholders' equity:		
Common stock, par value \$0.01 per share, authorized 40,000,000 shares, 19,895,503 and 19,613,817 shares issued, respectively	199	196
Additional paid-in capital	90,636	90,315
Accumulated deficit	(71,753)	(73,150)
Accumulated other comprehensive income	22	10
Treasury stock	(1,133)	(1,098)
Nil coupon perpetual loan notes	<u>532</u>	<u>532</u>
Total stockholders' equity	18,503	16,805
Total liabilities and stockholders' equity	<u>\$ 23,180</u>	<u>\$ 25,869</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>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net sales	\$ 10,178	\$ 8,033	\$ 28,182	\$ 21,275
Costs and expenses:				
Cost of sales	5,592	4,462	17,412	11,175
Selling, general and administrative	2,961	2,717	8,565	7,725
Research and development	<u>314</u>	<u>394</u>	<u>920</u>	<u>1,041</u>
Operating income	1,311	460	1,285	1,334
(Loss) income from equity interest in affiliates	-	(27)	-	196
Interest expense	-	(37)	(25)	(114)
Other income, net	<u>6</u>	<u>(17)</u>	<u>140</u>	<u>254</u>
Income before taxes	1,317	379	1,400	1,670
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>
Net income	<u>\$ 1,317</u>	<u>\$ 379</u>	<u>\$ 1,400</u>	<u>\$ 1,720</u>
Net income per common share:				
Basic	<u>\$ .07</u>	<u>\$ .02</u>	<u>\$ .07</u>	<u>\$ .09</u>
Diluted	<u>\$ .06</u>	<u>\$ .02</u>	<u>\$ .06</u>	<u>\$ .08</u>
Average number of common shares outstanding:				
Basic	<u>19,744,000</u>	<u>19,454,000</u>	<u>19,629,000</u>	<u>19,299,000</u>
Diluted	<u>22,748,000</u>	<u>22,422,000</u>	<u>22,325,000</u>	<u>22,565,000</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	
	2003	2002
<b>Operating activities</b>		
Net cash used in operating activities	\$ (1,520)	\$ (298)
<b>Investing activities</b>		
Repayment from affiliate	-	250
Proceeds from sale of equipment	-	17
Acquisition of fuel additive business	(1,348)	-
Purchases of equipment and patents	(780)	(1,026)
Net cash used in investing activities	(2,128)	(759)
<b>Financing activities</b>		
Exercise of stock options	323	530
Purchase of treasury shares	(35)	-
Repayment of borrowings	(1,800)	(675)
Net cash used in financing activities	(1,512)	(145)
Effect of exchange rate fluctuations on cash	12	33
<b>Net decrease in cash and cash equivalents</b>	(5,148)	(1,169)
Cash and cash equivalents at beginning of period	10,939	9,338
<b>Cash and cash equivalents at end of period</b>	\$ 5,791	\$ 8,169

See notes to condensed consolidated financial statements.

**FUEL-TECH N.V.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2003**  
(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, 2003, are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

The balance sheet at December 31, 2002, 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, 2002.

Fuel-Tech N.V. through its subsidiaries (the "Company"), is a technology company active in the business of air pollution control. The Company, 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, 2003 and 2002:

	Three months ended		Nine months ended	
	2003	2002	2003	2002
Basic weighted-average shares	19,744	19,454	19,629	19,299
Conversion of unsecured loan notes	85	85	85	85
Unexercised options and warrants	2,919	2,883	2,611	3,181
Diluted weighted-average shares	<u>22,748</u>	<u>22,422</u>	<u>22,325</u>	<u>22,565</u>

**Note C: Total Comprehensive Income**

Total comprehensive income for the Company is comprised of net income, the impact of foreign currency translation, and in 2002, the change in fair value of the interest rate swap. Total comprehensive income was \$1,331,000 and \$385,000 for the three-month periods ended September 30, 2003 and 2002, respectively. Total comprehensive income was \$1,412,000 and \$1,790,000 for the nine-month periods ended September 30, 2003 and 2002, respectively.

	For the three months ended September 30		For the nine months ended September 30	
	2003	2002	2003	2002
Comprehensive income:				
Net income	\$ 1,317,000	\$ 379,000	\$ 1,400,000	\$ 1,720,000
Foreign currency translation	14,000	(6,000)	12,000	32,000
Change in fair value of interest rate swap	-	12,000	-	38,000
	<u>\$ 1,331,000</u>	<u>\$ 385,000</u>	<u>\$ 1,412,000</u>	<u>\$ 1,790,000</u>

**Note D: Derivative Financial Instruments**

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: Stock-Based Compensation**

Fuel Tech accounts for stock option grants in accordance with Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." Under Fuel Tech's current plan, options may be granted at not less than the fair market value on the date of grant, and therefore, no compensation expense is recognized for the stock options granted.

If compensation expense for Fuel Tech's plans had been determined based on the fair value at the grant dates for awards under its plans, consistent with the method described in SFAS No. 123, "Accounting for Stock-Based Compensation," Fuel Tech's net income (loss) and income (loss) per share would have been adjusted as follows for the three and nine-month periods ended September 30, 2003 and 2002:

(in thousands)		For the three months ended September 30		For the nine months ended September 30	
		2003	2002	2003	2002
Net income (loss)	As reported	\$1,317	\$379	\$1,400	\$1,720
	As adjusted	1,172	186	833	946
Basic and diluted income (loss) per share:	Basic - as reported	\$.07	\$.02	\$.07	\$.09
	Basic - as adjusted	\$.06	\$.01	\$.04	\$.05
	Diluted - as reported	\$.06	\$.02	\$.06	\$.08
	Diluted - as adjusted	\$.05	\$.01	\$.04	\$.04

In accordance with the provisions of SFAS No. 123, the "As adjusted" disclosures include only the effect of stock options granted after 1994. The application of the "As adjusted" disclosures presented above are not representative of the effects SFAS No. 123 may have on such operating results in future years due to the timing of stock option grants and considering that options vest over a period of immediately to five years.

**Note F: Debt**

Fuel Tech, Inc. (FTI) has a \$10.0 million revolving credit facility expiring July 31, 2004, 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%.

During the quarter ended June 30, 2003, FTI repaid all outstanding borrowings on the revolving credit facility.

**Note G: Business Segment and Geographic Disclosures**

The Company operates in one business segment providing technology solutions, including equipment and specialty chemicals, to operators of utility and industrial boilers that improve boiler performance and reduce emissions of nitrogen oxides.

Information concerning the Company's operations by geographic area is provided below. Operating income (loss) represents 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	
	2003	2002	2003	2002
Revenues:				
United States	\$ 8,924,000	\$7,176,000	\$24,782,000	\$19,154,000
Foreign	1,254,000	857,000	3,400,000	2,121,000
	<u>\$10,178,000</u>	<u>\$8,033,000</u>	<u>\$28,182,000</u>	<u>\$21,275,000</u>
Operating income (loss):				
United States	\$ 1,171,000	\$ 517,000	\$ 1,268,000	\$ 1,558,000
Foreign	140,000	(57,000)	17,000	(224,000)
	<u>\$ 1,311,000</u>	<u>\$ 460,000</u>	<u>\$ 1,285,000</u>	<u>\$ 1,334,000</u>
	September 30, 2003	December 31, 2002		
Assets:				
United States	\$21,455,000	\$24,393,000		
Foreign	1,725,000	1,476,000		
	<u>\$23,180,000</u>	<u>\$25,869,000</u>		

**Note H: Acquisition of Fuel Additive Business**

On September 30, 2003, the Company's wholly-owned subsidiary, Fuel Tech, Inc. (FTI), acquired the fuel additive business of Martin Marietta Magnesia Specialties, LLC (MMMS). The Company believes that this acquired business is an excellent strategic fit with its fuel treatment chemical business. In addition, the Company believes that that it will be able to leverage its technology with the MMMS customer base which will improve program results and increase revenues from these accounts. Concurrently with this transaction, FTI entered into a long-term chemical supply agreement with MMMS.

The acquisition of the fuel additive business from MMMS had no impact on the Company's operating results for the quarter ended September 30, 2003. If the business had been acquired at January 1, 2003, the impact on the financial results of the Company on a year to date basis would not have been material.

The aggregate purchase price was \$1,348,000, paid in cash. The following table summarizes the estimated fair values of the assets acquired.

Asset Classification	Value Assigned
Equipment	\$ 50,000
Intangible assets subject to amortization	1,298,000
Total	\$1,348,000

The intangible assets listed above consist primarily of customer contracts and relationships acquired as part of the transaction. The customer intangible will be amortized over a period of fifteen years.

## 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, 2003 and 2002 were \$10,178,000 and \$8,033,000, respectively, while net sales for the nine months ended September 30, 2003 and 2002 were \$28,182,000 and \$21,275,000, respectively. Revenues for the three month period increased primarily due to a 90% increase in fuel treatment chemical revenues.

The increase in revenues for the nine months ended September 30, 2003, is attributable to an increase in both our NOx reduction business and our fuel treatment chemical product line. Domestic NOx reduction utility project revenues increased 33% during this period as project bookings from 2002 and 2003 generated revenues from their various phases of completion. NOx reduction utility revenue in 2002 and 2003 has been favorably impacted by the Environmental Protection Agency's (EPA) SIP (State Implementation Plan) Call regulation (discussed further below) that requires utilities and large industrial facilities in 19 states to reduce NOx emissions by May 31, 2004.

Fuel treatment chemical revenues reached a record quarterly level for the third quarter ended September 30, as revenue derived from Western coal-fueled utility boilers was strong. In addition, positive contributions were attained from utilities burning oil, both in the United States and in foreign locations. The Company believes that its success on several Western coal-fueled utility boilers, along with intensely focused sales and marketing efforts and the utilization of strategic partners, will lead to further penetration of the Western coal-fueled utility market in the near future. This market represents the largest market opportunity for the fuel treatment chemical business and penetration into this market is a priority. The Company's TIFI (Targeted-In-Furnace-Injection) technology alleviates the slagging and fouling issues associated with burning coals that are high in low-melting-point ash constituents, such as sodium. The Company expects additional demonstrations of this technology to commence in the latter part of this year and into 2004.

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 31, 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.

Even with the SIP Call in place, two factors have led to a recent slowing of equipment orders in the air pollution control business. First, recent rulings related to New Source Review have caused our utility customers to reassess their SIP Call compliance plans to ensure that they will meet their overall NOx reduction requirements in the most cost-effective manner. Although the Company expects this recent ruling to benefit business in the future, the impact in the near-term is a delay in the receipt of orders. Second, many utilities are experiencing significant capital constraints. This, coupled with depressed NOx allowance prices, the result of mild weather and weak demand for power, has caused some utilities to delay capital spending and to meet their requirements on a short-term basis through the purchase of allowances and other temporary means. Based on these market factors, the air pollution control business has weakened but is expected to pick up in the second

half of 2004 and be strong in 2005 and 2006. The Company continues to work cooperatively with our customers as they finalize their compliance plans.

Cost of sales as a percentage of net sales for the three-month period ended September 30, 2003 was 55%, which approximated the level of a year ago. For the nine-month period ended September 30, 2003, the percentage increased to 62% from 53% versus the same period of the prior year. This increase reflects a change in product mix within the NOx reduction project business. A significantly larger percentage of the revenues for the first nine months of 2003 were generated by turnkey projects versus the comparable period in 2002. When the Company is responsible for the turnkey installation of the equipment as part of the project scope, the overall project margin becomes diluted. Installation scope carries a significantly lower margin than the Company's traditional scope. At the end of the second quarter of 2003, most of the work related to turnkey projects was completed, and this accounts for the lower cost of sales percentage in the third quarter, as compared to the first two quarters of 2003.

Selling, general and administrative expenses were \$2,961,000 and \$2,717,000, respectively, for the three months ended September 30, 2003 and 2002, and were \$8,565,000 and \$7,725,000 respectively for the nine months ended September 30, 2003 and 2002. The increase is due primarily to the addition of sales resources for the fuel treatment chemical business and, to a lesser degree, to the addition of resources in support of the marketing and development of the Company's ACUITIV™ advanced visualization software.

Research and development expenses for the quarter and nine months ended September 30, 2003 were slightly lower than the levels of the prior year. The Company continues to pursue commercial applications for its technologies outside of its traditional markets, with a particular focus on its ACUITIV™ advanced visualization software. The ACUITIV software product was commercially introduced in June 2002, and the Company has two commercial orders for the software. The software is currently being demonstrated at several sites, and ACUITIV version 3.3 was recently released. This new release adds significant functionality which is expected to broaden market acceptance. Although the validity of the product has been confirmed, the Company does not expect revenues related to this product to be material for the remainder of the year.

In the third quarter of 2002, the Company recognized a loss of \$27,000 on its 49 percent ownership interest in Fuel Tech CS GmbH (FTCS). Through the first nine months of 2002, the Company recognized income of \$250,000 on its equity investment in Clean Diesel Technologies, Inc. (CDT), its 15 percent-owned affiliate, which was partially offset by a loss of \$54,000 that was realized on its 49 percent ownership interest in FTCS. The income in 2002's first quarter from CDT resulted from CDT's repayment of loans made by the Company to CDT in 2000 and 2001. Because the Company's pro-rata share of CDT's losses reduced the carrying value of the loans to zero at December 31, 2001, the entire loan repayment was recorded as equity income in the first quarter of 2002.

In the first nine months of 2003, the Company did not recognize any income or loss from its equity investments. In the quarter ended September 30, 2003 the Company transferred to FTCS its 49 percent ownership interest in that company, in connection with the collection of a related receivable from FTCS. This transaction had no significant impact on the Company's financial statements. The carrying value of the equity investment in CDT is zero at September 30, 2003.

Interest expense for the nine month period ended September 30, 2003 was reduced from the comparable period in 2002. In the second quarter of the year, the Company paid off the entirety of its outstanding debt balance.

The decline in other income and (expense) for the nine months ended September 30, 2003 versus the prior year was due primarily to a reduction in interest income resulting from the decrease in short-term rates.

No provision for federal or state income taxes was recorded during the three and nine-month periods ended September 30, 2003 due to the existence of net operating loss carryforwards. In the first quarter of 2002, an income tax benefit of \$50,000 was recorded which represented a reduction in the reserve for prior years' state income tax refunds receivable.

### ***Liquidity and Sources of Capital***

For the nine months ended September 30, 2003, the Company used cash for operating activities in the amount of \$1,520,000, while \$298,000 was used by operating activities for the same period in 2002. The use of cash for operating activities in 2003 stems largely from a reduction in accounts payable and accrued expenses, which was partially offset by the Company's net income.

At September 30, 2003 and December 31, 2002, the Company had cash and cash equivalents of \$5,791,000 and \$10,939,000, respectively, while working capital for the same two periods was \$12,491,000 and \$13,947,000, respectively. The decline in cash and working capital from December 31, 2002 was driven by the repayment of \$1,800,000 in long-term debt, the reduction in accounts payable and accrued expenses, and by the acquisition of a fuel additive business for \$1,348,000. By repaying the debt, the Company's availability under its credit facility increased by \$1,800,000.

### **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, 2002.

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Please refer to Note D.

#### **Item 4. Controls and Procedures**

The Company maintains disclosure controls and procedures and internal controls designed to ensure that information required to be disclosed in the Company's filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The Company's management, with the participation of its principal executive and financial officers, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The Company's principal executive and financial officers have concluded, based on such evaluation, that such disclosure controls and procedures were effective for the purpose for which they were designed as of the end of such period.

There was no change in the Company's internal control over financial reporting that was identified in connection with such evaluation that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **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  
Exhibit 31.1 and 31.2 are filed herewith  
Exhibit 32 is furnished herewith

b. Reports on Form 8-K  
The Company filed form 8-K on July 29, 2003. This filing included the Company's second quarter 2003 earnings press release.

**FUEL-TECH N.V.**  
**SIGNATURES**

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.

Date: November 7, 2003                      By: /s/ Ralph E. Bailey  
Ralph E. Bailey  
Chairman, Managing Director  
and Chief Executive Officer

Date: November 7, 2003                      By: /s/ Scott M. Schechter  
Scott M. Schechter  
Chief Financial Officer,  
Vice President and  
Treasurer

### Exhibit 31.1

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 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2003

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

## Exhibit 31.2

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 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2003

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

**Exhibit 32**

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 7, 2003                      By: /s/ Ralph E. Bailey  
Ralph E. Bailey  
Chairman, Managing Director  
and Chief Executive Officer

Date: November 7, 2003                      By: /s/ Scott M. Schechter  
Scott M. Schechter  
Chief Financial Officer,  
Vice President and  
Treasurer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.